Erie Thames EB-2017-0038 – Questions from OEB staff

OPERATING REVENUE

Exhibit 3 - Load Forecast

1. Ref: Exhibit 3/Tab 1/Schedule 2/page 1

ETPL states that it collects consumption (kWh) data for 10 years for the purposes of calculating the load forecast. If data of adequate quality for a longer period is available, why did ETPL not use more than 10 years of data? For example, actual data back at least to 2004 should be available, as ETPL used 2004 data for its historical test year application for 2006 EDR.

Response: Erie Thames third party consultant felt that Ten years of data provides a sufficient sample to forecast customer loads. Earlier data is available; however, it is Elenchus' view that recent data is more reflective of current consumption trends which in turn allows for a more accurate forecast. The relationship between FTEs and energy consumption, for example, may change over time as Ontario's economy evolves. Relying on older data may influence trends and regression coefficients in a way that is not reflective of energy consumption in the near future.
A test run of the Residential regression with two additional years (2005-2016) confirms that the regression output deteriorates (lower R-squared and t-ratios) with additional years of data.

2. Ref: Exhibit 3/Tab 1/Schedule 2/page 1/Table 3-1

In this table, ETPL shows a 2016 actual consumption of 503,150,552 kWh and a 2016 weather-normalized actual of 478,978,552 kWh. The difference is 24,172,309 kWh or 4.8% of the actual 2016 load.

a) Please explain what weather factors during the 2016 calendar year contributed to a 4.8% reduction to get the weather-normalized consumption.
b) Please expand Table 3-1 to show actual and weather-adjusted actuals for all years in ETPL's regression range, along with 2017 and 2018 weather-adjusted forecasts. Please also include 2017 actuals for Year-to-Date, indicating the time period covered.

Response:

a) The reduction in weather-normalized consumption is mainly due to an atypically warm summer in 2016. There were 373.1 cooling degree days in 2016 compared to a 10-year average of 290 cooling degree days. The 28.6% increase in cooling degree days is somewhat offset by a 6.1% decline from the 10-year average in heating degree days.

b) The requested information is provided in the three tables below. Full-year 2017 consumption data by class is provided for "2017 Actual".

c)

kWh	2007 Actual	2007 Normal	2008 Actual	2008 Normal	2009 Actual	2009 Normal	2010 Actual	2010 Normal
Residential	147,855,081	144,512,004	141,293,621	143,629,545	139,285,895	142,534,557	143,730,192	141,456,030
GS < 50	51,948,960	50,972,495	48,801,254	50,039,769	47,730,433	48,264,364	49,127,425	48,402,220
GS > 50	100,933,973	100,838,219	94,039,899	93,760,619	94,089,721	93,480,747	95,612,119	94,650,573
Intermediate	108,148,350	108,060,169	87,266,948	87,009,755	74,672,290	74,111,478	96,466,560	95,581,060
Large User	87,365,937	87,269,418	84,846,627	84,565,114	108,083,961	107,470,119	96,739,998	95,770,767
Embedded Distributor	17,391,305	17,391,305	15,895,270	15,895,270	17,281,081	17,281,081	17,355,209	17,355,209
Street Light	4,143,939	4,143,939	3,636,366	3,636,366	3,489,623	3,489,623	4,583,498	4,583,498
Sentinel Light	0	0	0	0	0	0	0	0
USL	539,336	539,336	539,138	539,138	605,366	605,366	565,196	565,196
Total	518,326,881	513,726,885	476,319,122	479,075,575	485,238,370	487,237,335	504,180,197	498,364,553

kWh	2011 Actual	2011 Normal	2012 Actual	2012 Normal	2013 Actual	2013 Normal	2014 Actual	2014 Normal
Residential	139,849,072	140,413,334	136,951,769	139,389,582	139,174,379	138,410,481	137,614,288	137,312,111
GS < 50	48,634,112	49,169,358	47,672,679	47,885,456	48,218,851	47,845,444	48,123,471	47,594,029
GS > 50	100,335,644	99,076,966	102,465,298	100,446,053	99,138,275	95,822,768	103,487,654	98,638,138
Intermediate	92,347,944	91,188,812	92,117,889	90,258,341	92,636,597	89,583,306	94,031,167	89,565,188
Large User	99,176,657	97,907,919	96,186,937	94,151,553	98,312,959	94,970,953	103,336,243	98,447,967
Embedded Distributor	17,333,527	17,333,527	15,488,407	15,488,407	15,613,195	15,613,195	16,830,475	16,830,475
Street Light	3,899,368	3,899,368	3,484,987	3,484,987	2,710,402	2,710,402	2,115,842	2,115,842
Sentinel Light	0	0	280,910	280,910	272,742	272,742	266,366	266,366
USL	556,906	556,906	513,343	513,343	539,394	539,394	535,721	535,721
Total	502,133,230	499,546,191	495,162,219	491,898,632	496,616,793	485,768,684	506,341,226	491,305,837

kWh	2015 Actual	2015 Normal	2016 Actual	2016 Normal	2017 Actual	2017 Forecast	2018 Forecast
Residential	135,712,848	135,937,016	136,671,067	134,543,558	133,493,324	133,927,949	133,764,095
GS < 50	50,019,956	49,973,926	48,503,240	48,633,330	49,122,764	48,915,623	49,394,965
GS > 50	97,248,975	90,572,661	101,805,845	94,283,345	98,161,158	90,450,056	89,222,069
Intermediate	91,600,392	85,452,092	81,639,097	74,711,534	80,816,478	84,528,325	76,967,386
Large User	107,405,730	100,676,055	115,608,236	108,025,611	97,579,274	98,980,673	99,199,239
Embedded Distributor	16,494,364	16,494,364	16,248,812	16,296,711	15,763,998	16,296,711	16,296,711
Street Light	2,025,403	2,025,403	1,938,875	1,938,875	1,925,136	1,962,132	1,985,669
Sentinel Light	246,528	246,528	231,256	231,256	227,678	226,333	221,514
USL	537,894	537,894	504,437	504,437	506,808	510,974	517,597
Total	501,292,091	481,915,940	503,150,865	479,168,657	477,596,618	475,798,777	467,569,245

An Intermediate customer in Aylmer, IGPC, had an increased load from July to December because their generator was out of commission over this period. Intermediate monthly consumption was on average 2,310 MWh higher from July to December than January to June. The Intermediate class also began the year with one fewer customer than expected. Large User consumption was lower than expected in September and October as a result of a strike at General Motors.

3. Ref: Exhibit 3/Tab 1/Schedule 2/page 1/Table 3-1 – GS > 50 kW Customer Class

For the GS > 50 kW customer class, ETPL shows a 2016 actual consumption of 126,567,691 kWh, but a 2016 normalized consumption of 117,205,515 kWh. This is a variance of 9,362,176 kWh or about 7.4%. The 2017 bridge year and 2018 test year

weather-normalized forecasts shows further reductions to 114,652,868 kWh and 113,115,019 kWh.

Typically, the GS > 50 kW customer class is not weather-sensitive to the same extent as are Residential and GS < 50 kW classes, where space heating and cooling is a larger usage of electricity consumption proportionately.

Please provide an explanation for the reduction in 2016 consumption for normalizing, and why this pattern is forecasted to continue for 2017 and 2018.

Response:
The figures provided in the interrogatory are not correct. As per the referenced table, the GS > 50 kW customer class' actual 2016 consumption is 101,805,845 kWh and normalized consumption is 94,283,345, which is a 7.4% decline. Forecast consumption in 2017 and 2018 are 90,450,056 and 89,222,069, respectively.

Weather normalizing adjustments are made to only the Residential and GS < 50 classes. The reported actual data for these two classes do not include CDM. Figures reported in the "Actual" columns for GS > 50, Intermediate, and Large Use classes include persisting CDM. The difference between "2016 Actual and "2016 Normalized" is entirely due to the removal of persisting CDM. See the first table of section 4.3 of Exhibit 3, Tab 4, Schedule 1, Attachment 1 (Elenchus Load Forecast Report). Please see the following table in which CDM persistence is removed for each class to isolate the impact of weather normalization.

kWh	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2016 Normal	2017 Forecast	2018 Forecast
Residential	136,951,769	139,174,379	137,614,288	135,712,848	136,671,067	134,543,558	133,927,949	133,764,095
GS < 50	47,672,679	48,218,851	48,123,471	50,019,956	48,503,240	48,633,330	48,915,623	49,394,965
GS > 50	100,446,053	95,822,768	98,638,138	90,572,661	94,283,345	94,283,345	90,450,056	89,222,069
Intermediate	90,258,341	89,583,306	89,565,188	85,452,092	74,711,534	74,711,534	84,528,325	76,967,386
Large User	94,151,553	94,970,953	98,447,967	100,676,055	108,025,611	108,025,611	98,980,673	99,199,239
Embedded Distributor	15,488,407	15,613,195	16,830,475	16,494,364	16,296,711	16,296,711	16,296,711	16,296,711
Street Light	3,484,987	2,710,402	2,115,842	2,025,403	1,938,875	1,938,875	1,962,132	1,985,669
Sentinel Light	280,910	272,742	266,366	246,528	231,256	231,256	226,333	221,514
USL	513,343	539,394	535,721	537,894	504,437	504,437	510,974	517,597
Total	489,248,042	486,905,989	492,137,456	481,737,801	481,166,077	479,168,657	475,798,777	467,569,245

The GS > 50 kW class' declining consumption forecast is due to a decline in the expected number of GS > 50 customers. The customer count of this class has declined by approximately 1.5% per year since 2007.

4. Ref: Exhibit 3/Tab 1/Schedule 2/page 1/Table 3-1 – Intermediate Class

a) For the Intermediate class, ETPL shows a 2016 actual consumption of 56,877,241 kWh but a 2016 normalized consumption of 51,789,364 kWh. This is a variance of 5,087,877 kWh or 8.9%. Since this class is typically less sensitive to weather please explain the factors for this variance between actual and normalized consumption.
b) ETPL has forecasted weather-normalized consumption of 62,080,889 kWh (2017 bridge year) and 54,466,922 kWh (2018 test year), and the class consumption

has demonstrated volatility since 2014. Please provide an explanation for the volatility in the class, including why ETPL is forecasting this to continue in 2017 and 2018, even on a weather-normalized basis.

Response:

The figures provided in the interrogatory are not correct. As per the referenced table, the Intermediate class' actual 2016 consumption is 81,639,097 kWh and normalized consumption is 74,711,534, an 8.5% decline. Forecast consumption in 2017 and 2018 are 84,528,325 and 76,967,386, respectively.

Weather normalizing adjustments are made to only the Residential and GS < 50 classes. The reported actual data for these two classes do not include CDM. Figures reported in the "Actual" columns for GS > 50, Intermediate, and Large Use classes include persisting CDM. The difference between "2016 Actual and "2016 Normalized" is entirely due to the removal of persisting CDM. Please see the following table in which CDM persistence is removed for each class to isolate the impact of weather normalization.

kWh	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2016 Normal	2017 Forecast	2018 Forecast
Residential	136,951,769	139,174,379	137,614,288	135,712,848	136,671,067	134,543,558	133,927,949	133,764,095
GS < 50	47,672,679	48,218,851	48,123,471	50,019,956	48,503,240	48,633,330	48,915,623	49,394,965
GS > 50	100,446,053	95,822,768	98,638,138	90,572,661	94,283,345	94,283,345	90,450,056	89,222,069
Intermediate	90,258,341	89,583,306	89,565,188	85,452,092	74,711,534	74,711,534	84,528,325	76,967,386
Large User	94,151,553	94,970,953	98,447,967	100,676,055	108,025,611	108,025,611	98,980,673	99,199,239
Embedded Distributor	15,488,407	15,613,195	16,830,475	16,494,364	16,296,711	16,296,711	16,296,711	16,296,711
Street Light	3,484,987	2,710,402	2,115,842	2,025,403	1,938,875	1,938,875	1,962,132	1,985,669
Sentinel Light	280,910	272,742	266,366	246,528	231,256	231,256	226,333	221,514
USL	513,343	539,394	535,721	537,894	504,437	504,437	510,974	517,597
Total	489,248,042	486,905,989	492,137,456	481,737,801	481,166,077	479,168,657	475,798,777	467,569,245

The Intermediate class' consumption forecast is based on the number of Intermediate customers and the average consumption per customer. Average consumption per customer was lower than average in 2016 so the forecast consumption in 2017 based on average consumption in greater than in 2016. Forecast consumption falls in the following year because Erie Thames expects to lose an Intermediate customer in 2018.

5. Ref: Exhibit 3/Tab 1/Schedule 2/page 1/Table 3-1 – Streetlighting Class

Consumption for the Streetlighting class was close to 3,500,000 kWh in 2012, declining to 2,700,000 kWh and stabilizing at around 2,000,000 kWh from 2015 onwards. Please explain the factors driving the reduction from 2012 to 2015.

Response: All of Erie Thames served communities has converted their streetlight bulbs to LED bulbs over this timeframe thereby reducing the load in this class.

6. Ref: Exhibit 3/Tab 1/Schedule 2/page 2/Table 3-1

ETPL provides a second Table 3-1 on page 2 of this exhibit. This table is labelled “CDM adjusted kWh Forecast”. The columns are labelled as pertaining to 2016. Please confirm whether this table is for 2016 or for the 2018 test year.

Response: This table represents the 2018 Test Year data not 2016 as indicated.

7. Ref: Exhibit 3/Tab 2/Schedule 1/pages 2-3/Table 3-14

Table 3-14 begins on page 2 but with the data table on the following page. Table 3-14 is labelled “Consumption by Rate Class”. However, it appears that the data is consumption (kWh) for some classes and demand (kW) for others. Please confirm, and provide a revised table labelling all data properly.

Response: This table is showing billing determinant data and therefore should be a mix of kWh and kW as it pertains to the distribution revenue above in table 3-12.

8. Ref: Exhibit 3/Tab 2/Schedule 1/page 8/Table 3-17

Table 3-17 provides a variance analysis of 2017 bridge year distribution revenues by class, versus 2016 actuals. In the text following, ETPL states:

> 1.8% of this increase can be explained due to the 2017 IRM application approved effective May 1st, 2017. The remaining differences are attributed to changes in customer and load forecasts employed by the models. The fact that Residential customer counts increased by 132 year over year and ETPL moved another step closer to fully fixed rates results in ETPL earning more distribution revenue from the Residential class year over year with less usage. The other differences are normal variances due to changes in customer counts and usages …

Please confirm whether or not the annual transition towards 100% fixed charges for Residential customers is revenue neutral at every annual step, all else being equal. In other words, additional revenues earned from increases in the monthly service charges are offset by lost revenues from lower volumetric (per kWh) charges at each annual change, based on the approved customer and consumption billing determinants. If ETPL believes that the rate design change is not revenue neutral, please explain.

Response: ETPL believes that rate design is revenue neutral because of the movement to fully fixed residential rates however because of the movement from variable to fixed customers that use more kWh’s will benefit and customers that use less will see a larger percent increase and ETPL’s comment was more with respect to that dichotomy. ETPL will revise this section to remove reference to the movement to fixed charges as an explanation of increases.

9. Ref: Exhibit 3/Tab 2/Schedule 2/page 1/Table 3-24 – 2015 and 2016 Distribution Revenue For RRWF & CA Model

In this table are two columns, both labelled “Distribution Revenue Total”. Please indicate which column is for 2015 and which is for 2016.

Response: Table 3-24 was incorrectly labelled and should read 2017 and 2018 distribution revenue for RRWF and CA model. The column with $17,999,586 is 2017 and the other is 2018.

COST OF CAPITAL AND RATE OF RETURN

10. Ref: Exhibit 5 – Cost of Capital
Exhibit 6 and Revenue Requirement Work Form

Please update necessary tables and evidence in Exhibit 5 and the Revenue Requirement Work Form to reflect updated Cost of Capital parameters issued by the OEB on November 23, 2017. The update to all applicable parts of the RRWF should also reflect any changes necessary due to the November 28, 2017 application update as well as changes necessary due to responses to interrogatories. All such changes should be documented on sheet 14 of the RRWF.

Response:

ETPL has updated the Cost of Capital Parameters in the application and RRWF and included these updates in this response.

11. Ref: Exhibit 6/Tab 1/Schedule 7 – Cost Drivers of Revenue Deficiency

Please update Table 6-5 to reflect changes to the application from November 28, 2017 update, the updated cost of capital parameters, and any changes necessary as a result of responses to IRs. As necessary, please update any discussion of material changes in cost drivers.

Response:

ETPL has updated the Cost of Capital Parameters in the Exhibit 6 and updated discussion of material changes.

COST ALLOCATION

12. Ref: Exhibit 7/Tab 1/pages 1 and 3

On page 1, ETPL states that it "followed the cost allocation policies outlined in the Board's March 31, 2011 Cost Allocation Report, the Board's letter dated June 12, 2015 with regard to the treatment of Street Lighting connections, and the 2016 Cost Allocation Model version 3.3 ("CA Model") issued on July 16, 2015."

On page 3, ETPL states: "For the purposes of this Application, ETPL has followed the cost allocation policies outlined in the March 31, 2011 Cost Allocation Report and used the 2017 Cost Allocation Model version 3.5 ("CA Model") issued on July 14, 2017."

From the CA Model provided in Excel format, it appears that ETPL has used the most recent version.

a) Please confirm that ETPL has used the most current CA model issued by the OEB with the 2018 Filing Requirements for determining the proposed rates in its application.

Response: ETPL has used the most current version of the CA Model.

b) Please confirm whether ETPL has made any changes to the CA Model as issued by the OEB and available on the OEB's website. If ETPL, or its consultants, have made any changes, please document all changes made.

Response: ETPL has not made any changes to the CA Model issued by the OEB.

13. Ref: Exhibit 7/Tab 1/page 8 – Billing and Collections Weighting Factor

On page 8, ETPL states: "ETPL assigned a weighting factor of 1 to the Street Lighting, Sentinel Lighting, USL and Embedded Distributor rate classes based on the rational [sic] that they do not require any more or any less work than the Residential or GS<50 rate classes." There is a table shown on the top of page 9 which shows the calculated weights by customer class. These weights are on a per customer (or per connection basis).

a) The total weight for the embedded customer class is 0.88, relative to the weight of 1 for per Residential and GS < 50 kW customer. The difference is the absence of any allocated Utilismart costs. Please explain how ETPL has concluded that it costs less to prepare and collect payment for the embedded distributor relative to a typical Residential or GS < 50 kW customer.

Response: The embedded distributor accounts were former wholesale meter points that HONI deregistered at ETPL boundaries and are interrogated using MV90 and therefore do not require the use of the Utilismart system and therefore does not attract the same cost to bill and collect from HONI.

b) For Streetlighting, Sentinel Lighting and Unmetered Scattered Load connections, ETPL has allocated no collections costs. However, it has allocated billing costs and also postage (Canada Post Corporation) costs for Streetlighting and Unmetered Scattered Load classes.

   i. What is ETPL's rationale for allocating billing costs, but not postage or collection costs for the Sentinel Lighting class? Is it a matter that Sentinel Lights are billed as part of another customer account in a Residential or GS class?

   Response: All sentinel light customers are billed in connection to another customer account and therefore avoids postage and collection costs

   ii. What is ETPL's rationale for allocating billing and postage costs but no collection costs for Streetlighting and Unmetered Scattered Load customer classes?

   Response: Streetlighting customers are municipal shareholders and have never missed a payment nor have they required a reminder. USL customers are Bell and Rogers primarily and similarly have always paid in a timely manner.

14. Ref: Exhibit 7/2/1/Tables 7-14 and 7.16 and RRWF/sheet 11: Cost Allocation

Under Proposed [Revenue-to-Cost] Ratios in sheets 7-14 and 7-16, the R/C ratios differ from the values shown in the tables on Sheet 11 of the RRWF. For example, for the GS < 50 kW class, the proposed R/C ratio on sheet 11 of the RRWF is 118.63%, while it is shown as 119.16% in Tables 7-14 and 7-16.

Please identify which tables are correct.

Response: The RRWF is correct ETPL will update tables 7-14 and 7-16

15. Ref: Exhibit 7/Tab 2/Schedule 1/page 3 and RRWF sheet 11/table C – Revenue-to-Cost Ratios

Table 7-14: Revenue to Cost Ratios on page 3 of Exh. 7/2/1, and the corresponding table C on sheet 11: Cost Allocation of the RRWF appear to be filled out incorrectly with respect to the column for the revenue-to-cost (R/C) ratios for ETPL's previous 2012 cost of service application. ETPL has input the customer class revenue allocation. OEB staff has prepared the following table based on the public record from EB-2011-0121:

C) Rebalancing Revenue-to-Cost Ratios

	Name of Customer Class	Previously Approved Ratios Most Recent Year: 2012 %	Status Quo Ratios (7C + 7E) / (7A) %	Proposed Ratios (7D + 7E) / (7A) %	Policy Range %
1	Residential	107.00%	86.40%	94.65%	85 - 115
2	General Service < 50 kW	90.00%	100.37%	118.63%	80 - 120
3	General Service > 50 to 999 kW	80.00%	168.46%	106.48%	80 - 120
4	General Service > 1,000 to 4,999 kW	120.00%	165.73%	115.16%	80 - 120
5	Large Use	115.00%	81.23%	104.95%	85 - 115
6	Unmetered Scattered Load	80.00%	177.14%	115.02%	80 - 120
7	Sentinel Lighting	84.00%	53.19%	111.78%	80 - 120
8	Street Lighting	74.00%	187.38%	104.77%	80 - 120
9	Embedded Distributor	105.00%	252.71%	104.85%	80 - 120

a) Please confirm OEB staff's understanding,

Response: OEB staff's understanding is correct.

b) Please make any corrections, as necessary, to this table. As part of updating the RRWF in light of changes made in response to interrogatories, ETPL should ensure that sheet 11 of the RRWF is also updated.

Response: ETPL will update its RRWF to reflect any changes as a result of this reply and submit an updated version with its revised application.

c) It appears that the R/C ratios have shown a fair degree of volatility from the previous cost allocation in the 2012 cost of service application and even to the "status quo ratios". All customer classes except for Residential and GS < 50 kW are outside of the OEB's policy range. Several have shown drastic swings away from unity, or even markedly switching across unity. Due to the smaller revenues and allocated costs, greater volatility is not uncommon, but, in OEB staff's experience, is rarely this persistent to all classes. Even for the two largest classes, Residential and GS < 50 kW, the movement in R/C ratios is fairly large – 20.6 percentage points and across the unity boundary in the case of the Residential class.

i. Please provide ETPL's rationale for the factors that have led to significant movement in the R/C ratios for all customer classes. What further analyses did ETPL undertake to assure itself of the reasonableness of the results of the updated CA study?

Response: ETPL utilized the assistance of a third party expert to complete its CA model and that through this process some inconsistencies in the 2012 CA filing were corrected coupled with some significant load changes and customer movement and deletions caused these swings in each and every class.

ii. For the GS < 50 kW class, the previously approved R/C ratio was 80%, while the updated CA study provided a "status quo" R/C ration of 100.37%

(i.e., close to unity). ETPL has a proposed R/C ratio for this customer class of 118.63%, close to the upper boundary of the policy range for this customer class. Why is ETPL proposing an R/C ratio that moves this class farther from unity and close to the boundary of the policy range?

Response: ETPL utilized the results from the CA model and when all classes fell within the appropriate ranges chose not to make any adjustments. ETPL will defer to Board staff's guidance on what they would like to see with respect to R/C ratios that would give them more comfort that no class is unfairly burden by the results of cost allocation.

16. Ref: Cost Allocation Model

Please provide an updated Cost Allocation model, in working Microsoft Excel format:

- ensuring that the inputs to the model correspond with the data in most current versions of the RRWF, load forecast, etc.
- reflecting any changes the ETPL is agreeing with or proposing as a result of updates and responses to interrogatories from OEB staff and other intervenors.

Response: ETPL will include an updated CA Model that corresponds to the current RRWF and Load forecast and reflects updates resulting from responses to these questions.

17. Ref: Exhibit 7/Attachment 7G – Gross Load Billing Presentation

With the November 28, 2017 update of its application, ETPL has added a new attachment, 7-G – Gross Load Billing presentation. Please explain the relevance of this and how ETPL's application has been altered as a result of the material contained in this attachment.

Response: ETPL has requested a stand by rate in order to deal with the gross load billing implications of behind the meter generation. ETPL has one customer to which gross load billing applies and believes that this situation will present itself more frequently in the future. ETPL has not altered its application other than it referenced the presentation as an attachment in the original application and inadvertently left it out. Attachment 7-G is just a presentation to support the need for approval of a stand by charge.

DEFERRAL AND VARIANCE ACCOUNTS

18. Exhibit 1, Tab 8, Page 2

Exhibit 1, Tab 11, Schedule 1, Attachment 11, 1-K 2016 Audited Financial Statements
Exhibit 2, Tab 6, Schedule 1, Attachment 1, 2-A Appendix 2-BA
It states that non-rate regulated activities pertaining to merger and acquisition activity have been segregated.

a) Please elaborate on what type of activities pertaining to merger and acquisitions have been excluded from the application.

Response: ETPL spent money for third party legal expense, valuation services and utilized labour from its parent to pursue mergers and acquisitions.

b) Please indicate which USoA these non-rate regulated activities have been recorded in.

Response: ETPL recorded these expenses in account 4380.

c) In the 2016 financial statements, the net book value of PP&E and intangible assets excluding goodwill is $37.2M. In Appendix 2-BA, the 2016 net book value is $32.7M. Please reconcile the difference and confirm that the difference is due to non-regulatory assets. If not, please explain the difference.

Response:

PP&E per financial statements	$37,321,836.00
PP&E per 2-BA	32,687,234.00
Variance	4,634,602.00

This variance is due to items that are included in our financial statement as PP&E however are not included in our 2-BA:

• 1606-Goodwill	$76,667.00
• 1655-Solar Generation	163,929.26
• 1996-Capitalization of Inventory	799,294.57
• 2055-Work in Progress	990,591.47

One other issue is that ETPL included was Deferred Revenue (Capital Contribution) which on the 2-BA schedule but was not included in the PP&E on the financials states:

	$2,535,076.00
Total Variance determined	$4,565,558.30

The remaining variance is $69,043.70 which ETPL will continue to investigate however ETPL points out that this amount is immaterial to the effect on the rate application.

19. Chapter 2 Appendices, Appendix 2-BA

Erie Thames has shown amounts related to customer contributions in Account 1995, which is not consistent with Article 510 of the APH. Erie Thames appears to not have accounted for customer contributions properly. Please update all applicable Appendices 2-BA.

Response: ETPL recorded customer contribution in account 1995 historically up to Dec 31, 2013. As at January 1, 2014 ETPL is recording customer contribution in GL 2440 and expensing the amortization in GL 4305.

20. Exhibit 2, Tab 1, Schedule 3, Page 6

In the rate base variance explanation between 2015 and 2016, it states that the conversion to IFRS in 2015 has impacted the gross change in net book value due to adopting new capitalization policies as well as removing fully amortized asset costs and associated amortization from the calculation of net book value. Please explain how the net book value would be impacted by removal of fully amortized assets as the same gross cost and accumulated amortization should have been removed from net book value, and therefore, have no impact on net book value.

Response: The conversion to IFRS in 2015 would not impact the gross change as indicated. This statement was attempting to explain difference in Table 2.7 and Table 2.8. ETPL will clarify this statement and include this update in its revised application.

21. Exhibit 2, Tab 5, Schedule 2, Pages 13-14

Under fleet burden section, it states that Erie Thames Powerlines has not allocated material burden since 2013 when it implemented the new capitalization policy.

a) Please confirm whether this is referring to fleet burden and not material burden.

Response: Exhibit 2, Tab 5, Schedule 2, Page 14, Line 13 should read “Fleet burden” rather than “Material burden”. ETPL has not recorded Fleet burden since 2013.

b) If referring to fleet burden, please explain how this fleet burden is different than the fleet rate that is capitalized as described under the Transportation and Fleet Costs section.

Response: Fleet rate is a non-burdened rate that is capitalized for hours utilized for capital projects.

22. Exhibit 2, Tab 5, Schedule 2, Pages 12-16

On pages 12 to 15, Erie Thames Powerlines indicated that it capitalizes material costs, labour costs, benefit costs, transportation and fleet costs, and third party costs.

Please also complete Appendix 2-D for 2013 to show the difference in the percent of OM&A capitalized before and after the change in capitalization policy.

Response: ETPL has completed Appendix 2-D for 2013 to show the difference in the percentage of OM&A capitalized before and after the change in capitalization policy and has included this change in its revised application.

23. Exhibit 2, Tab 6, Schedule 1, Attachment 1, 2-A Appendix 2-BA

Exhibit 3, Tab 3, Page 2
Exhibit 4, Tab 12, Schedule 1, Attachment 13, 4-M PILS Model

The disposals as calculated in Appendix 2-BA (from the disposal columns, excluding the depreciation expense adjustment from gain or loss of pooled assets line) and the PILS model do not agree to the gains or losses on disposition in Accounts 4355 and 4360 in Exhibit 3 for 2012 to 2018,

a) Disposals are shown in Appendix 2-BA for 2012 to 2016, please reconcile these to the gains or losses in Exhibit 3. Please revise the evidence as needed.
b) No disposals are forecasted in Appendix 2-BA for 2017 and 2018 and the PILS model; however, there are gains on disposition in Exhibit 3. Please confirm that disposals are forecasted for 2017 and 2018 and revise the evidence as needed.

Response:

a) Table below shows all disposals, with corresponding Accumulated Amortization, Proceeds and disposal and Gain or Loss on Disposal. The previous amounts ETPL provided in Exhibit were incorrect.
b) ETPL has inadvertently included gains on disposition in Exhibit 3. ETPL will update exhibit 3 to exclude these amounts. ETPL is unable to forecast whether disposals will result in gains or losses on a year to year basis and therefore should not be attempting to include either amount in this application.

Fixed Asset Disposals							
Year	GL	Description	Cost	Accum Amort	Proceeds	Gain on Disposal	Loss on Disposal
2012	1820	Distribution Station Equipment <50kV	-$ 55,000.00	$ 55,000.00	$ 4,000.00	-$ 4,000.00	$ -
	1930	Transportation Equipment	-$ 165,985.00	$ 165,985.00	$ 21,200.00	-$ 21,200.00	$ -
			-$ 220,985.00	**$ 220,985.00**	**$ 25,200.00**	**-$ 25,200.00**	**$ -**
2013	1850	Line Transformers	-$ 110,118.00	$ 110,118.00	-$ 122.99		$ 122.99
	1930	Transportation Equipment	-$ 46,600.00	$ 46,600.00			
			-$ 156,718.00	**$ 156,718.00**	**-$ 122.99**	**$ -**	**$ 122.99**
2014	1830	Poles, Towers & Fixtures	-$ 44,396.00	$ 41,616.00		-$ 2,780.00	
	1835	Overhead Conductors & Devices	-$ 1,899.00	$ 1,899.00	$ -	$ -	
	1845	Underground Conductors & Devices	-$ 1,122.00	$ 1,122.00	$ -	$ -	
	1850	Line Transformers	-$ 69,006.00	$ 69,006.00	$ 12,252.46	-$ 12,252.46	
	1860	Meters (Smart Meters)	-$ 23,020.00	$ 8,153.00			$ 14,867.00
	1930	Transportation Equipment	-$ 42,443.00	$ 28,306.00	$ 4,128.13		$ 10,008.87
			-$ 181,886.00	**$ 150,102.00**	**$ 16,380.59**	**-$ 15,032.46**	**$ 24,875.87**
2015	1820	Distribution Station Equipment <50kV	-$ 51,366.00	$ 16,728.00			
	1830	Poles, Towers & Fixtures	-$ 28,190.00	$ 62,829.00			
	1835	Overhead Conductors & Devices	-$ 9,685.00	$ 9,685.00			
	1850	Line Transformers	-$ 85,500.00	$ 85,500.00	$ 9,583.49	-$ 9,583.49	
	1860	Meters (Smart Meters)	-$ 88,635.00	$ 46,223.00			$ 42,412.00
	1930	Transportation Equipment	-$ 125,327.00	$ 125,327.00	$ 12,000.00	-$ 12,000.00	
			-$ 388,703.00	**$ 346,292.00**	**$ 21,583.49**	**-$ 21,583.49**	**$ 42,412.00**
2016	1830	Poles, Towers & Fixtures	-$ 77,577.00	$ 77,577.00			
	1835	Overhead Conductors & Devices	-$ 340,364.00	$ 340,364.00			
	1845	Underground Conductors & Devices	-$ 256,441.00	$ 256,441.00			
	1850	Line Transformers	-$ 187,548.00	$ 18,548.00	$ 6,434.37	-$ 6,434.37	
	1930	Transportation Equipment	-$ 487,093.00	$ 487,093.00	$ 55,099.19	-$ 55,099.19	
			-$ 1,349,023.00	**$ 1,180,023.00**	**$ 61,533.56**	**-$ 61,533.56**	**$ -**
2017	1830	Poles, Towers & Fixtures	-$ 78,000.00	$ 78,000.00			
	1835	Overhead Conductors & Devices	-$ 345,000.00	$ 345,000.00			
	1845	Underground Conductors & Devices	-$ 255,000.00	$ 255,000.00			
	1850	Line Transformers	-$ 185,000.00	$ 185,000.00	$ 8,788.70	-$ 8,788.70	
			-$ 863,000.00	**$ 863,000.00**	**$ 8,788.70**	**-$ 8,788.70**	**$ -**
2018	1830	Poles, Towers & Fixtures	-$ 75,000.00	$ 75,000.00			
	1835	Overhead Conductors & Devices	-$ 350,000.00	$ 350,000.00			
	1845	Underground Conductors & Devices	-$ 255,000.00	$ 255,000.00			
	1850	Line Transformers	-$ 175,000.00	$ 175,000.00	$ 9,904.86	-$ 9,904.86	
			-$ 855,000.00	**$ 855,000.00**	**$ 9,904.86**	**-$ 9,904.86**	**$ -**

24. Ref: Response to Completeness Question re. Checklist: 20 & 21, part c)

Exhibit 2, Tab 6, Schedule 1, Attachment 1, 2-A Appendix 2-BA

For Appendix 2-BA
In the 2016 MIFRS schedule, the additions sub-total is different from the additions total. It appears that this is due to socialized renewable energy generation investments. Please explain the difference and revise Appendix 2-BA for 2016 to 2018 as needed.

Erie Thames' response was:

> You are correct it was the socialized renewable energy, however to correct this issue, I also need to add the socialized energy generation schedule, see OEB acct 1910, in order to delete it from the Sub-total. Do you agree with this approach?"

OEB staff believes that the approach described above is not consistent with the OEB guidance and the APH. According to the March 2015 APH guidance, the socialized portion of the renewable energy related PP&E should be recorded in Account 2075, Non Rate-Regulated Utility Property Owned or Under Finance Leases.

OEB staff notes that the Appendix 2-B for years 2016 – 2018 do not show the amount for depreciation or accumulated depreciation associated with the socialized renewable

energy costs. Accounting for the transactions related to Account 2075 including Accumulated depreciation (account 2180) are detailed in Article 220, and the treatment of the depreciation expense (account 4380) is described in Article 330. Page 18 of Article 330 indicates that these assets are not to be included in rate base and the associated amortization expenses are not to be included in the revenue requirement of the distributor.

a) Please provide corrected Appendix 2-BAs and ensuring that they are consistent with the APH.

Response: ETPL has included updated Appendix 2-BA and reconciled the balances to audited statements and they are consistent with the APH.

b) Please confirm that the amended schedules exclude the socialized renewable energy assets from the rate base.

Response: ETPL confirms that the amended schedules exclude the socialized renewable energy assets from rate base.

c) The accumulated depreciation column excludes the amounts related to the socialized renewable energy assets.

Response: ETPL confirms that the amended schedules exclude depreciation related to socialized renewable energy assets.

d) Amortization/Depreciation expense related to renewable assets is not included in the revenue requirement.

Response: ETPL confirms that the amended schedules exclude depreciation expenses related to renewable energy assets.

25. Exhibit 2, Tab 6, Schedule 1, Attachment 2, 2-B Appendix 2-C

Exhibit 2, Tab 6, Schedule 1, Attachment 1, 2-A Appendix 2-BA

In Appendix 2-C, the Depreciation Expense per Appendix 2-BA Fixed Assets column shows the closing accumulated depreciation balance from Appendix 2-BA. It should have shown the additions column under accumulated depreciation from Appendix 2-BA.

a) Please revise Appendix 2-C to show the correct amounts from Appendix 2-BA.
b) If there are material variances in the variance column of Appendix 2-C after the above revision to Appendix 2-C. Please explain the variances.

Response:

a) The following tables have been updated with the correction information.
b) No material variances are showing.

Appendix 2-C
Depreciation and Amortization Expense

This appendix is to be completed in conjunction with the accounting instructions in Appendix 2-B

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
Rebasing for the first time with depreciation policy changes made in 2012. ☐	This appendix must be duplicated and completed for the years 2012 to 2015. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2015 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013. ☑	This appendix must be duplicated and completed for the years 2013 to 2015. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2015 is to be completed under MIFRS (2014 if changes to MIFRS are material).	2013	CGAAP
Already rebased with depreciation policy changes in a prior rate application ☐	This appendix must be completed for 2014 to 2015. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2015 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$ 455,376	$ 8,216	$ 447,160	$ 54,671		$ 54,671	$ 54,671	1.26	79.46%	3.00	33.33%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 107,454	-$ [illegible]
1612	Land Rights (Formally known as Account 1906)	$ 42,932		$ 42,932	$ 947		$ 947	$ 947		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1805	Land	$ 103,344		$ 103,344	$ 695		$ 695	$ 695		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1808	Buildings	$ 124,624		$ 124,624	$ 24,917		$ 24,917	$ 24,917	38.16	2.62%	60.00	1.67%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 3,747	-$ [illegible]
1810	Leasehold Improvements	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV	$ 416,939		$ 416,939	$ 16,591		$ 16,591	$ 16,591	41.37	2.42%	60.00	1.67%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 10,484	-$ [illegible]
1825	Storage Battery Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1830	Poles, Towers & Fixtures	$ 3,625,291		$ 3,625,291	$ 508,874		$ 508,874	$ 508,874	29.95	3.34%	50.00	2.00%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 118,542	-$ [illegible]
1835	Overhead Conductors & Devices	$ 3,973,943		$ 3,973,943	$ 770,131		$ 770,131	$ 770,131	21.07	4.75%	60.00	1.67%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 194,412	-$ [illegible]
1840	Underground Conduit	$ 2,397,565		$ 2,397,565	$ 46,781		$ 46,781	$ 46,781	40.15	2.49%	45.00	2.22%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 65,746	$ [illegible]
1845	Underground Conductors & Devices	$ 4,872,045		$ 4,872,045	$ 379,360		$ 379,360	$ 379,360	38.61	2.59%	45.00	2.22%	$ [illegible]	$ [illegible]	$ 4,215	$ [illegible]	$ 148,260	$ [illegible]
1850	Line Transformers	$ 6,053,932		$ 6,053,932	$ 649,661		$ 649,661	$ 649,661	33.26	3.01%	40.00	2.50%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 151,651	-$ [illegible]
1855	Services (Overhead & Underground)	$ 2,484,788		$ 2,484,788	$ 332,065		$ 332,065	$ 332,065	38.19	2.62%	60.00	1.67%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 67,625	-$ [illegible]
1860	Meters	$ 2,475,116		$ 2,475,116	$ 35,278		$ 35,278	$ 35,278	37.91	2.64%	25.00	4.00%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 310,677	$ [illegible]
1860	Meters (Smart Meters)	$ -		$ -	$ 229,651		$ 229,651	$ 229,651	-	0.00%	12.00	8.33%	$ -	$ [illegible]	$ [illegible]	$ [illegible]	$ -	-$ [illegible]
1905	Land	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1908	Buildings & Fixtures	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1910	Leasehold Improvements	$ 174,259		$ 174,259	$ 53,273		$ 53,273	$ 53,273	51.13	1.96%	55.00	1.82%	$ [illegible]	$ [illegible]	$ 404	$ [illegible]	$ 3,893	-$ [illegible]
1915	Office Furniture & Equipment (10 years)	$ 23,165		$ 23,165	$ 3,059		$ 3,059	$ 3,059	2.68	37.29%	10.00	10.00%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 5,093	-$ [illegible]
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -		$ -			0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1920	Computer Equipment - Hardware	$ -		$ -	$ -		$ -	$ -	-	0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1920	Computer Eqiup.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -		$ -	$ -	-	0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1920	Computer Eqiup.-Hardware(Post Mar. 19/07)	$ 41,332		$ 41,332	$ 57,214		$ 57,214	$ 57,214	4.50	22.22%	5.00	20.00%	$ [illegible]	$ [illegible]	$ 5,721	$ [illegible]	$ 14,850	-$ [illegible]
1930	Transportation Equipment	$ 925,955		$ 925,955	$ 386,632		$ 386,632	$ 386,632	2.77	36.07%	8.00	12.50%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 260,859	-$ [illegible]
1935	Stores Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1940	Tools, Shop & Garage Equipment	$ 79,940		$ 79,940	$ 16,442		$ 16,442	$ 16,442	4.55	21.98%	10.00	10.00%	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 21,830	$ [illegible]
1945	Measurement & Testing Equipment	$ 11,001		$ 11,001	$ -		$ -	$ -	6.09	16.43%	8.00	12.50%	$ [illegible]	$ -	$ -	$ [illegible]	$ 1,808	$ [illegible]
1950	Power Operated Equipment	$ 51,894		$ 51,894	$ -		$ -	$ -	6.48	15.44%	8.00	12.50%	$ [illegible]	$ -	$ -	$ [illegible]	$ 8,012	$ [illegible]
1955	Communications Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1960	Miscellaneous Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1970	Load Management Controls Customer Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1975	Load Management Controls Utility Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1980	System Supervisor Equipment	$ 203,267		$ 203,267	$ 42,216		$ 42,216	$ 42,216	4.75	21.05%	5.00	20.00%	$ [illegible]	$ [illegible]	$ 4,222	$ [illegible]	$ 47,015	-$ [illegible]
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1990	Other Tangible Property	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	$ -	$ -	$ -	$ -	$ -	$ -
1995	Contributions & Grants	-$ 4,479,752		-$ 4,479,752	-$ 1,446,296		-$ 1,446,296	-$ 1,446,296	20.96	4.77%	25.00	4.00%	-$ [illegible]	-$ [illegible]	-$ [illegible]	-$ [illegible]	-$ 106,624	$ [illegible]
	Total	$ [illegible]	$ 8,216	$ [illegible]	$ [illegible]	$ -	$ [illegible]	$ [illegible]					$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	-$ [illegible]

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Balances presented in the table should exclude asset retirement obligations (AROs) and the related depreciation and accretion expense. These should be disclosed separately consistent with the Notes of historical Audited Financial

Notes:

1 This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.

2 This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.

3 A calculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the useful life of Asset A and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.

4 The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.

5 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

6 The applicant must provide an explanation of material variances in evidence.

7 This should include assets in column a (excel column C) that have become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change

8 This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

Scenario that applies	Applicable Year and Accounting Standard	Year Refunded in Schedule Below	Accounting Standard Refunded in Schedule Below
[illegible] ☐	[illegible]		
[illegible] ☐	[illegible]	2013	Revised CGAAP
[illegible] ☑ ☐	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$ 402,593		$ 402,593	$ 54,671		$ 54,671	$ 54,671	1.11	89.87%	3.00	33.33%	[illegible]	[illegible]	[illegible]	[illegible]	$ 107,454	[illegible]
1612	Land Rights (Formally known as Account 1906)	$ 43,879		$ 43,879	$ 947		$ 947	$ 947		0.00%		0.00%	-	-	-	-		-
1805	Land	$ 104,039		$ 104,039	$ 695		$ 695	$ 695		0.00%		0.00%	-	-	-	-		-
1808	Buildings	$ 145,794		$ 145,794	$ 24,917		$ 24,917	$ 24,917	44.64	2.24%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 3,747	[illegible]
1810	Leasehold Improvements	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1820	Distribution Station Equipment <50 kV	$ 419,329		$ 419,329	$ 12,875		$ 12,875	$ 12,875	41.61	2.40%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 10,484	[illegible]
1825	Storage Battery Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1830	Poles, Towers & Fixtures	$ 3,978,438		$ 3,978,438	$ 471,688		$ 471,688	$ 471,688	32.87	3.04%	50.00	2.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 118,542	[illegible]
1835	Overhead Conductors & Devices	$ 4,979,931		$ 4,979,931	$ 700,608		$ 700,608	$ 700,608	26.41	3.79%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 194,412	[illegible]
1840	Underground Conduit	$ 2,362,088		$ 2,362,088	$ 30,270		$ 30,270	$ 30,270	39.56	2.53%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$ 65,746	[illegible]
1845	Underground Conductors & Devices	$ 5,068,258		$ 5,068,258	$ 344,473		$ 344,473	$ 344,473	40.17	2.49%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$ 148,260	[illegible]
1850	Line Transformers	$ 6,507,209		$ 6,507,209	$ 604,928		$ 604,928	$ 604,928	35.75	2.80%	40.00	2.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 151,651	[illegible]
1855	Services (Overhead & Underground)	$ 2,725,243		$ 2,725,243	$ 308,080		$ 308,080	$ 308,080	41.89	2.39%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 67,625	[illegible]
1860	Meters	$ 459,052		$ 459,052	$ 25,249		$ 25,249	$ 25,249	7.03	14.22%	25.00	4.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 310,677	[illegible]
1860	Meters (Smart Meters)	$ 3,099,642		$ 3,099,642	$ 211,907		$ 211,907	$ 211,907	12.88	7.76%	12.00	8.33%	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
1905	Land	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1908	Buildings & Fixtures	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1910	Leasehold Improvements	$ 223,639		$ 223,639	$ 53,273		$ 53,273	$ 53,273	65.62	1.52%	55.00	1.82%	[illegible]	[illegible]	[illegible]	[illegible]	$ 3,893	[illegible]
1915	Office Furniture & Equipment (10 years)	$ 21,131		$ 21,131	$ 3,059		$ 3,059	$ 3,059	2.45	40.87%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 5,093	[illegible]
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equipment - Hardware	$ -		$ -	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 83,696		$ 83,696	$ 57,214		$ 57,214	$ 57,214	9.11	10.97%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1930	Transportation Equipment	$ 1,051,728		$ 1,051,728	$ 386,632		$ 386,632	$ 386,632	3.15	31.76%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 260,859	[illegible]
1935	Stores Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1940	Tools, Shop & Garage Equipment	$ 74,551		$ 74,551	$ 16,442		$ 16,442	$ 16,442	4.24	23.58%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 21,830	[illegible]
1945	Measurement & Testing Equipment	$ 9,193		$ 9,193	$ -		$ -	$ -	5.09	19.65%	8.00	12.50%	[illegible]	-	-	[illegible]	$ 1,808	[illegible]
1950	Power Operated Equipment	$ 43,882		$ 43,882	$ -		$ -	$ -	5.48	18.26%	8.00	12.50%	[illegible]	-	-	[illegible]	$ 8,012	[illegible]
1955	Communications Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1960	Miscellaneous Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1970	Load Management Controls Customer Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1975	Load Management Controls Utility Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1980	System Supervisor Equipment	$ 198,468		$ 198,468	$ 42,216		$ 42,216	$ 42,216	4.64	21.55%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 47,015	[illegible]
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1990	Other Tangible Property	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1995	Contributions & Grants	-$ 5,819,424		-$ 5,819,424	-$ 1,446,296		-$ 1,446,296	-$ 1,446,296	27.22	3.67%	25.00	4.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 106,624	[illegible]
	Total	[illegible]	$ -	[illegible]	[illegible]	$ -	[illegible]	[illegible]					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

General: [illegible]

Notes:

1 [illegible]
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6 [illegible]
7 [illegible]
8 [illegible]

Scenario that applies	Applicable Year and Accounting Standard	Year Refunded in Schedule Below	Accounting Standard Refunded in Schedule Below
[illegible] ☐	[illegible]		
[illegible] ☐	[illegible]	2014	Revised CGAAP
[illegible] ☑ ☐	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$ 402,593		$ 402,593	$ 87,557		$ 87,557	$ 87,557	1.06	94.40%	3.00	33.33%	[illegible]	[illegible]	[illegible]	[illegible]	$ 79,742	[illegible]
1612	Land Rights (Formally known as Account 1906)	$ 43,879		$ 43,879	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1805	Land	$ 104,039		$ 104,039	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1808	Buildings	$ 145,794		$ 145,794	$ 4,014		$ 4,014	$ 4,014	39.61	2.52%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 8,915	[illegible]
1810	Leasehold Improvements	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1820	Distribution Station Equipment <50 kV	$ 423,045		$ 423,045	$ 3,665		$ 3,665	$ 3,665	41.10	2.43%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 24,703	[illegible]
1825	Storage Battery Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1830	Poles, Towers & Fixtures	$ 4,015,623		$ 4,015,623	$ 1,270,813		$ 1,270,813	$ 1,270,813	30.78	3.25%	50.00	2.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 285,579	[illegible]
1835	Overhead Conductors & Devices	$ 5,049,454		$ 5,049,454	$ 1,410,235		$ 1,410,235	$ 1,410,235	25.22	3.97%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 507,379	[illegible]
1840	Underground Conduit	$ 2,378,600		$ 2,378,600	$ 61,799		$ 61,799	$ 61,799	39.39	2.54%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$ 109,611	[illegible]
1845	Underground Conductors & Devices	$ 5,103,145		$ 5,103,145	$ 734,039		$ 734,039	$ 734,039	38.13	2.62%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$ 254,852	[illegible]
1850	Line Transformers	$ 6,551,943		$ 6,551,943	$ 598,730		$ 598,730	$ 598,730	33.71	2.97%	40.00	2.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 322,047	[illegible]
1855	Services (Overhead & Underground)	$ 2,749,228		$ 2,749,228	$ 548,804		$ 548,804	$ 548,804	39.17	2.55%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 178,937	[illegible]
1860	Meters	$ 469,081		$ 469,081	$ -		$ -	$ -		0.00%	25.00	4.00%	-	-	-	-		-
1860	Meters (Smart Meters)	$ 3,117,386		$ 3,117,386	$ 162,463		$ 162,463	$ 162,463	7.86	12.72%	12.00	8.33%	[illegible]	[illegible]	[illegible]	[illegible]	$ 318,105	[illegible]
1905	Land	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1908	Buildings & Fixtures	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1910	Leasehold Improvements	$ 223,639		$ 223,639	$ 47,056		$ 47,056	$ 47,056	51.10	1.96%	55.00	1.82%	[illegible]	[illegible]	[illegible]	[illegible]	$ 10,570	[illegible]
1915	Office Furniture & Equipment (10 years)	$ 21,131		$ 21,131	$ 2,395		$ 2,395	$ 2,395	2.36	42.32%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 4,048	[illegible]
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equipment - Hardware	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 83,696		$ 83,696	$ 34,018		$ 34,018	$ 34,018	4.06	24.65%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 24,029	[illegible]
1930	Transportation Equipment	$ 1,051,728	$ 23,326	$ 1,028,402	$ 137,334		$ 137,334	$ 137,334	2.79	35.80%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 236,642	[illegible]
1935	Stores Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1940	Tools, Shop & Garage Equipment	$ 74,551		$ 74,551	$ 23,803		$ 23,803	$ 23,803	3.88	25.79%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 19,475	[illegible]
1945	Measurement & Testing Equipment	$ 9,193		$ 9,193	$ -		$ -	$ -	5.09	19.65%	8.00	12.50%	[illegible]	-	-	[illegible]	$ 1,446	[illegible]
1950	Power Operated Equipment	$ 43,882		$ 43,882	$ -		$ -	$ -	5.48	18.26%	8.00	12.50%	[illegible]	-	-	[illegible]	$ 6,409	[illegible]
1955	Communications Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1960	Miscellaneous Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1970	Load Management Controls Customer Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1975	Load Management Controls Utility Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1980	System Supervisor Equipment	$ 198,468		$ 198,468	$ 3,856		$ 3,856	$ 3,856	3.87	25.82%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 25,618	[illegible]
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1990	Other Tangible Property	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1995	Contributions & Grants	-$ 5,819,424		-$ 5,819,424	-$ 810,946		-$ 810,946	-$ 810,946	21.43	4.67%	25.00	4.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 287,836	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	$ -	[illegible]	[illegible]					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

General: [illegible]

Notes:

1 [illegible]
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6 [illegible]
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Reason(s) that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
[illegible] ☐	[illegible]		
[illegible] ☑	[illegible]	2014	MIFRS
[illegible] ☐	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$ 402,593	$ 8,268	$ 394,324	$ 87,557		$ 87,557	$ 87,557	1.06	94.40%	3.00	33.33%	[illegible]	[illegible]	[illegible]	[illegible]	$ 159,241	[illegible]
1612	Land Rights (Formally known as Account 1906)	$ 43,879		$ 43,879	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1805	Land	$ 104,039		$ 104,039	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1808	Buildings	$ 145,794		$ 145,794	$ 4,014		$ 4,014	$ 4,014	39.61	2.52%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 3,989	[illegible]
1810	Leasehold Improvements	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1820	Distribution Station Equipment <50 kV	$ 423,045		$ 423,045	$ -		$ -	$ -	41.10	2.43%	60.00	1.67%	[illegible]	-	-	[illegible]	$ 10,591	[illegible]
1825	Storage Battery Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1830	Poles, Towers & Fixtures	$ 4,015,623		$ 4,015,623	$ 1,232,100		$ 1,232,100	$ 1,232,100	30.78	3.25%	50.00	2.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 142,789	[illegible]
1835	Overhead Conductors & Devices	$ 5,049,454		$ 5,049,454	$ 1,338,932		$ 1,338,932	$ 1,338,932	25.22	3.97%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 211,408	[illegible]
1840	Underground Conduit	$ 2,378,600		$ 2,378,600	$ 45,672		$ 45,672	$ 45,672	39.39	2.54%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$ 66,590	[illegible]
1845	Underground Conductors & Devices	$ 5,103,145		$ 5,103,145	$ 698,300		$ 698,300	$ 698,300	38.13	2.62%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$ 159,846	[illegible]
1850	Line Transformers	$ 6,551,943		$ 6,551,943	$ 552,591		$ 552,591	$ 552,591	33.71	2.97%	40.00	2.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 161,023	[illegible]
1855	Services (Overhead & Underground)	$ 2,749,228		$ 2,749,228	$ 523,811		$ 523,811	$ 523,811	39.17	2.55%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 74,557	[illegible]
1860	Meters	$ 469,081		$ 469,081	$ -		$ -	$ -		0.00%	25.00	4.00%	-	-	-	-		-
1860	Meters (Smart Meters)	$ 3,117,386		$ 3,117,386	$ 134,232		$ 134,232	$ 134,232	12.07	8.29%	12.00	8.33%	[illegible]	[illegible]	[illegible]	[illegible]	$ 318,105	[illegible]
1905	Land	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1908	Buildings & Fixtures	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1910	Leasehold Improvements	$ 223,639		$ 223,639	$ 47,056		$ 47,056	$ 47,056	51.10	1.96%	55.00	1.82%	[illegible]	[illegible]	[illegible]	[illegible]	$ 4,805	[illegible]
1915	Office Furniture & Equipment (10 years)	$ 21,131		$ 21,131	$ 2,395		$ 2,395	$ 2,395	2.36	42.32%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 2,424	[illegible]
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equipment - Hardware	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 83,696		$ 83,696	$ 34,018		$ 34,018	$ 34,018	4.06	24.65%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 24,029	[illegible]
1930	Transportation Equipment	$ 1,051,728	$ 13,809	$ 1,037,919	$ 137,334		$ 137,334	$ 137,334	2.79	35.80%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 216,635	[illegible]
1935	Stores Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1940	Tools, Shop & Garage Equipment	$ 74,551	$ 7,203	$ 67,348	$ 23,803		$ 23,803	$ 23,803	3.88	25.79%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 21,336	[illegible]
1945	Measurement & Testing Equipment	$ 9,193		$ 9,193	$ -		$ -	$ -	5.09	19.66%	8.00	12.50%	[illegible]	-	-	[illegible]	$ 1,808	[illegible]
1950	Power Operated Equipment	$ 43,882		$ 43,882	$ -		$ -	$ -	5.48	18.26%	8.00	12.50%	[illegible]	-	-	[illegible]	$ 8,011	[illegible]
1955	Communications Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1960	Miscellaneous Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1970	Load Management Controls Customer Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1975	Load Management Controls Utility Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1980	System Supervisor Equipment	$ 198,468		$ 198,468	$ 3,856		$ 3,856	$ 3,856	3.87	25.82%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1990	Other Tangible Property	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1995	Contributions & Grants	-$ 5,819,424		-$ 5,819,424	$ -		$ -	$ -	21.43	4.67%	25.00	4.00%	[illegible]	-	-	[illegible]		[illegible]
2440	Deferred Revenue				-$ 810,946		-$ 810,946	-$ 810,946	60.00	1.67%	60.00	1.67%	-	[illegible]	[illegible]	[illegible]	$ 119,932	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. [illegible]

Notes:
1 [illegible]
2 [illegible]
3 [illegible]
4 [illegible]
5 [illegible]
6 [illegible]
7 [illegible]
8 [illegible]

Reason(s) that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
[illegible] ☐	[illegible]		
[illegible] ☑	[illegible]	2015	MIFRS
[illegible] ☐	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

		Book Values							Service Lives				Depreciation Expense					
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$ 330,909	$ 13,365	$ 317,544	$ 218,361		$ 218,361	$ 218,361	0.81	123.67%	3.00	33.33%	[illegible]	[illegible]	[illegible]	[illegible]	$ 123,587	[illegible]
1612	Land Rights (Formally known as Account 1906)	$ 43,879		$ 43,879	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1805	Land	$ 104,039		$ 104,039	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1808	Buildings	$ 145,820		$ 145,820	$ 28,387		$ 28,387	$ 28,387	38.91	2.57%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 4,259	[illegible]
1810	Leasehold Improvements	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1820	Distribution Station Equipment <50 kV	$ 408,738		$ 408,738	$ 0		$ 0	$ 0	39.71	2.52%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 9,728	[illegible]
1825	Storage Battery Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1830	Poles, Towers & Fixtures	$ 5,064,968		$ 5,064,968	$ 706,809		$ 706,809	$ 706,809	32.84	3.04%	50.00	2.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 160,727	[illegible]
1835	Overhead Conductors & Devices	$ 6,107,456		$ 6,107,456	$ 983,489		$ 983,489	$ 983,489	27.45	3.64%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 230,568	[illegible]
1840	Underground Conduit	$ 2,341,171		$ 2,341,171	$ 113,924		$ 113,924	$ 113,924	38.13	2.62%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$ 68,363	[illegible]
1845	Underground Conductors & Devices	$ 5,606,712		$ 5,606,712	$ 298,197		$ 298,197	$ 298,197	37.55	2.66%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$ 170,886	[illegible]
1850	Line Transformers	$ 6,898,776		$ 6,898,776	$ 725,235		$ 725,235	$ 725,235	33.41	2.99%	40.00	2.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 213,390	[illegible]
1855	Services (Overhead & Underground)	$ 3,174,497		$ 3,174,497	$ 605,660		$ 605,660	$ 605,660	40.22	2.49%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$ 83,970	[illegible]
1860	Meters	$ 459,052		$ 459,052	$ -		$ -	$ -		0.00%	25.00	4.00%	-	-	-	-		-
1860	Meters (Smart Meters)	$ 2,900,903		$ 2,900,903	$ 353,471		$ 353,471	$ 353,471	7.15	13.99%	12.00	8.33%	[illegible]	[illegible]	[illegible]	[illegible]	$ 321,765	[illegible]
1905	Land	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1908	Buildings & Fixtures	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1910	Leasehold Improvements	$ 265,890		$ 265,890	$ 127,047		$ 127,047	$ 127,047	3.00	33.29%	55.00	1.82%	[illegible]	[illegible]	[illegible]	[illegible]	$ 6,387	[illegible]
1915	Office Furniture & Equipment (10 years)	$ 21,102	$ 323	$ 20,779	$ 5,892		$ 5,892	$ 5,892	2.30	43.51%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 4,139	[illegible]
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equipment - Hardware	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 93,685		$ 93,685	$ 11,372		$ 11,372	$ 11,372	3.42	29.28%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 28,568	[illegible]
1930	Transportation Equipment	$ 958,290	$ 833	$ 957,457	$ 212,573		$ 212,573	$ 212,573	2.47	40.52%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 155,910	[illegible]
1935	Stores Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1940	Tools, Shop & Garage Equipment	$ 77,019	$ 1,101	$ 75,918	$ 12,251		$ 12,251	$ 12,251	3.56	28.05%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$ 16,109	[illegible]
1945	Measurement & Testing Equipment	$ 7,385		$ 7,385	$ 16,620		$ 16,620	$ 16,620	4.09	24.48%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 2,847	[illegible]
1950	Power Operated Equipment	$ 35,870		$ 35,870	$ 158,995		$ 158,995	$ 158,995	4.48	22.33%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$ 1,959	[illegible]
1955	Communications Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1960	Miscellaneous Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1970	Load Management Controls Customer Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1975	Load Management Controls Utility Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1980	System Supervisor Equipment	$ 202,324		$ 202,324	$ 64,232		$ 64,232	$ 64,232	3.89	25.70%	5.00	20.00%	[illegible]	[illegible]	[illegible]	71,277	$ 58,431	[illegible]
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1990	Other Tangible Property	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1995	Contributions & Grants	-$ 5,819,424		-$ 5,819,424	$ -		$ -	$ -	21.43	4.67%	25.00	4.00%	[illegible]	-	-	[illegible]	-$ 126,689	[illegible]
2440	Deferred Revenue	-$ 691,014			-$ 667,719		-$ 667,719	-$ 667,719	60.00	1.67%	60.00	1.67%	-	[illegible]	[illegible]	[illegible]	-$ 5,564	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

General: Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.
Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. [illegible]

Notes:
1 [illegible]
2 [illegible]
3 [illegible]
4 [illegible]
5 [illegible]
6 [illegible]
7 [illegible]
8 [illegible]

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
[illegible] ☐	[illegible]		
[illegible] ☑	[illegible]	2016	MIFRS
[illegible] ☐	[illegible]		

Account	Description	Book Values							Service Lives				Depreciation Expense					
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$425,684	$9,205	$416,478	$27,000		$27,000	$27,000	0.88	113.23%	3.00	33.33%	[illegible]	[illegible]	[illegible]	[illegible]	$139,054	[illegible]
1612	Land Rights (Formally known as Account 1906)	$43,879		$43,879	$1,800		$1,800	$1,800	-	0.00%		0.00%	-	-	-	-		-
1805	Land	$104,039		$104,039	$74,505		$74,505	$74,505	-	0.00%		0.00%	-	-	-	-		-
1808	Buildings	$169,948		$169,948	$3,194		$3,194	$3,194	40.26	2.48%	60.00	1.67%	4,221	[illegible]	27	[illegible]	$4,522	[illegible]
1810	Leasehold Improvements	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1820	Distribution Station Equipment <50 kV	$364,372		$364,372	$ -		$ -	$ -	38.61	2.59%	60.00	1.67%	[illegible]	-	-	[illegible]	$9,728	[illegible]
1825	Storage Battery Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1830	Poles, Towers & Fixtures	$5,645,689		$5,645,689	$548,837		$548,837	$548,837	33.65	2.97%	50.00	2.00%	[illegible]	[illegible]	[illegible]	[illegible]	$173,283	[illegible]
1835	Overhead Conductors & Devices	$6,860,376		$6,860,376	$887,131		$887,131	$887,131	28.73	3.48%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$246,157	[illegible]
1840	Underground Conduit	$2,386,731		$2,386,731	$221,003		$221,003	$221,003	37.33	2.68%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$72,085	[illegible]
1845	Underground Conductors & Devices	$5,734,023		$5,734,023	$659,042		$659,042	$659,042	36.77	2.72%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$181,522	[illegible]
1850	Line Transformers	$7,410,622		$7,410,622	$535,551		$535,551	$535,551	33.31	3.00%	40.00	2.50%	[illegible]	[illegible]	[illegible]	[illegible]	$229,149	[illegible]
1855	Services (Overhead & Underground)	$3,696,187		$3,696,187	$591,581		$591,581	$591,581	41.52	2.41%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$93,946	[illegible]
1860	Meters	$ -		$ -	$ -		$ -	$ -		0.00%	25.00	4.00%	-	-	-	-		-
1860	Meters (Smart Meters)	$3,349,249		$3,349,249	$246,046		$246,046	$246,046	7.83	12.77%	12.00	8.33%	[illegible]	[illegible]	[illegible]	[illegible]	$341,033	[illegible]
1905	Land	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1908	Buildings & Fixtures	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1910	Leasehold Improvements	$386,550		$386,550	$41,813		$41,813	$41,813	51.25	1.95%	55.00	1.82%	7,542	[illegible]	[illegible]	[illegible]	$7,923	[illegible]
1915	Office Furniture & Equipment (10 years)	$22,855		$22,855	$ -		$ -	$ -	2.34	42.75%	10.00	10.00%	8,771	-	-	8,771	$4,111	[illegible]
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1920	Computer Equipment - Hardware	$ -		$ -	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-		-
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$76,488		$76,488	$22,003		$22,003	$22,003	2.57	38.84%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$31,906	[illegible]
1930	Transportation Equipment	$1,014,952	$6,792	$1,008,160	$346,258		$346,258	$346,258	2.54	39.34%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$192,984	[illegible]
1935	Stores Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1940	Tools, Shop & Garage Equipment	$73,160		$73,160	$15,489		$15,489	$15,489	3.20	31.20%	10.00	10.00%	[illegible]	[illegible]	774	[illegible]	$16,743	[illegible]
1945	Measurement & Testing Equipment	$21,159		$21,159	$ -		$ -	$ -	5.45	18.36%	8.00	12.50%	[illegible]	-	-	[illegible]	$3,885	[illegible]
1950	Power Operated Equipment	$196,825		$196,825	$1,574		$1,574	$1,574	7.06	14.17%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$27,665	[illegible]
1955	Communications Equipment	$ -		$ -	$31,915		$31,915	$31,915		0.00%		0.00%	-	-	-	-	$3,192	[illegible]
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1960	Miscellaneous Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1970	Load Management Controls Customer Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1975	Load Management Controls Utility Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1980	System Supervisor Equipment	$208,126		$208,126	$188,030		$188,030	$188,030	3.21	31.16%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$83,657	[illegible]
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1990	Other Tangible Property	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-		-
1995	Contributions & Grants	-$5,692,735		-$5,692,735	$ -		$ -	$ -	20.96	4.77%	25.00	4.00%	-[illegible]	-	-	-[illegible]	-$113,174	[illegible]
2440	Deferred Revenue	-$1,353,169			-$1,003,459		-$1,003,459	-$1,003,459	54.91	1.82%	60.00	1.67%	-	-[illegible]	-[illegible]	-[illegible]	-$10,843	[illegible]
	Total	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

General: [illegible]

Notes:
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8 [illegible]

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule Below
[illegible] ☐	[illegible]		
[illegible] ☑	[illegible]	2017	MIFRS
[illegible] ☐	[illegible]		

Account	Description	Book Values							Service Lives				Depreciation Expense					
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) [1]	Less Fully Depreciated [7]	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change [2]	Less Fully Depreciated [8]	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change [3]	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change [4]	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions [5]	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [6]
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	$365,252		$365,252	$35,000		$35,000	$35,000	0.74	134.43%	3.00	33.33%	[illegible]	[illegible]	[illegible]	[illegible]	$144,888	[illegible]
1612	Land Rights (Formally known as Account 1906)	$45,679		$45,679	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-	$ -	-
1805	Land	$178,544		$178,544	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-	$ -	-
1808	Buildings	$168,620		$168,620	$748,343		$748,343	$748,343	39.45	2.53%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$11,325	[illegible]
1810	Leasehold Improvements	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1820	Distribution Station Equipment <50 kV	$354,644		$354,644	$ -		$ -	$ -	37.58	2.66%	60.00	1.67%	[illegible]	-	-	[illegible]	$9,728	[illegible]
1825	Storage Battery Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1830	Poles, Towers & Fixtures	$6,021,242		$6,021,242	$360,363		$360,363	$360,363	33.98	2.94%	50.00	2.00%	[illegible]	[illegible]	[illegible]	[illegible]	$176,887	[illegible]
1835	Overhead Conductors & Devices	$7,501,350		$7,501,350	$604,845		$604,845	$604,845	30.26	3.30%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$251,197	[illegible]
1840	Underground Conduit	$2,535,649		$2,535,649	$125,992		$125,992	$125,992	36.83	2.72%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$73,485	[illegible]
1845	Underground Conductors & Devices	$6,211,543		$6,211,543	$301,765		$301,765	$301,765	37.67	2.66%	45.00	2.22%	[illegible]	[illegible]	[illegible]	[illegible]	$184,875	[illegible]
1850	Line Transformers	$7,717,024		$7,717,024	$376,028		$376,028	$376,028	33.38	3.00%	40.00	2.50%	[illegible]	[illegible]	[illegible]	[illegible]	$233,850	[illegible]
1855	Services (Overhead & Underground)	$4,193,822		$4,193,822	$1,087,500		$1,087,500	$1,087,500	42.41	2.36%	60.00	1.67%	[illegible]	[illegible]	[illegible]	[illegible]	$103,009	[illegible]
1860	Meters	$ -		$ -	$ -		$ -	$ -		0.00%	25.00	4.00%	-	-	-	-	$ -	-
1860	Meters (Smart Meters)	$3,254,261		$3,254,261	$248,628		$248,628	$248,628	7.26	13.77%	12.00	8.33%	[illegible]	[illegible]	[illegible]	[illegible]	$351,393	[illegible]
1905	Land	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1908	Buildings & Fixtures	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1910	Leasehold Improvements	$420,441		$420,441	$49,000		$49,000	$49,000	50.64	1.97%	55.00	1.82%	[illegible]	[illegible]	[illegible]	[illegible]	$8,368	[illegible]
1915	Office Furniture & Equipment (10 years)	$18,744		$18,744	$ -		$ -	$ -	1.92	52.13%	10.00	10.00%	[illegible]	-	-	[illegible]	$4,111	[illegible]
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1920	Computer Equipment - Hardware	$ -		$ -	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-	$ -	-
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-	$ -	-
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$66,585		$66,585	$44,950		$44,950	$44,950	1.95	51.22%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$36,401	[illegible]
1930	Transportation Equipment	$1,211,605		$1,211,605	$135,000		$135,000	$135,000	3.17	31.50%	8.00	12.50%	[illegible]	[illegible]	[illegible]	[illegible]	$201,421	[illegible]
1935	Stores Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1940	Tools, Shop & Garage Equipment	$71,907		$71,907	$35,000		$35,000	$35,000	2.95	33.90%	10.00	10.00%	[illegible]	[illegible]	[illegible]	[illegible]	$18,930	[illegible]
1945	Measurement & Testing Equipment	$17,274		$17,274	$ -		$ -	$ -	4.45	22.48%	8.00	12.50%	[illegible]	-	-	[illegible]	$3,885	[illegible]
1950	Power Operated Equipment	$170,734		$170,734	$ -		$ -	$ -	6.08	16.45%	8.00	12.50%	[illegible]	-	-	[illegible]	$27,665	[illegible]
1955	Communications Equipment	$28,724		$28,724	$ -		$ -	$ -	-	0.00%		0.00%	-	-	-	-	$3,192	[illegible]
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1960	Miscellaneous Equipment	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1970	Load Management Controls Customer Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1975	Load Management Controls Utility Premises	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1980	System Supervisor Equipment	$312,499		$312,499	$50,000		$50,000	$50,000	3.05	32.79%	5.00	20.00%	[illegible]	[illegible]	[illegible]	[illegible]	$88,657	[illegible]
1985	Miscellaneous Fixed Assets	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1990	Other Tangible Property	$ -		$ -	$ -		$ -	$ -		0.00%		0.00%	-	-	-	-	$ -	-
1995	Contributions & Grants	-$5,479,902		-$5,479,902	$ -		$ -	$ -	20.18	4.96%	25.00	4.00%	-[illegible]	-	-	-[illegible]	-$113,174	[illegible]
2440	Deferred Revenue	-$2,345,784			-$652,500		-$652,500	-$652,500	52.69	1.90%	60.00	1.67%	-	-[illegible]	-[illegible]	-[illegible]	-$25,673	[illegible]
	Total	[illegible]	-	[illegible]	[illegible]	-	[illegible]	[illegible]					[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

General: [illegible]

Notes:
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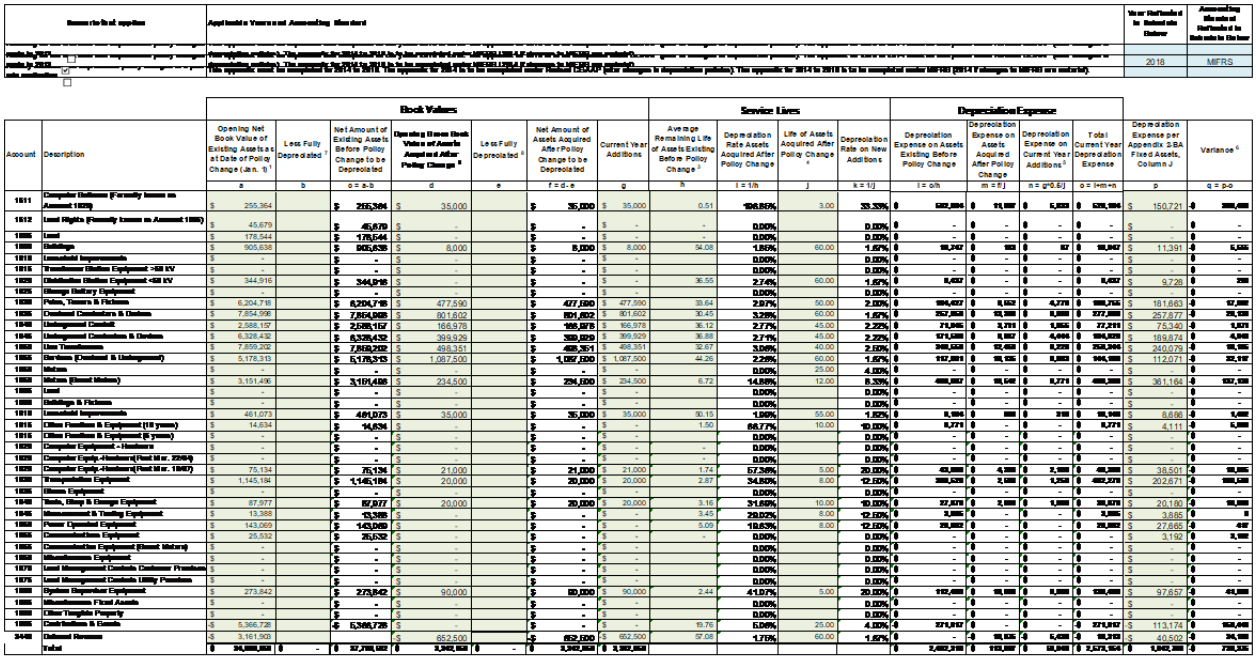

26. Exhibit 4, Tab 4, Schedule 6, Pages 2-4

Exhibit 4, Tab 12, Schedule 1, Attachment 18, 4-R OPEB Report

Erie Thames Powerlines provides employee future benefits to certain employees.
In Table 4-18 Benefit Expenses, line 17 for employee future benefits it blank. Please fill out the expenses for 2012 to 2018. If these amounts are different from the expense provided in the OPEB Report, please explain the difference.

Response: ETPL has only included actual cash payment amounts for OPEB's as part of this application its OPEB costs and changes are accounted for as part of the OCI process. ETPL will update table 4-18 to break out the cash amount from the accrual amount provided in the OPEB report.

27. Ref: Response to Completeness Question re. Checklist: 41

Exhibit 4, Tab 9, Schedule 1, Page 1
Exhibit 4, Tab 9, Schedule 3, Pages 1-2

In Schedule 1, it states that Erie Thames Powerlines confirms that the useful lives for its asset group's fall within the ranges provided in the Kinetrics Report. However, Table 4-41 in Schedule 3 show a list of assets that are outside the useful life range of the Kinetrics report.
Erie Thames' response was:

ETPL have erroneously stated that the useful lives for all asset groups fall within the ranges provided in the Kinectrics Report. That being said, our Overview of Exhibit 4 needs to be corrected, however the remaining document that related to o the useful lives is correct.

Please provide the updated Overview of Exhibit 4.

Response:

OVERVIEW

The following discussion outlines the depreciation practices used by ETPL in this Application and provides a summary of changes since the last Cost of Service Application. As noted above, in preparation for the conversion to IFRS, ETPL engaged KPMG to assist with determining the level of PP&E componentization required under IFRS. ETPL with KPMG, utilized the Kinectrics Report issued by the OEB to establish updated useful lives to be used under IFRS. KPMG facilitated discussions with ETPL's Engineering, Operations, Regulatory and Finance departments in order to determine a reasonable estimate of the useful lives of ETPL's capital assets. KPMG and ETPL worked together to determine an appropriate level of componentization on historical assets that incorporated all material components of historical costs. ETPL adjusted the service lives to reflect the typical useful lives identified in the ETPL Kinectrics Report and completed an assessment of the remaining service lives upon which to calculate depreciation expense for 2013 and beyond.

The adjustments made to ETPL's service lives had a significant impact on ETPL's depreciation expense and ETPL has a substantial refund owing to customers because of this change, which is recorded in Account 1576 as explained in detail in Exhibit 9. ETPL confirms that the majority of useful lives for its asset groups fall within the ranges provided in the Kinectrics Report and that a significant parts or components of each item of PP&E are being depreciated separately. Of the groups that are outside of the Kinetrics Range there are only two were ETPL have determined to be below the minimum useful life based on our own past history. For example ETPL are finding that our Data Collectors are failing at the 5 year mark. All other groups that are outside of the Kinetrics recommended useful life, ETPL have determined, again based on our own data, to be above the maximum useful life and therefore our customers benefit as ETPL are depreciating and replacing over a longer period of time.

Under CGAAP, ETPL recorded customer contributions as an offset to the cost of capital assets and amortized accordingly. Under MIFRS, ETPL cannot capitalize these customer contributions as part of its net capital assets, but instead will classify the contributions as a deferred revenue liability and amortize the costs to revenue over the life of the asset to which the contribution relates.

For financial reporting purposes, ETPL has classified forecasted customer contributions for the 2017 Bridge Year and 2018 Test Year as deferred revenue and amortized the

contribution to revenue over the life of the related asset. For rate-setting purposes, these costs are included as an offset to rate base and the related amortized revenue as an offset to depreciation expense. ETPL confirms that no further depreciation expense policy changes or changes in asset service lives have been made subsequent to those made January 1, 2013.

More details on this process and on the conversion to IFRS are provided in Exhibit 2 – Rate Base, within the "Capitalization Policy" section. Table 4-32 below, which is consistent with the Board's Appendix 2-BB. A copy of the Board's Appendix 2-BB, is included as Attachment 4J in this Exhibit. Useful life variances between the generic Kinectrics Report and the ETPL useful lives.

28. Exhibit 4, Tab 4, Schedule 6, Pages 2-4

Exhibit 4, Tab 12, Schedule 1, Attachment 18, 4-R OPEB Report
Erie Thames Powerlines provides employee future benefits to certain employees. It states that for rate setting purposes, Erie Thames Powerlines continue to include future re-measurements in OM&A.

a) In the *Report of the Ontario Energy Board: Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs, EB-2015-0040*, dated September 14, 2017, the report states that "…utilities who are recovering their pension and OPEB costs on an accrual basis under IFRS will not be able to dispose of any amounts pertaining to actuarial gains and losses because they will never form part of net income" and that "For some utilities, the OEB has approved the use of deferral accounts to capture the cumulative actuarial gains or losses in post-retirement benefits." Please explain why Erie Thames is including future re-measurements in OM&A instead of requesting a deferral account.

Response: ETPL has not included future re-measurements in OM&A as indicated here. ETPL has included actual cash expenses. ETPL will amend its application to request a deferral account for the differences and clearly detail that difference in its revised application.

b) Please quantify the re-measurement amounts from 2014 to 2018.

Response: ETPL will quantify the re-measurement in its revised application.

29. Exhibit 4, Tab 9, Schedule 1, Pages 3-9

Exhibit 2, Tab 6, Schedule 1, Attachment 2, 2-B Appendix 2-C
For the depreciation rate in Exhibit 4 for 2012 to 2018,

a) Please explain how the rates in Exhibit 4 correlate to the rates shown in Appendix 2-C.
b) Please explain why the rates for the same asset class changes year over year.

Response:

a) Exhibit 4, Tab 9, Schedule 1, Pages 3-9 are working with Gross asset values, whereas Exhibit 2, Tab 6, Schedule 1, Attachment 2, 2-B works with NBV. The rates in column I are calculated by taking the Opening NBV of Existing Assets as at Date of Policy Change (column A) multiplied by the Opening Balance for that asset group in tab 2-BA and the multiplied by of Life of Asset acquired after Policy Change (column J).

b) Using this formula each year causes the rates in column I to change based on the amount of additions, disposals and depreciation taken each year.

30. Exhibit 4, Tab 10, Schedule 1, Pages 1-6

Exhibit 4, Tab 10, Schedule 2, Page 1
Exhibit 4, Tab 12, Schedule 1, Attachment 13, 4-M PILS Model
Exhibit 2, Tab 6, Schedule 1, Attachment 1, 2-A Appendix 2-BA
For the PILS model

a) Schedule 1 states that in the 2018 test year, the PILS provision includes the apprentice tax credit of $6k. Please indicate where this credit has been included in the PILS model.

Response: ETPL inadvertently omitted the apprentice tax credit in its filed PILS model and will correct this in its revised filing.

b) Schedule 1 indicates that for deductions to net income before taxes, Erie Thames Powerlines has included capital items expensed for tax of $200k in order to align PILS with actual taxes paid in Erie's Thames Powerlines' tax return. Please explain why the pole replacements have been expensed for tax return purposes.

Response: ETPL's external auditors have expensed pole replacements as part of tax planning and as allowed within the tax rules. ETPL filed its PILS model to be consistent with this approach taken in its actual tax return.

i. Please indicate if this is related to the 2017 and 2018 difference in PP&E additions between Appendix 2-BA and Schedule 8 CCA of the PILS model. If not, please explain the difference and revise the evidence as needed.
Response: ETPL confirms that this expense of assets is the difference between Appendix 2-BA and Schedule 8 CCA of the PILS model.

c) In Schedule 2, Erie Thames confirms that accounting OPEB amounts added back on Schedule 1 agree with OM&A analysis for compensation. Please indicate where the adjustment for OPEB is in the PILS model for the test year as there are no adjustments for reserves in the calculation of taxable income in the PILS model.

Response: ETPL has not included OPEB amounts in its OM&A and therefore no amount was included in the PILS model as an adjustment either.

31. Exhibit 4, Tab 10, Schedule 2, Page 1

Exhibit 6, Tab 2, Schedule 1, Attachment 1, RRWF

In table 4-51 of Exhibit 4, $56k of property tax is forecasted in the test year. However, in the RRWF, $0 is included in the property tax line. Please explain whether the property tax amount has been included elsewhere in the RRWF and whether or not Erie Thames is requesting recovery for property tax.

Response: ETPL has added the $56k from Exhibit 4 to its RRWF and updated the results and included it in its revised application.

32. Ref: Response to Completeness Question re. Checklist: 69, parts a) to c)

Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule

In response to OEB staff questions parts a) to c), Erie Thames has indicated that it would provide corrected DVA Continuity Schedule. To date a corrected DVA Continuity Schedule has not been submitted. Please provide the corrected DVA Continuity Schedule.

Response:

A revised DVA Continuity Schedule has been filed.

33. Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule

In Tab 7.a GA Analysis Workform,

a) Please complete the version of the GA Analysis Workform for 2015 and 2016 updated on July 24, 2017.
    i. If the Unresolved Difference as % of Expected GA Payments to IESO is greater than plus or minus 1% after the updates made to the GA Analysis Workform, please explain the difference.

    Response: ETPL has completed a revised version of the GA workform due to responses to question included in this document. ETPL will explain any differences greater than plus or minus 1% in its revision should there be such a discrepancy.

b) The 2015 loss factor as calculated in the GA Analysis Workform (cell F57/D25) is 1.20. Erie Thames approved loss factor was 1.0451. Please explain the difference in loss factors and reconcile the GA Analysis Workform as needed

    Response: When completing the RRR 2.1.5 for 2015 and 2016 Erie Thames used consumption numbers based on billing periods not consumption period. Erie Thames has updated the GA Workform –Note 2 to include the proper consumption numbers based on actual consumption for the periods of 2015 and 2016. The calculated loss factor after the RRR consumption data was revised is 3.89%.

c) Under Note 2, the Non-RPP Class B consumption for 2016 does not agree to that reported in the RRR of 265,239,776 kWh. Please reconcile the difference and revise the evidence as needed.
   i. Please calculate the loss factor in the GA Analysis Workform for 2016 (cell F101/E25) upon revision of the RRR consumption data, if any and compare the calculated loss factor to Erie Thames Powerlines approved loss factor. Please reconcile any significant difference and revise the evidence as needed.

   Response: See response to question 33 b). The 2016 RRR consumption data has been revised. The loss factor calculated for 2016 Non-RPP is 3.87% which is below the approved loss factor for ETPL.

d) Please explain why columns G and H for unbilled consumption are not completed in the table for GA Analysis of Expected Balance for 2015 and 2016. Please complete the columns for unbilled consumption.

   Response: Erie Thames has used actual loss adjusted consumption data for Column F (not billed consumption in that month) in the GA Analysis table for both 2015 and 2016. Therefore there is no Unbilled adjusted consumption.

e) Please confirm whether customers are billed on a calendar month basis. If not, on what basis are non-RPP Class B customers billed?

   Response: Erie Thames does not bill all Non-RPP Class B customers on a calendar month. Erie Thames has various billing periods for Class B customers. If the customer is not billed on a calendar month then ETPL prorates the bill based on the month it is consumed in.

f) Please confirm that the Non-RPP Class B kWh amounts entered in column F represent the actual kWh that was consumed by non-RPP Class B customers for each month.

   Response: The amounts entered in Column F are the actual kWh consumed by non-RPP Class B customers for each month, therefore no unbilled adjustments were required.

g) For 2015 and 2016, reconciling 2a and 2b indicate that “data above is only actual per month consumption”.
   i. Please clarify if the amount for 2a and 2b is the unbilled revenues or the difference between unbilled to actual revenues. If it is not the difference between unbilled to actual revenues, please revise the amounts to reflect the difference between unbilled to actual revenues. If it is the difference between unbilled to actual revenues, please explain why the difference is so large.

   Response i. and ii.: The amounts in 2a and 2b have been removed as ETPL uses actual revenues to account for unbilled at year ends for disposition purposes. The data in the GA Analysis of expected balances is actual

consumption numbers as well, therefore there is no reconciling amount for unbilled.

h) For reconciling item 6 long term load transfers:
   i. Please confirm that the reconciling item is for GA revenues.
   ii. For 2015, please confirm that the consumption in the GA Analysis of Expected Balance table excludes the consumption for the long term load transfer, but revenues for it were recorded in 2015. If not confirmed, please explain why the reconciling item is a debit.

Response: The consumption in the 2015 GA Analysis of Expected balance table does not include the consumption for the long term load transfer that occurred in 2015. The revenues for the 2015 long term load transfer were accrued into 2015.

   iii. For 2016, please confirm that the consumption in the GA Analysis of Expected Balance table excludes the consumption for the long term load transfer that occurred in 2016 but the revenues for it was recorded in 2016. If not confirmed, please explain why the reconciling item is a debit.

Response: The consumption in the 2016 GA Analysis of Expected balance table does not include the consumption for the long term load transfer that occurred in 2016. The revenues for the 2016 long term load transfer were accrued into 2016.

34. Reference: GA Analysis Workform – GA Billing Rate

a) What GA rate is used to bill customers? Is the same GA rate used for unbilled revenue? If not what rate is used?

Response: Erie Thames Powerlines used the first estimate to bill customers for GA. The first estimate GA rate is used for unbilled revenue as well.

b) Explain how the GA billing rate is determined for billing cycles that span more than one load month.

Response: The GA billing rate is pro-rated based on the actual read dates.

c) Confirm that the GA rate that is used is applied consistently for all billing and unbilled revenue transactions for non-RPP Class B customers for each customer class.

Response: ETPL uses the same GA rate (first estimate) for all billing transactions for non-RPP customers for all classes

d) Where the same GA rate is not used for non-RPP Class B customers in all customer classes, explain what GA rate is applied to each customer class.

Response: N/A

35. Exhibit 9, Tab 1, Schedule 2, Page 2

Erie Thames Powerlines has adjusted Account 1588 by $2.1M and Account 1589 by ($2.1M) due to an error in pro-ration of the GA cost as identified when completing the GA Analysis Workform.

a) Please explain this error, and provide further details including Erie Thames Powerlines' process for pro-rating the GA cost and the source of the error.

Response: Erie Thames has not changed the process for pro-rating the GA cost between RPP and Non-RPP. Erie Thames uses the consumption for each category (RPP and Non-RPP) and pro-rates the total Class B GA cost between RPP and Non-RPP. The error that was found was the incorrect consumption amount was being used for Non-RPP consumption. It was found that the Class A large use consumption was being included in the Non-RPP consumption used for pro-ration and therefore the Non-RPP category was being over allocated GA dollars and the RPP category was being under allocated GA dollars.

b) Please explain if and how the pro-ration error has affected the RPP settlement process and whether there has been any adjustment to the RPP settlement with the IESO to correct for the pro-ration error.

Response: The pro-ration error did not affect the RPP settlement process as the actual billed consumption amounts are used for the RPP settlement process excluding the Class A consumption.

36. Exhibit 9, Tab 1, Schedule 5, Page 2 – Account 1508 - IFRS Transition Costs

Table 9-8 shows the majority of costs proposed to be recovered in the account ($280k) to have been incurred in 2016.

a) Erie Thames Powerlines was required to adopt IFRS by 2015. Please explain why the majority of costs were not incurred in 2015 or prior but a year after the adoption of IFRS.

Response: In 2015 a third party consultant was hired to assist ETPL staff with and manage the majority of the IFRS conversion. Due to the timing, detail, complexity of the conversion, systems and disclosure requirements additional staff from head office were brought in in early 2016 to ensure the 2015 reporting deadlines were met. This resulted in extra time and costs incurred in 2016 for preparation of the 2015 statements.

b) Please provide further details on what the $205k of support and services related to the conversion of the 2015 and historical financial information pertained to.

Response: Support and service costs are tasks that were contracted out by ETPL to assist with the IFRS conversion from the planning to implantation stages. These tasks include but were not limited to the following:

- Support services contracted for installation of new required IFRS compatible software, training and support on the system, updates, upgrades etc.
- Reviewing IFRS standards, accessing their application to ETPL, developing templates, policies, note disclosure details, defining ongoing requirement and training ETPL staff on these items
- Holding various meetings with ETPL for training, fact finding, updates etc.
- Conversion of historical data to IFRS including preparing various accounting choice options, describing the benefits and costs of each option to help ETPL reach a decision on accounting policies
- Reviewing of ETPL conversion data to ensure it complies with IFRS and chosen policies
- Preparation of financial statements for the conversion year plus two historical comparison years
- Assisting the auditors by detailing how the IFRS conversion was planned and implemented, explaining accounting choices and policies and how those decisions were made

37. Exhibit 9, Tab 1, Schedule 5, Pages 1-2

Erie Thames Powerlines is requesting to dispose Account 1508 Other Regulatory Assets, Sub-account OEB Annual Assessment Variance Account with a balance of $30k. The guidance provided in the February 9, 2016 letter *Revisions to the Ontario Energy Board Cost Assessment Model* indicates the account is to record material amounts and that disposition of the account must meet the materiality threshold. Please explain how the $30k balance requested for disposition would meet the materiality threshold. Please revise the evidence and DVA Continuity Schedule as necessary.

Response: The OEB Cost Assessment increase was material to ETPL in relation to percentage of increase as there was a 34% increase from 2015 to 2016. The OEB Cost Assessment has increased by 44% from 2015 to the end of 2017. Erie Thames would like to include the 2017 OEB cost assessment increase in the disposition amount as well. Erie Thames has a MAADS application before the Board and if approved will not have another chance to dispose of this

DVA for up to 10 years at its next rebasing. At the end of 2017 this 1508 account has a balance of $63,001. This balance will be audited by the time this application has been approved. Erie Thames feels that disposing of the 2017 balance along with the 2016 balance will simplify the rate riders going ahead after the MAADS is approved.

38. Exhibit 9, Tab 1, Schedule 6, Page 2, Table 9-9

Exhibit 2, Tab 6, Schedule 1, Attachment 1, 2-A Appendix 2-BA
Exhibit 1, Tab 8, Page 1
Exhibit 1, Tab 11, Schedule 1, Attachment 10, 1-J 2015 Audited Financial Statements

In Table 9-9, Erie Thames Powerlines is requesting to dispose of Account 1576 for ($1.0M).

a) The PP&E values presented in Table 9-9 do not agree to that in Appendix 2-BA. Please explain the difference and revise the evidence as needed.

Response: 2-BA includes GL 2440 Deferred Revenue where as for the Deferral and Variance of account 1576 does not include GL 2440 as at the time of MIFRS conversion. 2-BA also does not include CGAAP amounts for years 2014 to 2017. Therefore the amount shown on table 9-9 (Appendix 2-EC) cannot be directly compared.

b) The OEB's WACC of 7.5% has been used to calculate the return for Account 1576. Erie Thames Powerline's WACC should be used instead. Please revise the calculation for Account 1576.

Response: ETPL has revised the WACC and has updated the return for Account 1576 and will include it in the revised application.

c) In Exhibit 9, it is indicated that Erie Thames Powerlines recorded significantly lower depreciation expense for the periods of 2013 to 2016. However, in Appendix 2-BA, the depreciation expense for 2013 old CGAAP and 2013 revised CGAAP are the same. Please revise the evidence as needed.

Response: ETPL submits that the amortization is the same because its Appendix 2-BA was completed using Revised CGAAP and MIFRS as requested in the detailed instructions for Appendix 2-BA if this understanding is not correct please notify ETPL and ETPL will provide a revised copy of Appendix 2-BA.

d) In Exhibit 1, it states that 2014 to 2018 information is presented under MIFRS. Please confirm that there are no material changes in the adoption of MIFRS.
   i. If not confirmed, please provide 2014 Appendix 2-BA under Revised CGAAP.

Response: 2014 Appendix 2-BA has been provided in Revised CGAAP (old CGAAP rates) and MIFRS

ii. Please also separate out any changes due to the mandatory capitalization and depreciation policy changes from changes due to the adoption of MIFRS between Accounts 1576 and 1575, respectively, if material.

Response: ETPL will include material changes due to mandatory capitalization and depreciation policies due to the adoption of MIFRS between accounts 1576 and 1575 respectively in its revised application.

e) In the 2015 financial statements, note 25 d indicates that IFRS requires assets to be removed from accounts when they have been removed from service and this has decreased PP&E as at December 31, 2014. In the 2014 Appendix 2-BA, the disposals under Revised CGAAP and MIFRS are the same. Please explain why that is the case and confirm that Erie Thames has considered the impacts of disposals in the adoption of IFRS for Account 1575.

Response: This statement is misleading on the financial statements as the NBV does not change due to disposals of fully amortized assets of which all assets disposed of to date have been and therefore no change to NBV is experience.

39. Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule

In the DVA Continuity Schedule, the sum of Account 1580 WMS, Account 1580 Sub-account CBR Class A and Account 1580 Sub-account Class B in the RRR 2.1.7 column agree to that reported in the RRR control account Account 1580 WMS. However, in the RRR 2.1.7 column of the DVA Continuity Schedule, Account 1580 Sub-accounts CBR Class A and Class B are $14k and $100k, respectively. This does not agree to that reported in the RRR sub-account tab for Account 1580 Sub-accounts CBR Class A and B of $113k and $2k, respectively.

a) Please reconcile the differences between the RRR 2.1.7 column and the amounts reported in the RRR for the sub-accounts.

Response: There was an error in the RRR 2.1.7 Sub-Accounts for Account 1580. The total for Account 1580 is correct. The Sub-account CBR class B-Principal should be $98,953.41 and the Sub-account CBR Class A-Interest should be $210.93. The other sub-accounts for 1580 are correct.

b) Please confirm the amounts requested for disposition for Account 1580 WMS and Account 1580, Sub-account CBR Class B.

Response: The amounts requested for disposition for Account 1580 Amount WMS and Account 1580, Sub-Account CBR Class B are correct.

40. Exhibit 9, Tab 1, Schedule 7, Page 1

Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule

Exhibit 3, Tab 1, Schedule 2, Pages 1-4

Per Schedule 7, the allocation of Group 1 DVAs are based on 2018 forecasted kWh. The kWh in Tab 4 Billing Determinants do not appear to agree to that in Exhibit 3. Please reconcile the difference and revise the evidenced as needed.

Response: Erie Thames has updated Tab 4 Billing Determinants to be the 2018 forecasted kWh and they now agree to Exhibit 3.

41. Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule, GA Analysis Workform

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively[1].
b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equaling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equaling GA RPP is credited into Account 1589.
d) If another approach is used, please explain in detail.

Response: Erie Thames uses approach A).

42. Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule GA Analysis Workform

With regards to the amount being requested for disposition of USoA 1589 account balance as at Dec. 31, 2016, all components that flow into Account 1589 (i to iv in table below) should be based on actuals in the Continuity Schedule. Please complete the following table to:

[1] Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

a) Indicate whether each of the components are based on estimates or actuals at year end, and
b) Quantify the adjustment amount pertaining to each component that is trued-up from estimate to actual.

	Component	**Estimate or Actual**	**Notes/Comments**	**Quantify True Up Adjustment $ Amount**
i	Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)	Actuals		
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actuals		
iii	Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.	Actuals	Use the actual consumption for RPP and Non-RPP to pro-rate Charge Type 148 actuals	
iv	Credit of GA RPP: Charge Type 142 if the approach under Staff Question 1c is used	1C is not used		

c) For each item in the table above, please confirm that the GA Analysis Workform for 2015 and 2016 and the Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to the year-end for 2016.

43. Exhibit 9, Tab 2, Schedule 1, Attachment 1, 9-A DVA Continuity Schedule

With regards to the amount being requested for disposition of USoA 1588 account balance as at Dec. 31, 2016, all components that flow into Account 1588 (i to v in table

below) should be all based on actuals at year end. Please complete the following table to:

a) Indicate whether the component is based on estimates or actuals at year end, and
b) Quantify the adjustment pertaining to each component that is trued-up from estimate to actual

	Component	**Estimate or Actual?**	**Notes/Comments**	**Quantify True Up Adjustment $ Amount**
i	Revenues (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)	Actual		
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)	Actual		
ijj	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual		
iv	Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.	Actual	Charge type 148 is proportioned between RPP and Non-RPP kWh volume based on actual consumption.	
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type	Estimates	The RPP Settlement uses estimates for submitting the settlement on 1598 but does a true up the following month to pick up all actuals.	$7,053.66

c) For each item in the table above, please confirm that the Continuity Schedule for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimated consumption and was trued up to actual RPP consumption subsequent to 2016.

Response: The 2016 Continuity schedule was not adjusted for the December 2016 settlement true-up for the amount of $7,053.66 that was adjusted on the January 2017 invoice. ETPL did not consider this true-up material enough to make the adjustment back in to 2016.

44. Ref: Exhibit 9/Tab 1/Schedule 1/page 1

In this exhibit, ETPL states:

> The forecasted interest on December 31, 2016 principal balances of the DVAs is calculated using the Board's prescribed interest rate of 1.10% for the period of January 1, 2017 to December 31, 2017 and for the period of January 1, 2018 to April 30, 2018. The interest rates by quarter for each year are provided in Table 9-2 in this Exhibit.

On September 15, 2017, the OEB issued the prescribed interest rates for 2017 Q4. The prescribed interest rate for DVAs increased to 1.50% per annum for 2017 Q4 and remains at that rate for 2018 Q1.

a) Please explain why ETPL did not revise its evidence with the update to reflect the known change to the DVA prescribed interest rate.

Response: Erie Thames was waiting for clarification on other questions regarding the DVAs before refiling the Continuity Schedule. The interest rates are updated and a revised Continuity Schedule will be filed.

b) Please provide updated DVA continuity schedules and proposed rate riders reflecting the updated rate for 2017 Q4 and 2018 Q1. The update should also incorporate any further changes made as a result of responding to interrogatories.

Response: The DVA continuity schedule has been updated with the updated interest rates posted by the OEB for 2017 Q4 and 2018 Q1.

LRAMVA

45. REF: Exhibit 4, Tab 12, Schedule 1, Attachment 14

One of the filing requirements for the LRAMVA is that the LRAMVA model be filed in excel format. Erie Thames filed a PDF version of the LRAMVA workform in Appendix 14 of Exhibit 4.

a. Please file the LRAMVA work form in excel format.

Response: ETPL did file an excel version of the LRAMVA workform as part of its application submitted on September 15th No excel model was filed with ETPL's revision as this model did not change at that point.

b. Please submit the 2011-2014 and 2016 Final Results Report provided by the IESO in excel format (which is inclusive of 2015 and 2016 verified savings results).

Response: Both reports have been submitted.

46. REF: Exhibit 4, Tab 11, Table 4-52 and Exhibit 9, Tab 1, Schedule 3, Table 9-4

a. Please confirm the LRAMVA amount requested for disposition. Is it the amount confirmed by IndECO of $359,499 (per Exhibit 4, Table 4-52) or the amount of $364,609 with interest up to April 30, 2018 (per Exhibit 9, Table 9-4)?

Response: The amount requested for disposition for LRAMVA is $360,312 which includes interest at the updated OEB rates to April 30, 2018. The interest for the period Jan. 1, 2017 to April 30, 2018 was double calculated in both the LRAMVA model and in the DVA model. Both models have been updated and will be refiled.

b. If Erie Thames is requesting that $364,609 be disposed of, can you confirm whether the LRAMVA work form can be updated to include the projected interest from Jan 1, 2017 to April 30, 2018? (Please note that in Tab 6 “Carrying Charges” of the LRAMVA work form, rows 103 to 164 can be unhidden. If a different total is pulled from Tab 6, please re-link the formulas in Tab 1 so that the new carrying charges amounts carry through)

Response: The LRAMVA model has been updated to include the projected interest with the updated OEB prescribed rates for 2017 Q4 and 2018 Q1. The DVA model has been revised to update the projected interest as it was included twice as it was already calculated in the LRAMVA model.