BOMA-1

Reference(s): Exhibit 1, Tab 1, Schedule 1, p 3 – Capitalization Policy

Please provide copies of IFRS 10, Consolidated Financial Statements and IFRS 3, Business Combinations.

Response:

Please see BOMA-1_Attach 1_IFRS 3 Business Combinations and BOMA-1_Attach 1_IFRS 10 Consolidated Financial Statements.

BOMA-1 ATTACHMENT 1
IFRS 3 Business Combinations

INTERNATIONAL FINANCIAL REPORTING STANDARD 3 business combinations

CONTENTS **Paragraph**

Objective

1 The objective of this IFRS is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a *business combination* and its effects. To accomplish that, this IFRS establishes principles and requirements for how the *acquirer*:

(a) recognises and measures in its financial statements the *identifiable* assets acquired, the liabilities assumed and any *non-controlling interest* in the *acquiree*;

(b) recognises and measures the *goodwill* acquired in the business combination or a gain from a bargain purchase; and

(c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

Scope

2 This IFRS applies to a transaction or other event that meets the definition of a business combination. This IFRS does not apply to:

(a) the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

(b) the acquisition of an asset or a group of assets that does not constitute a *business*. In such cases the acquirer shall identify and recognise the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, *intangible assets* in IAS 38 *Intangible Assets*) and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative *fair values* at the date of purchase. Such a transaction or event does not give rise to goodwill.

(c) a combination of entities or businesses under common control (paragraphs B1–B4 provide related application guidance).

2A The requirements of this Standard do not apply to the acquisition by an investment entity, as defined in IFRS 10 *Consolidated Financial Statements*, of an investment in a subsidiary that is required to be measured at fair value through profit or loss.

Identifying a business combination

3 An entity shall determine whether a transaction or other event is a business combination by applying the definition in this IFRS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. Paragraphs B5–B12 provide guidance on identifying a business combination and the definition of a business.

The acquisition method

4 An entity shall account for each business combination by applying the acquisition method.

5 Applying the acquisition method requires:

(a) identifying the acquirer;

(b) determining the *acquisition date*;

(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and

(d) recognising and measuring goodwill or a gain from a bargain purchase.

Identifying the acquirer

6 For each business combination, one of the combining entities shall be identified as the acquirer.

7 The guidance in IFRS 10 shall be used to identify the acquirer — the entity that obtains *control* of another entity, ie the acquiree. If a business combination has occurred but applying the guidance in IFRS 10 does not clearly indicate which of the combining entities is the acquirer, the factors in paragraphs B14–B18 shall be considered in making that determination.

Determining the acquisition date

8 The acquirer shall identify the acquisition date, which is the date on which it obtains control of the acquiree.

9 The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree — the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. For example, the acquisition date precedes the closing date if a written agreement provides that the acquirer obtains control of the acquiree on a date before the closing date. An acquirer shall consider all pertinent facts and circumstances in identifying the acquisition date.

Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree

Recognition principle

10 As of the acquisition date, the acquirer shall recognise, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. Recognition of identifiable assets acquired and liabilities assumed is subject to the conditions specified in paragraphs 11 and 12.

Recognition conditions

11 To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* 2 at the acquisition date. For example, costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree's employees are not liabilities at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other IFRSs.

12 In addition, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the acquirer and the acquiree (or its former *owners*) exchanged in the business combination transaction rather than the result of separate transactions. The acquirer shall apply the guidance in paragraphs 51–53 to determine which assets acquired or liabilities assumed are part of the exchange for the acquiree and which, if any, are the result of separate transactions to be accounted for in accordance with their nature and the applicable IFRSs.

13 The acquirer's application of the recognition principle and conditions may result in recognising some assets and liabilities that the acquiree had not previously recognised as assets and liabilities in its financial statements. For example, the acquirer recognises the acquired identifiable intangible assets, such as a brand name, a patent or a customer relationship, that the acquiree did not recognise as assets in its financial statements because it developed them internally and charged the related costs to expense.

14 Paragraphs B28–B40 provide guidance on recognising operating leases and intangible assets. Paragraphs 22–28 specify the types of identifiable assets and liabilities that include items for which this IFRS provides limited exceptions to the recognition principle and conditions.

Classifying or designating identifiable assets acquired and liabilities assumed in a business combination

15 At the acquisition date, the acquirer shall classify or designate the identifiable assets acquired and liabilities assumed as necessary to apply other IFRSs subsequently. The acquirer shall make those classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date.

16 In some situations, IFRSs provide for different accounting depending on how an entity classifies or designates a particular asset or liability. Examples of classifications or designations that the acquirer shall make on the basis of the pertinent conditions as they exist at the acquisition date include but are not limited to:

(a) classification of particular financial assets and liabilities as a financial asset or liability at fair value through profit or loss, or as a financial asset available for sale or held to maturity, in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*;

(b) designation of a derivative instrument as a hedging instrument in accordance with IAS 39; and

(c) assessment of whether an embedded derivative should be separated from the host contract in accordance with IAS 39 (which is a matter of 'classification' as this IFRS uses that term).

17 This IFRS provides two exceptions to the principle in paragraph 15:

(a) classification of a lease contract as either an operating lease or a finance lease in accordance with IAS 17 *Leases*; and

(b) classification of a contract as an insurance contract in accordance with IFRS 4 *Insurance Contracts*.

The acquirer shall classify those contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the acquisition date).

Measurement principle

18 The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

19 For each business combination, the acquirer shall measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

(a) fair value; or

(b) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs.

20 Paragraphs 24–31 specify the types of identifiable assets and liabilities that include items for which this IFRS provides limited exceptions to the measurement principle.

Exceptions to the recognition or measurement principles

21 This IFRS provides limited exceptions to its recognition and measurement principles. Paragraphs 22–31 specify both the particular items for which exceptions are provided and the nature of those exceptions. The acquirer shall account for those items by applying the requirements in paragraphs 22–31, which will result in some items being:

(a) recognised either by applying recognition conditions in addition to those in paragraphs 11 and 12 or by applying the requirements of other IFRSs, with results that differ from applying the recognition principle and conditions.

(b) measured at an amount other than their acquisition-date fair values.

Exception to the recognition principle

Contingent liabilities

22 IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* defines a contingent liability as:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

23 The requirements in IAS 37 do not apply in determining which contingent liabilities to recognise as of the acquisition date. Instead, the acquirer shall recognise as of the acquisition date a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably. Therefore, contrary to IAS 37, the acquirer recognises a contingent liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Paragraph 56 provides guidance on the subsequent accounting for contingent liabilities.

Exceptions to both the recognition and measurement principles

Income taxes

24 The acquirer shall recognise and measure a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination in accordance with IAS 12 *Income Taxes*.

25 The acquirer shall account for the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition in accordance with IAS 12.

Employee benefits

26 The acquirer shall recognise and measure a liability (or asset, if any) related to the acquiree's employee benefit arrangements in accordance with IAS 19 *Employee Benefits*.

Indemnification assets

27 The seller in a business combination may contractually indemnify the acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. For example, the seller may indemnify the acquirer against losses above a specified amount on a liability arising from a particular contingency; in other words, the seller will guarantee that the acquirer's liability will not exceed a specified amount. As a result, the acquirer obtains an indemnification asset. The acquirer shall recognise an indemnification asset at the same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. Therefore, if the indemnification relates to an asset or a liability that is recognised at the acquisition date and measured at its acquisition-date fair value, the acquirer shall recognise the indemnification asset at the acquisition date measured at its acquisition-date fair value. For an indemnification asset measured at fair value, the effects of uncertainty about future cash flows because of collectibility considerations are included in the fair value measure and a separate valuation allowance is not necessary (paragraph B41 provides related application guidance).

28 In some circumstances, the indemnification may relate to an asset or a liability that is an exception to the recognition or measurement principles. For example, an indemnification may relate to a contingent liability that is not recognised at the acquisition date because its fair value is not reliably measurable at that date. Alternatively, an indemnification may relate to an asset or a liability, for example, one that results from an employee benefit, that is measured on a basis other than acquisition-date fair value. In those circumstances, the indemnification asset shall be recognised and measured using assumptions consistent with those used to measure the indemnified item, subject to management's assessment of the collectibility of the indemnification asset and any contractual limitations on the indemnified amount. Paragraph 57 provides guidance on the subsequent accounting for an indemnification asset.

Exceptions to the measurement principle

Reacquired rights

29 The acquirer shall measure the value of a reacquired right recognised as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring its fair value. Paragraphs B35 and B36 provide related application guidance.

Share-based payment transactions

30 The acquirer shall measure a liability or an equity instrument related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the acquirer in accordance with the method in IFRS 2 *Share-based Payment* at the acquisition date. (This IFRS refers to the result of that method as the 'market-based measure' of the share-based payment transaction.)

Assets held for sale

31 The acquirer shall measure an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* at fair value less costs to sell in accordance with paragraphs 15–18 of that IFRS.

Recognising and measuring goodwill or a gain from a bargain purchase

32 The acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below:

(a) the aggregate of:

(i) the consideration transferred measured in accordance with this IFRS, which generally requires acquisition-date fair value (see paragraph 37);

(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS; and

(iii) in a business combination achieved in stages (see paragraphs 41 and 42), the acquisition-date fair value of the acquirer's previously held *equity interest* in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this IFRS.

33 In a business combination in which the acquirer and the acquiree (or its former owners) exchange only equity interests, the acquisition-date fair value of the acquiree's equity interests may be more reliably measurable than the acquisition-date fair value of the acquirer's equity interests. If so, the acquirer shall determine the amount of goodwill by using the acquisition-date fair value of the acquiree's equity interests instead of the acquisition-date fair value of the equity interests transferred. To determine the amount of goodwill in a business combination in which no consideration is transferred, the acquirer shall use the acquisition-date fair value of the acquirer's interest in the acquiree in place of the acquisition-date fair value of the consideration transferred (paragraph 32(a)(i)). Paragraphs B46–B49 provide related application guidance.

Bargain purchases

34 Occasionally, an acquirer will make a bargain purchase, which is a business combination in which the amount in paragraph 32(b) exceeds the aggregate of the amounts specified in paragraph 32(a). If that excess remains after applying the requirements in paragraph 36, the acquirer shall recognise the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

35 A bargain purchase might happen, for example, in a business combination that is a forced sale in which the seller is acting under compulsion. However, the recognition or measurement exceptions for particular items discussed in paragraphs 22–31 may also result in recognising a gain (or change the amount of a recognised gain) on a bargain purchase.

36 Before recognising a gain on a bargain purchase, the acquirer shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in that review. The acquirer shall then review the procedures used to measure the amounts this IFRS requires to be recognised at the acquisition date for all of the following:

(a) the identifiable assets acquired and liabilities assumed;

(b) the non-controlling interest in the acquiree, if any;

(c) for a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree; and

(d) the consideration transferred.

The objective of the review is to ensure that the measurements appropriately reflect consideration of all available information as of the acquisition date.

Consideration transferred

37 The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. (However, any portion of the acquirer's share-based payment awards exchanged for awards held by the acquiree's employees that is included in consideration transferred in the business combination shall be measured in accordance with paragraph 30 rather than at fair value.) Examples of potential forms of consideration include cash, other assets, a business or a subsidiary of the acquirer, *contingent consideration*, ordinary or preference equity instruments, options, warrants and member interests of *mutual entities*.

38 The consideration transferred may include assets or liabilities of the acquirer that have carrying amounts that differ from their fair values at the acquisition date (for example, non-monetary assets or a business of the acquirer). If so, the acquirer shall remeasure the transferred assets or liabilities to their fair values as of the acquisition date and recognise the resulting gains or losses, if any, in profit or loss. However, sometimes the transferred assets or liabilities remain within the combined entity after the business combination (for example, because the assets or liabilities were transferred to the acquiree rather than to its former owners), and the acquirer therefore retains control of them. In that situation, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognise a gain or loss in profit or loss on assets or liabilities it controls both before and after the business combination.

Contingent consideration

39 The consideration the acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement (see paragraph 37). The acquirer shall recognise the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

40 The acquirer shall classify an obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability or as equity on the basis of the definitions of an equity instrument and a financial liability in paragraph 11 of IAS 32 *Financial Instruments: Presentation*. The acquirer shall classify as an asset a right to the return of previously transferred consideration if specified conditions are met. Paragraph 58 provides guidance on the subsequent accounting for contingent consideration.

Additional guidance for applying the acquisition method to particular types of business combinations

A business combination achieved in stages

41 An acquirer sometimes obtains control of an acquiree in which it held an equity interest immediately before the acquisition date. For example, on 31 December 20X1, Entity A holds a 35 per cent non-controlling equity interest in Entity B. On that date, Entity A purchases an additional 40 per cent interest in Entity B, which gives it control of Entity B. This IFRS refers to such a transaction as a business combination achieved in stages, sometimes also referred to as a step acquisition.

42 In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the acquirer may have recognised changes in the value of its equity interest in the acquiree in other comprehensive income (for example, because the investment was classified as available for sale). If so, the amount that was recognised in other comprehensive income shall be recognised on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

A business combination achieved without the transfer of consideration

43 An acquirer sometimes obtains control of an acquiree without transferring consideration. The acquisition method of accounting for a business combination applies to those combinations. Such circumstances include:

(a) The acquiree repurchases a sufficient number of its own shares for an existing investor (the acquirer) to obtain control.

(b) Minority veto rights lapse that previously kept the acquirer from controlling an acquiree in which the acquirer held the majority voting rights.

(c) The acquirer and acquiree agree to combine their businesses by contract alone. The acquirer transfers no consideration in exchange for control of an acquiree and holds no equity interests in the acquiree, either on the acquisition date or previously. Examples of business combinations achieved by contract alone include bringing two businesses together in a stapling arrangement or forming a dual listed corporation.

44 In a business combination achieved by contract alone, the acquirer shall attribute to the owners of the acquiree the amount of the acquiree's net assets recognised in accordance with this IFRS. In other words, the equity interests in the acquiree held by parties other than the acquirer are a non-controlling interest in the acquirer's post-combination financial statements even if the result is that all of the equity interests in the acquiree are attributed to the non-controlling interest.

Measurement period

45 If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

46 The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination. The measurement period provides the acquirer with a reasonable time to obtain the information necessary to identify and measure the following as of the acquisition date in accordance with the requirements of this IFRS:

(a) the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;

(b) the consideration transferred for the acquiree (or the other amount used in measuring goodwill);

(c) in a business combination achieved in stages, the equity interest in the acquiree previously held by the acquirer; and

(d) the resulting goodwill or gain on a bargain purchase.

47 The acquirer shall consider all pertinent factors in determining whether information obtained after the acquisition date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the acquisition date. Pertinent factors include the date when additional information is obtained and whether the acquirer can identify a reason for a change to provisional amounts. Information that is obtained shortly after the acquisition date is more likely to reflect circumstances that existed at the acquisition date than is information obtained several months later. For example, unless an intervening event that changed its fair value can be identified, the sale of an asset to a third party shortly after the acquisition date for an amount that differs significantly from its provisional fair value measured at that date is likely to indicate an error in the provisional amount.

48 The acquirer recognises an increase (decrease) in the provisional amount recognised for an identifiable asset (liability) by means of a decrease (increase) in goodwill. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability. For example, the acquirer might have assumed a liability to pay damages related to an accident in one of the acquiree's facilities, part

or all of which are covered by the acquiree's liability insurance policy. If the acquirer obtains new information during the measurement period about the acquisition-date fair value of that liability, the adjustment to goodwill resulting from a change to the provisional amount recognised for the liability would be offset (in whole or in part) by a corresponding adjustment to goodwill resulting from a change to the provisional amount recognised for the claim receivable from the insurer.

49 During the measurement period, the acquirer shall recognise adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, the acquirer shall revise comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

50 After the measurement period ends, the acquirer shall revise the accounting for a business combination only to correct an error in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Determining what is part of the business combination transaction

51 The acquirer and the acquiree may have a pre-existing relationship or other arrangement before negotiations for the business combination began, or they may enter into an arrangement during the negotiations that is separate from the business combination. In either situation, the acquirer shall identify any amounts that are not part of what the acquirer and the acquiree (or its former owners) exchanged in the business combination, ie amounts that are not part of the exchange for the acquiree. The acquirer shall recognise as part of applying the acquisition method only the consideration transferred for the acquiree and the assets acquired and liabilities assumed in the exchange for the acquiree. Separate transactions shall be accounted for in accordance with the relevant IFRSs.

52 A transaction entered into by or on behalf of the acquirer or primarily for the benefit of the acquirer or the combined entity, rather than primarily for the benefit of the acquiree (or its former owners) before the combination, is likely to be a separate transaction. The following are examples of separate transactions that are not to be included in applying the acquisition method:

(a) a transaction that in effect settles pre-existing relationships between the acquirer and acquiree;

(b) a transaction that remunerates employees or former owners of the acquiree for future services; and

(c) a transaction that reimburses the acquiree or its former owners for paying the acquirer's acquisition-related costs.

Paragraphs B50–B62 provide related application guidance.

Acquisition-related costs

53 Acquisition-related costs are costs the acquirer incurs to effect a business combination. Those costs include finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees; general administrative costs, including the costs of maintaining an internal acquisitions department; and costs of registering and issuing debt and equity securities. The acquirer shall account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities shall be recognised in accordance with IAS 32 and IAS 39.

Subsequent measurement and accounting

54 In general, an acquirer shall subsequently measure and account for assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination in accordance with other applicable IFRSs for those items, depending on their nature. However, this IFRS provides guidance on subsequently measuring and accounting for the following assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination:

(a) reacquired rights;

(b) contingent liabilities recognised as of the acquisition date;

(c) indemnification assets; and

(d) contingent consideration.

Paragraph B63 provides related application guidance.

Reacquired rights

55 A reacquired right recognised as an intangible asset shall be amortised over the remaining contractual period of the contract in which the right was granted. An acquirer that subsequently sells a reacquired right to a third party shall include the carrying amount of the intangible asset in determining the gain or loss on the sale.

Contingent liabilities

56 After initial recognition and until the liability is settled, cancelled or expires, the acquirer shall measure a contingent liability recognised in a business combination at the higher of:

(a) the amount that would be recognised in accordance with IAS 37; and

(b) the amount initially recognised less, if appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*.

This requirement does not apply to contracts accounted for in accordance with IAS 39.

Indemnification assets

57 At the end of each subsequent reporting period, the acquirer shall measure an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any contractual limitations on its amount and, for an indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectibility of the indemnification asset. The acquirer shall derecognise the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

Contingent consideration

58 Some changes in the fair value of contingent consideration that the acquirer recognises after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date. Such changes are measurement period adjustments in accordance with paragraphs 45–49. However, changes resulting from events after the acquisition date, such as meeting an earnings target, reaching a specified share price or reaching a milestone on a research and development project, are not measurement period adjustments. The acquirer shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

(a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.

(b) Other contingent consideration that:

(i) is within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with IFRS 9.

(ii) is not within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

Disclosures

59 The acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurs either:

(a) during the current reporting period; or

(b) after the end of the reporting period but before the financial statements are authorised for issue.

60 To meet the objective in paragraph 59, the acquirer shall disclose the information specified in paragraphs B64–B66.

61 The acquirer shall disclose information that enables users of its financial statements to evaluate the financial effects of adjustments recognised in the current reporting period that relate to business combinations that occurred in the period or previous reporting periods.

62 To meet the objective in paragraph 61, the acquirer shall disclose the information specified in paragraph B67.

63 If the specific disclosures required by this and other IFRSs do not meet the objectives set out in paragraphs 59 and 61, the acquirer shall disclose whatever additional information is necessary to meet those objectives.

Effective date and transition

Effective date

64 This IFRS shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Earlier application is permitted. However, this IFRS shall be applied only at the beginning of an annual reporting period that begins on or after 30 June 2007. If an entity applies this IFRS before 1 July 2009, it shall disclose that fact and apply IAS 27 (as amended in 2008) at the same time.

64A [Deleted]

64B *Improvements to IFRSs* issued in May 2010 amended paragraphs 19, 30 and B56 and added paragraphs B62A and B62B. An entity shall apply those amendments for annual periods beginning on or after 1 July 2010. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact. Application should be prospective from the date when the entity first applied this IFRS.

64C Paragraphs 65A–65E were added by *Improvements to IFRSs* issued in May 2010. An entity shall apply those amendments for annual periods beginning on or after 1 July 2010. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact. The amendments shall be applied to contingent consideration balances arising from business combinations with an acquisition date prior to the application of this IFRS, as issued in 2008.

64D [Deleted]

64E IFRS 10, issued in May 2011, amended paragraphs 7, B13, B63(e) and Appendix A. An entity shall apply those amendments when it applies IFRS 10.

64F IFRS 13 *Fair Value Measurement*, issued in May 2011, amended paragraphs 20, 29, 33, 47, amended the definition of fair value in Appendix A and amended paragraphs B22, B40, B43–B46, B49 and B64. An entity shall apply those amendments when it applies IFRS 13.

64G *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27), issued in October 2012, amended paragraph 7 and added paragraph 2A. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. Earlier application of *Investment Entities* is permitted. If an entity applies these amendments earlier it shall also apply all amendments included in *Investment Entities* at the same time.

64H [Deleted]

64I *Annual Improvements to IFRSs 2010–2012 Cycle*, issued in December 2013, amended paragraphs 40 and 58 and added paragraph 67A and its related heading. An entity shall apply that amendment prospectively to business combinations for which the acquisition date is on or after 1 July 2014. Earlier application is permitted. An entity may apply the amendment earlier provided that IFRS 9 and IAS 37 (both as amended by *Annual Improvements to IFRSs 2010–2012 Cycle*) have also been applied. If an entity applies that amendment earlier it shall disclose that fact.

64J *Annual Improvements Cycle 2011–2013* issued in December 2013 amended paragraph 2(a). An entity shall apply that amendment prospectively for annual periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

64K [used in future updates]

64L [used in future updates]

Transition

65 Assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this IFRS shall not be adjusted upon application of this IFRS.

65A Contingent consideration balances arising from business combinations whose acquisition dates preceded the date when an entity first applied this IFRS as issued in 2008 shall not be adjusted upon first application of this IFRS. Paragraphs 65B–65E shall be applied in the subsequent accounting for those balances. Paragraphs 65B–65E shall not apply to the accounting for contingent consideration balances arising from business combinations with acquisition dates on or after the date when the entity first applied this IFRS as issued in 2008. In paragraphs 65B–65E business combination refers exclusively to business combinations whose acquisition date preceded the application of this IFRS as issued in 2008.

65B If a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer shall include the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

65C A business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events. The adjustment might, for example, be contingent on a specified level of profit being maintained or achieved in future periods, or on the market price of the instruments issued being maintained. It is usually possible to estimate the amount of any such adjustment at the time of initially accounting for the combination without impairing the reliability of the information, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination shall be adjusted accordingly.

65D However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

65E In some circumstances, the acquirer may be required to make a subsequent payment to the seller as compensation for a reduction in the value of the assets given, equity instruments issued or liabilities incurred or assumed by the acquirer in exchange for control of the acquiree. This is the case, for example, when the acquirer guarantees the market price of equity or debt instruments issued as part of the cost of the business combination and is required to issue additional equity or debt instruments to restore the originally determined cost. In such cases, no increase in the cost of the business combination is recognised. In the case of equity instruments, the fair value of the additional payment is offset by an equal reduction in the value attributed to the instruments initially issued. In the case of debt instruments, the additional payment is regarded as a reduction in the premium or an increase in the discount on the initial issue.

66 An entity, such as a mutual entity, that has not yet applied IFRS 3 and had one or more business combinations that were accounted for using the purchase method shall apply the transition provisions in paragraphs B68 and B69.

Income taxes

67 For business combinations in which the acquisition date was before this IFRS is applied, the acquirer shall apply the requirements of paragraph 68 of IAS 12, as amended by this IFRS, prospectively. That is to say, the acquirer shall not adjust the accounting for prior business combinations for previously recognised changes in recognised deferred tax assets. However, from the date when this IFRS is applied, the acquirer shall recognise, as an adjustment to profit or loss (or, if IAS 12 requires, outside profit or loss), changes in recognised deferred tax assets.

Reference to IFRS 9

67A If an entity applies this Standard but does not yet apply IFRS 9, any reference to IFRS 9 should be read as a reference to IAS 39.

Withdrawal of IFRS 3 (2004)

68 This IFRS supersedes IFRS 3 *Business Combinations* (as issued in 2004).

Appendix A
Defined terms

This appendix is an integral part of the IFRS.

acquiree	The business or businesses that the **acquirer** obtains control of in a **business combination**.
acquirer	The entity that obtains control of the **acquiree**.
acquisition date	The date on which the **acquirer** obtains control of the **acquiree**.
business	An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.
business combination	A transaction or other event in which an **acquirer** obtains control of one or more **businesses**. Transactions sometimes referred to as 'true mergers' or 'mergers of equals' are also **business combinations** as that term is used in this IFRS.
contingent consideration	Usually, an obligation of the **acquirer** to transfer additional assets or **equity interests** to the former owners of an **acquiree** as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, *contingent consideration* also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.
equity interests	For the purposes of this IFRS, *equity interests* is used broadly to mean ownership interests of investor-owned entities and owner, member or participant interests of **mutual entities**.
fair value	*Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See IFRS 13.)
goodwill	An asset representing the future economic benefits arising from other assets acquired in a **business combination** that are not individually identified and separately recognised.
identifiable	An asset is *identifiable* if it either: (a) is separable, ie capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or (b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
intangible asset	An **identifiable** non-monetary asset without physical substance.
mutual entity	An entity, other than an investor-owned entity, that provides dividends, lower costs or other economic benefits directly to its **owners**, members or participants. For example, a mutual insurance company, a credit union and a co-operative entity are all mutual entities.
non-controlling interest	The equity in a subsidiary not attributable, directly or indirectly, to a parent.
owners	For the purposes of this IFRS, *owners* is used broadly to include holders of **equity interests** of investor-owned entities and owners or members of, or participants in, **mutual entities**.

Appendix B
Application guidance

This appendix is an integral part of the IFRS.

Business combinations of entities under common control (application of paragraph 2(c))

B1 This IFRS does not apply to a business combination of entities or businesses under common control. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

B2 A group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities. Therefore, a business combination is outside the scope of this IFRS when the same group of individuals has, as a result of contractual arrangements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory.

B3 An entity may be controlled by an individual or by a group of individuals acting together under a contractual arrangement, and that individual or group of individuals may not be subject to the financial reporting requirements of IFRSs. Therefore, it is not necessary for combining entities to be included as part of the same consolidated financial statements for a business combination to be regarded as one involving entities under common control.

B4 The extent of non-controlling interests in each of the combining entities before and after the business combination is not relevant to determining whether the combination involves entities under common control. Similarly, the fact that one of the combining entities is a subsidiary that has been excluded from the consolidated financial statements is not relevant to determining whether a combination involves entities under common control.

Identifying a business combination (application of paragraph 3)

B5 This IFRS defines a business combination as a transaction or other event in which an acquirer obtains control of one or more businesses. An acquirer might obtain control of an acquiree in a variety of ways, for example:

(a) by transferring cash, cash equivalents or other assets (including net assets that constitute a business);

(b) by incurring liabilities;

(c) by issuing equity interests;

(d) by providing more than one type of consideration; or

(e) without transferring consideration, including by contract alone (see paragraph 43).

B6 A business combination may be structured in a variety of ways for legal, taxation or other reasons, which include but are not limited to:

(a) one or more businesses become subsidiaries of an acquirer or the net assets of one or more businesses are legally merged into the acquirer;

(b) one combining entity transfers its net assets, or its owners transfer their equity interests, to another combining entity or its owners;

(c) all of the combining entities transfer their net assets, or the owners of those entities transfer their equity interests, to a newly formed entity (sometimes referred to as a roll-up or put-together transaction); or

(d) a group of former owners of one of the combining entities obtains control of the combined entity.

Definition of a business (application of paragraph 3)

B7 A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Although businesses usually have outputs, outputs are not required for an integrated set to qualify as a business. The three elements of a business are defined as follows:

(a) **Input:** Any economic resource that creates, or has the ability to create, outputs when one or more processes are applied to it. Examples include non-current assets (including intangible assets or rights to use non-current assets), intellectual property, the ability to obtain access to necessary materials or rights and employees.

(b) **Process:** Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs. Examples include strategic management processes, operational processes and resource management processes. These processes typically are documented, but an organised workforce having the necessary skills and experience following rules and conventions may provide the necessary processes that are capable of being applied to inputs to create outputs. (Accounting, billing, payroll and other administrative systems typically are not processes used to create outputs.)

(c) **Output:** The result of inputs and processes applied to those inputs that provide or have the ability to provide a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

B8 To be capable of being conducted and managed for the purposes defined, an integrated set of activities and assets requires two essential elements — inputs and processes applied to those inputs, which together are or will be used to create outputs. However, a business need not include all of the inputs or processes that the seller used in operating that business if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes.

B9 The nature of the elements of a business varies by industry and by the structure of an entity's operations (activities), including the entity's stage of development. Established businesses often have many different types of inputs, processes and outputs, whereas new businesses often have few inputs and processes and sometimes only a single output (product). Nearly all businesses also have liabilities, but a business need not have liabilities.

B10 An integrated set of activities and assets in the development stage might not have outputs. If not, the acquirer should consider other factors to determine whether the set is a business. Those factors include, but are not limited to, whether the set:

(a) has begun planned principal activities;

(b) has employees, intellectual property and other inputs and processes that could be applied to those inputs;

(c) is pursuing a plan to produce outputs; and

(d) will be able to obtain access to customers that will purchase the outputs.

Not all of those factors need to be present for a particular integrated set of activities and assets in the development stage to qualify as a business.

B11 Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant. Thus, in evaluating whether a particular set is a business, it is not relevant whether a seller operated the set as a business or whether the acquirer intends to operate the set as a business.

B12 In the absence of evidence to the contrary, a particular set of assets and activities in which goodwill is present shall be presumed to be a business. However, a business need not have goodwill.

Identifying the acquirer (application of paragraphs 6 and 7)

B13 The guidance in IFRS 10 *Consolidated Financial Statements* shall be used to identify the acquirer — the entity that obtains control of the acquiree. If a business combination has occurred but applying the guidance in IFRS 10 does not clearly indicate which of the combining entities is the acquirer, the factors in paragraphs B14–B18 shall be considered in making that determination.

B14 In a business combination effected primarily by transferring cash or other assets or by incurring liabilities, the acquirer is usually the entity that transfers the cash or other assets or incurs the liabilities.

B15 In a business combination effected primarily by exchanging equity interests, the acquirer is usually the entity that issues its equity interests. However, in some business combinations, commonly called 'reverse acquisitions', the issuing entity is the acquiree. Paragraphs B19–B27 provide guidance on accounting for reverse acquisitions. Other pertinent facts and circumstances shall also be considered in identifying the acquirer in a business combination effected by exchanging equity interests, including:

(a) *the relative voting rights in the combined entity after the business combination* — The acquirer is usually the combining entity whose owners as a group retain or receive the largest portion of the voting rights in the combined entity. In determining which group of owners retains or receives the largest portion of the voting rights, an entity shall consider the existence of any unusual or special voting arrangements and options, warrants or convertible securities.

(b) *the existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest* — The acquirer is usually the combining entity whose single owner or organised group of owners holds the largest minority voting interest in the combined entity.

(c) *the composition of the governing body of the combined entity* — The acquirer is usually the combining entity whose owners have the ability to elect or appoint or to remove a majority of the members of the governing body of the combined entity.

(d) *the composition of the senior management of the combined entity* — The acquirer is usually the combining entity whose (former) management dominates the management of the combined entity.

(e) *the terms of the exchange of equity interests* — The acquirer is usually the combining entity that pays a premium over the pre-combination fair value of the equity interests of the other combining entity or entities.

B16 The acquirer is usually the combining entity whose relative size (measured in, for example, assets, revenues or profit) is significantly greater than that of the other combining entity or entities.

B17 In a business combination involving more than two entities, determining the acquirer shall include a consideration of, among other things, which of the combining entities initiated the combination, as well as the relative size of the combining entities.

B18 A new entity formed to effect a business combination is not necessarily the acquirer. If a new entity is formed to issue equity interests to effect a business combination, one of the combining entities that existed before the business combination shall be identified as the acquirer by applying the guidance in paragraphs B13–B17. In contrast, a new entity that transfers cash or other assets or incurs liabilities as consideration may be the acquirer.

Reverse acquisitions

B19 A reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes on the basis of the guidance in paragraphs B13–B18. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. For example, reverse acquisitions sometimes occur when a private operating entity wants to become a public entity but does not want to register its equity shares. To accomplish that, the private entity will arrange for a public entity to acquire its equity interests in exchange for the equity interests of the public entity. In this example, the public entity is the **legal acquirer** because it issued its equity interests, and the private entity is the **legal acquiree** because its equity interests were acquired. However, application of the guidance in paragraphs B13–B18 results in identifying:

(a) the public entity as the **acquiree** for accounting purposes (the accounting acquiree); and

(b) the private entity as the **acquirer** for accounting purposes (the accounting acquirer).

The accounting acquiree must meet the definition of a business for the transaction to be accounted for as a reverse acquisition, and all of the recognition and measurement principles in this IFRS, including the requirement to recognise goodwill, apply.

Measuring the consideration transferred

B20 In a reverse acquisition, the accounting acquirer usually issues no consideration for the acquiree. Instead, the accounting acquiree usually issues its equity shares to the owners of the accounting acquirer. Accordingly, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree.

Preparation and presentation of consolidated financial statements

B21 Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. That adjustment is required to reflect the capital of the legal parent (the accounting acquiree). Comparative information presented in those consolidated financial statements also is retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

B22 Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the consolidated financial statements reflect:

(a) the assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts.

(b) the assets and liabilities of the legal parent (the accounting acquiree) recognised and measured in accordance with this IFRS.

(c) the retained earnings and other equity balances of the legal subsidiary (accounting acquirer) **before** the business combination.

(d) the amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree). However, the equity structure (ie the number and type of equity interests issued) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (the accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (the accounting acquiree) issued in the reverse acquisition.

(e) the non-controlling interest's proportionate share of the legal subsidiary's (accounting acquirer's) pre-combination carrying amounts of retained earnings and other equity interests as discussed in paragraphs B23 and B24.

Non-controlling interest

B23 In a reverse acquisition, some of the owners of the legal acquiree (the accounting acquirer) might not exchange their equity interests for equity interests of the legal parent (the accounting acquiree). Those owners are treated as a non-controlling interest in the consolidated financial statements after the reverse acquisition. That is because the owners of the legal acquiree that do not exchange their equity interests for equity interests of the legal acquirer have an interest in only the results and net assets of the legal acquiree — not in the results and net assets of the combined entity. Conversely, even though the legal acquirer is the acquiree for accounting purposes, the owners of the legal acquirer have an interest in the results and net assets of the combined entity.

B24 The assets and liabilities of the legal acquiree are measured and recognised in the consolidated financial statements at their pre-combination carrying amounts (see paragraph B22(a)). Therefore, in a reverse acquisition the non-controlling interest reflects the non-controlling shareholders' proportionate interest in the pre-combination carrying amounts of the legal acquiree's net assets even if the non-controlling interests in other acquisitions are measured at their fair value at the acquisition date.

Earnings per share

B25 As noted in paragraph B22(d), the equity structure in the consolidated financial statements following a reverse acquisition reflects the equity structure of the legal acquirer (the accounting acquiree), including the equity interests issued by the legal acquirer to effect the business combination.

B26 In calculating the weighted average number of ordinary shares outstanding (the denominator of the earnings per share calculation) during the period in which the reverse acquisition occurs:

(a) the number of ordinary shares outstanding from the beginning of that period to the acquisition date shall be computed on the basis of the weighted average number of ordinary shares of the legal acquiree (accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the merger agreement; and

(b) the number of ordinary shares outstanding from the acquisition date to the end of that period shall be the actual number of ordinary shares of the legal acquirer (the accounting acquiree) outstanding during that period.

B27 The basic earnings per share for each comparative period before the acquisition date presented in the consolidated financial statements following a reverse acquisition shall be calculated by dividing:

(a) the profit or loss of the legal acquiree attributable to ordinary shareholders in each of those periods by

(b) the legal acquiree's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement.

Recognising particular assets acquired and liabilities assumed (application of paragraphs 10–13)

Operating leases

B28 The acquirer shall recognise no assets or liabilities related to an operating lease in which the acquiree is the lessee except as required by paragraphs B29 and B30.

B29 The acquirer shall determine whether the terms of each operating lease in which the acquiree is the lessee are favourable or unfavourable. The acquirer shall recognise an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms. Paragraph B42 provides guidance on measuring the acquisition-date fair value of assets subject to operating leases in which the acquiree is the lessor.

B30 An identifiable intangible asset may be associated with an operating lease, which may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms. For example, a lease of gates at an airport or of retail space in a prime shopping area might provide entry into a market or other future economic benefits that qualify as identifiable intangible assets, for example, as a customer relationship. In that situation, the acquirer shall recognise the associated identifiable intangible asset(s) in accordance with paragraph B31.

Intangible assets

B31 The acquirer shall recognise, separately from goodwill, the identifiable intangible assets acquired in a business combination. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal criterion.

B32 An intangible asset that meets the contractual-legal criterion is identifiable even if the asset is not transferable or separable from the acquiree or from other rights and obligations. For example:

(a) an acquiree leases a manufacturing facility under an operating lease that has terms that are favourable relative to market terms. The lease terms explicitly prohibit transfer of the lease (through either sale or sublease). The amount by which the lease terms are favourable compared with the terms of current market transactions for the same or similar items is an intangible asset that meets the contractual-legal criterion for recognition separately from goodwill, even though the acquirer cannot sell or otherwise transfer the lease contract.

(b) an acquiree owns and operates a nuclear power plant. The licence to operate that power plant is an intangible asset that meets the contractual-legal criterion for recognition separately from goodwill, even if the acquirer cannot sell or transfer it separately from the acquired power plant. An acquirer may recognise the fair value of the operating licence and the fair value of the power plant as a single asset for financial reporting purposes if the useful lives of those assets are similar.

(c) an acquiree owns a technology patent. It has licensed that patent to others for their exclusive use outside the domestic market, receiving a specified percentage of future foreign revenue in exchange. Both the technology patent and the related licence agreement meet the contractual-legal criterion for recognition separately from goodwill even if selling or exchanging the patent and the related licence agreement separately from one another would not be practical.

B33 The separability criterion means that an acquired intangible asset is capable of being separated or divided from the acquiree and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability. An intangible asset that the acquirer would be able to sell, license or otherwise exchange for something else of value meets the separability criterion even if the acquirer does not intend to sell, license or otherwise exchange it. An acquired intangible asset meets the separability criterion if there is evidence of exchange transactions for that type of asset or an asset of a similar type, even if those transactions are infrequent and regardless of whether the acquirer is involved in them. For example, customer and subscriber lists are frequently licensed and thus meet the separability criterion. Even if an acquiree believes its customer lists have characteristics different from other customer lists, the fact that customer lists are frequently licensed generally means that the acquired customer list meets the separability criterion. However, a customer list acquired in a business combination would not meet the separability criterion if the terms of confidentiality or other agreements prohibit an entity from selling, leasing or otherwise exchanging information about its customers.

B34 An intangible asset that is not individually separable from the acquiree or combined entity meets the separability criterion if it is separable in combination with a related contract, identifiable asset or liability. For example:

(a) market participants exchange deposit liabilities and related depositor relationship intangible assets in observable exchange transactions. Therefore, the acquirer should recognise the depositor relationship intangible asset separately from goodwill.

(b) an acquiree owns a registered trademark and documented but unpatented technical expertise used to manufacture the trademarked product. To transfer ownership of a trademark, the owner is also required to transfer everything else necessary for the new owner to produce a product or service indistinguishable from that produced by the former owner. Because the unpatented technical expertise must be separated from the acquiree or combined entity and sold if the related trademark is sold, it meets the separability criterion.

Reacquired rights

B35 As part of a business combination, an acquirer may reacquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognised or unrecognised assets. Examples of such rights include a right to use the acquirer's trade name under a franchise agreement or a right to use the acquirer's technology under a technology licensing agreement. A reacquired right is an identifiable intangible asset that the acquirer recognises separately from goodwill. Paragraph 29 provides guidance on measuring a reacquired right and paragraph 55 provides guidance on the subsequent accounting for a reacquired right.

B36 If the terms of the contract giving rise to a reacquired right are favourable or unfavourable relative to the terms of current market transactions for the same or similar items, the acquirer shall recognise a settlement gain or loss. Paragraph B52 provides guidance for measuring that settlement gain or loss.

Assembled workforce and other items that are not identifiable

B37 The acquirer subsumes into goodwill the value of an acquired intangible asset that is not identifiable as of the acquisition date. For example, an acquirer may attribute value to the existence of an assembled workforce, which is an existing collection of employees that permits the acquirer to continue to operate an acquired business from the acquisition date. An assembled workforce does not represent the intellectual capital of the skilled workforce — the (often specialised) knowledge and experience that employees of an acquiree bring to their jobs. Because the assembled workforce is not an identifiable asset to be recognised separately from goodwill, any value attributed to it is subsumed into goodwill.

B38 The acquirer also subsumes into goodwill any value attributed to items that do not qualify as assets at the acquisition date. For example, the acquirer might attribute value to potential contracts the acquiree is negotiating with prospective new customers at the acquisition date. Because those potential contracts are not themselves assets at the acquisition date, the acquirer does not recognise them separately from goodwill. The acquirer should not subsequently reclassify the value of those contracts from goodwill for events that occur after the acquisition date. However, the acquirer should assess the facts and circumstances surrounding events occurring shortly after the acquisition to determine whether a separately recognisable intangible asset existed at the acquisition date.

B39 After initial recognition, an acquirer accounts for intangible assets acquired in a business combination in accordance with the provisions of IAS 38 *Intangible Assets*. However, as described in paragraph 3 of IAS 38, the accounting for some acquired intangible assets after initial recognition is prescribed by other IFRSs.

B40 The identifiability criteria determine whether an intangible asset is recognised separately from goodwill. However, the criteria neither provide guidance for measuring the fair value of an intangible asset nor restrict the assumptions used in measuring the fair value of an intangible asset. For example, the acquirer would take into account the assumptions that market participants would use when pricing the intangible asset, such as expectations of future contract renewals, in measuring fair value. It is not necessary for the renewals themselves to meet the identifiability criteria. (However, see paragraph 29, which establishes an exception to the fair value measurement principle for reacquired rights recognised in a business combination.) Paragraphs 36 and 37 of IAS 38 provide guidance for determining whether intangible assets should be combined into a single unit of account with other intangible or tangible assets.

Measuring the fair value of particular identifiable assets and a non-controlling interest in an acquiree (application of paragraphs 18 and 19)

Assets with uncertain cash flows (valuation allowances)

B41 The acquirer shall not recognise a separate valuation allowance as of the acquisition date for assets acquired in a business combination that are measured at their acquisition-date fair values because the effects of uncertainty about future cash flows are included in the fair value measure. For example, because this IFRS requires the acquirer to measure acquired receivables, including loans, at their acquisition-date fair values, the acquirer does not recognise a separate valuation allowance for the contractual cash flows that are deemed to be uncollectible at that date.

Assets subject to operating leases in which the acquiree is the lessor

B42 In measuring the acquisition-date fair value of an asset such as a building or a patent that is subject to an operating lease in which the acquiree is the lessor, the acquirer shall take into account the terms of the lease. In other words, the acquirer does not recognise a separate asset or liability if the terms of an operating lease are either favourable or unfavourable when compared with market terms as paragraph B29 requires for leases in which the acquiree is the lessee.

Assets that the acquirer intends not to use or to use in a way that is different from the way other market participants would use them

B43 To protect its competitive position, or for other reasons, the acquirer may intend not to use an acquired non-financial asset actively, or it may not intend to use the asset according to its highest and best use. For example, that might be the case for an acquired research and development intangible asset that the acquirer plans to use defensively by preventing others from using it. Nevertheless, the acquirer shall measure the fair value of the non-financial asset assuming its highest and best use by market participants in accordance with the appropriate valuation premise, both initially and when measuring fair value less costs of disposal for subsequent impairment testing.

Non-controlling interest in an acquiree

B44 This IFRS allows the acquirer to measure a non-controlling interest in the acquiree at its fair value at the acquisition date. Sometimes an acquirer will be able to measure the acquisition-date fair value of a non-controlling interest on the basis of a quoted price in an active market for the equity shares (ie those not held by the acquirer). In other situations, however, a quoted price in an active market for the equity shares will not be available. In those situations, the acquirer would measure the fair value of the non-controlling interest using another valuation technique.

B45 The fair values of the acquirer's interest in the acquiree and the non-controlling interest on a per-share basis might differ. The main difference is likely to be the inclusion of a control premium in the per-share fair value of the acquirer's interest in the acquiree or, conversely, the inclusion of a discount for lack of control (also referred to as a non-controlling interest discount) in the per-share fair value of the non-controlling interest if market participants would take into account such a premium or discount when pricing the non-controlling interest.

Measuring goodwill or a gain from a bargain purchase

Measuring the acquisition-date fair value of the acquirer's interest in the acquiree using valuation techniques (application of paragraph 33)

B46 In a business combination achieved without the transfer of consideration, the acquirer must substitute the acquisition-date fair value of its interest in the acquiree for the acquisition-date fair value of the consideration transferred to measure goodwill or a gain on a bargain purchase (see paragraphs 32–34).

Special considerations in applying the acquisition method to combinations of mutual entities (application of paragraph 33)

B47 When two mutual entities combine, the fair value of the equity or member interests in the acquiree (or the fair value of the acquiree) may be more reliably measurable than the fair value of the member interests transferred by the acquirer. In that situation, paragraph 33 requires the acquirer to determine the amount of goodwill by using the acquisition-date fair value of the acquiree's equity interests instead of the acquisition-date fair value of the acquirer's equity interests transferred as consideration. In addition, the acquirer in a combination of mutual entities shall recognise the acquiree's net assets as a direct addition to capital or equity in its statement of financial position, not as an addition to retained earnings, which is consistent with the way in which other types of entities apply the acquisition method.

B48 Although they are similar in many ways to other businesses, mutual entities have distinct characteristics that arise primarily because their members are both customers and owners. Members of mutual entities generally expect to receive benefits for their membership, often in the form of reduced fees charged for goods and services or patronage dividends. The portion of patronage dividends allocated to each member is often based on the amount of business the member did with the mutual entity during the year.

B49 A fair value measurement of a mutual entity should include the assumptions that market participants would make about future member benefits as well as any other relevant assumptions market participants would make about the mutual entity. For example, a present value technique may be used to measure the fair value of a mutual entity. The cash flows used as inputs to the model should be based on the expected cash flows of the mutual entity, which are likely to reflect reductions for member benefits, such as reduced fees charged for goods and services.

Determining what is part of the business combination transaction (application of paragraphs 51 and 52)

B50 The acquirer should consider the following factors, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of the exchange for the acquiree or whether the transaction is separate from the business combination:

(a) **the reasons for the transaction** — Understanding the reasons why the parties to the combination (the acquirer and the acquiree and their owners, directors and managers — and their agents) entered into a particular transaction or arrangement may provide insight into whether it is part of the consideration transferred and the assets acquired or liabilities assumed. For example, if a transaction is arranged primarily for the benefit of the acquirer or the combined entity rather than primarily for the benefit of the acquiree or its former owners before the combination, that portion of the transaction price paid (and any related assets or liabilities) is less likely to be part of the exchange for the acquiree. Accordingly, the acquirer would account for that portion separately from the business combination.

(b) **who initiated the transaction** — Understanding who initiated the transaction may also provide insight into whether it is part of the exchange for the acquiree. For example, a transaction or other event that is initiated by the acquirer may be entered into for the purpose of providing future economic benefits to the acquirer or combined entity with little or no benefit received by the acquiree or its former owners before the combination. On the other hand, a transaction or arrangement initiated by the acquiree or its former owners is less likely to be for the benefit of the acquirer or the combined entity and more likely to be part of the business combination transaction.

(c) **the timing of the transaction** — The timing of the transaction may also provide insight into whether it is part of the exchange for the acquiree. For example, a transaction between the acquirer and the acquiree that takes place during the negotiations of the terms of a business combination may have been entered into in contemplation of the business combination to provide future economic benefits to the acquirer or the combined entity. If so, the acquiree or its former owners before the business combination are likely to receive little or no benefit from the transaction except for benefits they receive as part of the combined entity.

Effective settlement of a pre-existing relationship between the acquirer and acquiree in a business combination (application of paragraph 52(a))

B51 The acquirer and acquiree may have a relationship that existed before they contemplated the business combination, referred to here as a 'pre-existing relationship'. A pre-existing relationship between the acquirer and acquiree may be contractual (for example, vendor and customer or licensor and licensee) or non-contractual (for example, plaintiff and defendant).

B52 If the business combination in effect settles a pre-existing relationship, the acquirer recognises a gain or loss, measured as follows:

(a) for a pre-existing non-contractual relationship (such as a lawsuit), fair value.

(b) for a pre-existing contractual relationship, the lesser of (i) and (ii):

(i) the amount by which the contract is favourable or unfavourable from the perspective of the acquirer when compared with terms for current market transactions for the same or similar items. (An unfavourable contract is a contract that is unfavourable in terms of current market terms. It is not necessarily an onerous contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.)

(ii) the amount of any stated settlement provisions in the contract available to the counterparty to whom the contract is unfavourable.

If (ii) is less than (i), the difference is included as part of the business combination accounting.

The amount of gain or loss recognised may depend in part on whether the acquirer had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

B53 A pre-existing relationship may be a contract that the acquirer recognises as a reacquired right. If the contract includes terms that are favourable or unfavourable when compared with pricing for current market transactions for the same or similar items, the acquirer recognises, separately from the business combination, a gain or loss for the effective settlement of the contract, measured in accordance with paragraph B52.

Arrangements for contingent payments to employees or selling shareholders (application of paragraph 52(b))

B54 Whether arrangements for contingent payments to employees or selling shareholders are contingent consideration in the business combination or are separate transactions depends on the nature of the arrangements. Understanding the reasons why the acquisition agreement includes a provision for contingent payments, who initiated the arrangement and when the parties entered into the arrangement may be helpful in assessing the nature of the arrangement.

B55 If it is not clear whether an arrangement for payments to employees or selling shareholders is part of the exchange for the acquiree or is a transaction separate from the business combination, the acquirer should consider the following indicators:

(a) *Continuing employment* — The terms of continuing employment by the selling shareholders who become key employees may be an indicator of the substance of a contingent consideration arrangement. The relevant terms of continuing employment may be included in an employment agreement, acquisition agreement or some other document. A contingent consideration arrangement in which the payments are automatically forfeited if employment terminates is remuneration for post-combination services. Arrangements in which the contingent payments are not affected by employment termination may indicate that the contingent payments are additional consideration rather than remuneration.

(b) *Duration of continuing employment* — If the period of required employment coincides with or is longer than the contingent payment period, that fact may indicate that the contingent payments are, in substance, remuneration.

(c) *Level of remuneration* — Situations in which employee remuneration other than the contingent payments is at a reasonable level in comparison with that of other key employees in the combined entity may indicate that the contingent payments are additional consideration rather than remuneration.

(d) *Incremental payments to employees* — If selling shareholders who do not become employees receive lower contingent payments on a per-share basis than the selling shareholders who become employees of the combined entity, that fact may indicate that the incremental amount of contingent payments to the selling shareholders who become employees is remuneration.

(e) *Number of shares owned* — The relative number of shares owned by the selling shareholders who remain as key employees may be an indicator of the substance of the contingent consideration arrangement. For example, if the selling shareholders who owned substantially all of the shares in the acquiree continue as key employees, that fact may indicate that the arrangement is, in substance, a profit-sharing arrangement intended to provide remuneration for post-combination services. Alternatively, if selling shareholders who continue as key employees owned only a small number of shares of the acquiree and all selling shareholders receive the same amount of contingent consideration on a per-share basis, that fact may indicate that the contingent payments are additional consideration. The pre-acquisition ownership interests held by parties related to selling shareholders who continue as key employees, such as family members, should also be considered.

(f) *Linkage to the valuation* — If the initial consideration transferred at the acquisition date is based on the low end of a range established in the valuation of the acquiree and the contingent formula relates to that valuation approach, that fact may suggest that the contingent payments are additional consideration. Alternatively, if the contingent payment formula is consistent with prior profit-sharing arrangements, that fact may suggest that the substance of the arrangement is to provide remuneration.

(g) *Formula for determining consideration* — The formula used to determine the contingent payment may be helpful in assessing the substance of the arrangement. For example, if a contingent payment is determined on the basis of a multiple of earnings, that might suggest that the obligation is contingent consideration in the business combination and that the formula is intended to establish or verify the fair value of the acquiree. In contrast, a contingent payment that is a specified percentage of earnings might suggest that the obligation to employees is a profit-sharing arrangement to remunerate employees for services rendered.

(h) *Other agreements and issues* — The terms of other arrangements with selling shareholders (such as agreements not to compete, executory contracts, consulting contracts and property lease agreements) and the income tax treatment of contingent payments may indicate that contingent payments are attributable to something other than consideration for the acquiree. For example, in connection with the acquisition, the acquirer might enter into a property lease arrangement with a significant selling shareholder. If the lease payments specified in the lease contract are significantly below market, some or all of the contingent payments to the lessor (the selling shareholder) required by a separate arrangement for contingent payments might be, in substance, payments for the use of the leased property that the acquirer should recognise separately in its post-combination financial statements. In contrast, if the lease contract specifies lease payments that are consistent with market terms for the leased property, the arrangement for contingent payments to the selling shareholder may be contingent consideration in the business combination.

Acquirer share-based payment awards exchanged for awards held by the acquiree's employees (application of paragraph 52(b))

B56 An acquirer may exchange its share-based payment awards 3 (replacement awards) for awards held by employees of the acquiree. Exchanges of share options or other share-based payment awards in conjunction with a business combination are accounted for as modifications of share-based payment awards in accordance with IFRS 2 *Share-based Payment*. If the acquirer replaces the acquiree awards, either all or a portion of the market-based measure of the acquirer's replacement awards shall be included in measuring the consideration transferred in the business combination. Paragraphs B57–B62 provide guidance on how to allocate the market-based measure.

However, in situations in which acquiree awards would expire as a consequence of a business combination and if the acquirer replaces those awards when it is not obliged to do so, all of the market-based measure of the replacement awards shall be recognised as remuneration cost in the post-combination financial statements in accordance with IFRS 2. That is to say, none of the market-based measure of those awards shall be included in measuring the consideration transferred in the business combination. The acquirer is obliged to replace the acquiree awards if the acquiree or its employees have the ability to enforce replacement. For example, for the purposes of applying this guidance, the acquirer is obliged to replace the acquiree's awards if replacement is required by:

(a) the terms of the acquisition agreement;

(b) the terms of the acquiree's awards; or

(c) applicable laws or regulations.

B57 To determine the portion of a replacement award that is part of the consideration transferred for the acquiree and the portion that is remuneration for post-combination service, the acquirer shall measure both the replacement awards granted by the acquirer and the acquiree awards as of the acquisition date in accordance with IFRS 2. The portion of the market-based measure of the replacement award that is part of the consideration transferred in exchange for the acquiree equals the portion of the acquiree award that is attributable to pre-combination service.

B58 The portion of the replacement award attributable to pre-combination service is the market-based measure of the acquiree award multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The vesting period is the period during which all the specified vesting conditions are to be satisfied. Vesting conditions are defined in IFRS 2.

B59 The portion of a non-vested replacement award attributable to post-combination service, and therefore recognised as remuneration cost in the post-combination financial statements, equals the total market-based measure of the replacement award less the amount attributed to pre-combination service. Therefore, the acquirer attributes any excess of the market-based measure of the replacement award over the market-based measure of the acquiree award to post-combination service and recognises that excess as remuneration cost in the post-combination financial statements. The acquirer shall attribute a portion of a replacement award to post-combination service if it requires post-combination service, regardless of whether employees had rendered all of the service required for their acquiree awards to vest before the acquisition date.

B60 The portion of a non-vested replacement award attributable to pre-combination service, as well as the portion attributable to post-combination service, shall reflect the best available estimate of the number of replacement awards expected to vest. For example, if the market-based measure of the portion of a replacement award attributed to pre-combination service is CU100 and the acquirer expects that only 95 per cent of the award will vest, the amount included in consideration transferred in the business combination is CU95. Changes in the estimated number of replacement awards expected to vest are reflected in remuneration cost for the periods in which the changes or forfeitures occur not as adjustments to the consideration transferred in the business combination. Similarly, the effects of other events, such as modifications or the ultimate outcome of awards with performance conditions, that occur after the acquisition date are accounted for in accordance with IFRS 2 in determining remuneration cost for the period in which an event occurs.

B61 The same requirements for determining the portions of a replacement award attributable to pre-combination and post-combination service apply regardless of whether a replacement award is classified as a liability or as an equity instrument in accordance with the provisions of IFRS 2. All changes in the market-based measure of awards classified as liabilities after the acquisition date and the related income tax effects are recognised in the acquirer's post-combination financial statements in the period(s) in which the changes occur.

B62 The income tax effects of replacement awards of share-based payments shall be recognised in accordance with the provisions of IAS 12 *Income Taxes*.

Equity-settled share-based payment transactions of the acquiree

B62A The acquiree may have outstanding share-based payment transactions that the acquirer does not exchange for its share-based payment transactions. If vested, those acquiree share-based payment transactions are part of the non-controlling interest in the acquiree and are measured at their market-based measure. If unvested, they are measured at their market-based measure as if the acquisition date were the grant date in accordance with paragraphs 19 and 30.

B62B The market-based measure of unvested share-based payment transactions is allocated to the non-controlling interest on the basis of the ratio of the portion of the vesting period completed to the greater of the total vesting period and the original vesting period of the share-based payment transaction. The balance is allocated to post-combination service.

Other IFRSs that provide guidance on subsequent measurement and accounting (application of paragraph 54)

B63 Examples of other IFRSs that provide guidance on subsequently measuring and accounting for assets acquired and liabilities assumed or incurred in a business combination include:

(a) IAS 38 prescribes the accounting for identifiable intangible assets acquired in a business combination. The acquirer measures goodwill at the amount recognised at the acquisition date less any accumulated impairment losses. IAS 36 *Impairment of Assets* prescribes the accounting for impairment losses.

(b) IFRS 4 *Insurance Contracts* provides guidance on the subsequent accounting for an insurance contract acquired in a business combination.

(c) IAS 12 prescribes the subsequent accounting for deferred tax assets (including unrecognised deferred tax assets) and liabilities acquired in a business combination.

(d) IFRS 2 provides guidance on subsequent measurement and accounting for the portion of replacement share-based payment awards issued by an acquirer that is attributable to employees' future services.

(e) IFRS 10 provides guidance on accounting for changes in a parent's ownership interest in a subsidiary after control is obtained.

Disclosures (application of paragraphs 59 and 61)

B64 To meet the objective in paragraph 59, the acquirer shall disclose the following information for each business combination that occurs during the reporting period:

(a) the name and a description of the acquiree.

(b) the acquisition date.

(c) the percentage of voting equity interests acquired.

(d) the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree.

(e) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.

(f) the acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as:

(i) cash;

(ii) other tangible or intangible assets, including a business or subsidiary of the acquirer;

(iii) liabilities incurred, for example, a liability for contingent consideration; and

(iv) equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of measuring the fair value of those instruments or interests.

(g) for contingent consideration arrangements and indemnification assets:

(i) the amount recognised as of the acquisition date;

(ii) a description of the arrangement and the basis for determining the amount of the payment; and

(iii) an estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact.

(h) for acquired receivables:

(i) the fair value of the receivables;

(ii) the gross contractual amounts receivable; and

(iii) the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

The disclosures shall be provided by major class of receivable, such as loans, direct finance leases and any other class of receivables.

(i) the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed.

(j) for each contingent liability recognised in accordance with paragraph 23, the information required in paragraph 85 of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. If a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose:

(i) the information required by paragraph 86 of IAS 37; and

(ii) the reasons why the liability cannot be measured reliably.

(k) the total amount of goodwill that is expected to be deductible for tax purposes.

(l) for transactions that are recognised separately from the acquisition of assets and assumption of liabilities in the business combination in accordance with paragraph 51:

(i) a description of each transaction;

(ii) how the acquirer accounted for each transaction;

(iii) the amounts recognised for each transaction and the line item in the financial statements in which each amount is recognised; and

(iv) if the transaction is the effective settlement of a pre-existing relationship, the method used to determine the settlement amount.

(m) the disclosure of separately recognised transactions required by (l) shall include the amount of acquisition-related costs and, separately, the amount of those costs recognised as an expense and the line item or items in the statement of comprehensive income in which those expenses are recognised. The amount of any issue costs not recognised as an expense and how they were recognised shall also be disclosed.

(n) in a bargain purchase (see paragraphs 34–36):

(i) the amount of any gain recognised in accordance with paragraph 34 and the line item in the statement of comprehensive income in which the gain is recognised; and

(ii) a description of the reasons why the transaction resulted in a gain.

(o) for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date:

(i) the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount; and

(ii) for each non-controlling interest in an acquiree measured at fair value, the valuation technique(s) and significant inputs used to measure that value.

(p) in a business combination achieved in stages:

(i) the acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date; and

(ii) the amount of any gain or loss recognised as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination (see paragraph 42) and the line item in the statement of comprehensive income in which that gain or loss is recognised.

(q) the following information:

(i) the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period; and

(ii) the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period.

If disclosure of any of the information required by this subparagraph is impracticable, the acquirer shall disclose that fact and explain why the disclosure is impracticable. This IFRS uses the term 'impracticable' with the same meaning as in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

B65 For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose in aggregate the information required by paragraph B64(e)–(q).

B66 If the acquisition date of a business combination is after the end of the reporting period but before the financial statements are authorised for issue, the acquirer shall disclose the information required by paragraph B64 unless the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. In that situation, the acquirer shall describe which disclosures could not be made and the reasons why they cannot be made.

B67 To meet the objective in paragraph 61, the acquirer shall disclose the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:

(a) if the initial accounting for a business combination is incomplete (see paragraph 45) for particular assets, liabilities, non-controlling interests or items of consideration and the amounts recognised in the financial statements for the business combination thus have been determined only provisionally:

(i) the reasons why the initial accounting for the business combination is incomplete;

(ii) the assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete; and

(iii) the nature and amount of any measurement period adjustments recognised during the reporting period in accordance with paragraph 49.

(b) for each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires:

(i) any changes in the recognised amounts, including any differences arising upon settlement;

(ii) any changes in the range of outcomes (undiscounted) and the reasons for those changes; and

(iii) the valuation techniques and key model inputs used to measure contingent consideration.

(c) for contingent liabilities recognised in a business combination, the acquirer shall disclose the information required by paragraphs 84 and 85 of IAS 37 for each class of provision.

(d) a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:

(i) the gross amount and accumulated impairment losses at the beginning of the reporting period.

(ii) additional goodwill recognised during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

(iii) adjustments resulting from the subsequent recognition of deferred tax assets during the reporting period in accordance with paragraph 67.

(iv) goodwill included in a disposal group classified as held for sale in accordance with IFRS 5 and goodwill derecognised during the reporting period without having previously been included in a disposal group classified as held for sale.

(v) impairment losses recognised during the reporting period in accordance with IAS 36. (IAS 36 requires disclosure of information about the recoverable amount and impairment of goodwill in addition to this requirement.)

(vi) net exchange rate differences arising during the reporting period in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

(vii) any other changes in the carrying amount during the reporting period.

(viii) the gross amount and accumulated impairment losses at the end of the reporting period.

(e) the amount and an explanation of any gain or loss recognised in the current reporting period that both:

(i) relates to the identifiable assets acquired or liabilities assumed in a business combination that was effected in the current or previous reporting period; and

(ii) is of such a size, nature or incidence that disclosure is relevant to understanding the combined entity's financial statements.

Transitional provisions for business combinations involving only mutual entities or by contract alone (application of paragraph 66)

B68 Paragraph 64 provides that this IFRS applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Earlier application is permitted. However, an entity shall apply this IFRS only at the beginning of an annual reporting period that begins on or after 30 June 2007. If an entity applies this IFRS before its effective date, the entity shall disclose that fact and shall apply IAS 27 (as amended in 2008) at the same time.

B69 The requirement to apply this IFRS prospectively has the following effect for a business combination involving only mutual entities or by contract alone if the acquisition date for that business combination is before the application of this IFRS:

(a) *Classification* — An entity shall continue to classify the prior business combination in accordance with the entity's previous accounting policies for such combinations.

(b) *Previously recognised goodwill* — At the beginning of the first annual period in which this IFRS is applied, the carrying amount of goodwill arising from the prior business combination shall be its carrying amount at that date in accordance with the entity's previous accounting policies. In determining that amount, the entity shall eliminate the carrying amount of any accumulated amortisation of that goodwill and the corresponding decrease in goodwill. No other adjustments shall be made to the carrying amount of goodwill.

(c) *Goodwill previously recognised as a deduction from equity* — The entity's previous accounting policies may have resulted in goodwill arising from the prior business combination being recognised as a deduction from equity. In that situation the entity shall not recognise that goodwill as an asset at the beginning of the first annual period in which this IFRS is applied. Furthermore, the entity shall not recognise in profit or loss any part of that goodwill when it disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates becomes impaired.

(d) *Subsequent accounting for goodwill* — From the beginning of the first annual period in which this IFRS is applied, an entity shall discontinue amortising goodwill arising from the prior business combination and shall test goodwill for impairment in accordance with IAS 36.

(e) *Previously recognised negative goodwill* — An entity that accounted for the prior business combination by applying the purchase method may have recognised a deferred credit for an excess of its interest in the net fair value of the acquiree's identifiable assets and liabilities over the cost of that interest (sometimes called negative goodwill). If so, the entity shall derecognise the carrying amount of that deferred credit at the beginning of the first annual period in which this IFRS is applied with a corresponding adjustment to the opening balance of retained earnings at that date.

Footnotes

2 IASC's *Framework for the Preparation and Presentation of Financial Statements* was adopted by the IASB in 2001. In September 2010 the IASB replaced the *Framework* with the *Conceptual Framework for Financial Reporting*. [Footnote 1 not used.]

3 In paragraphs B56–B62 the term 'share-based payment awards' refers to vested or unvested share-based payment transactions.

BOMA-1 ATTACHMENT 2
IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS

INTERNATIONAL FINANCIAL REPORTING STANDARD 10 consolidated financial statements

FOR FUTURE UPDATES TO THIS STANDARD, SEE IFRSs ISSUED BUT NOT YET EFFECTIVE.

CONTENTS **Paragraph**

Objective

1 The objective of this IFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

Meeting the objective

2 To meet the objective in paragraph 1, this IFRS:

(a) requires an entity (the *parent*) that controls one or more other entities (*subsidiaries*) to present consolidated financial statements;

(b) defines the principle of *control*, and establishes control as the basis for consolidation;

(c) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee;

(d) sets out the accounting requirements for the preparation of consolidated financial statements; and

(e) defines an investment entity and sets out an exception to consolidating particular subsidiaries of an investment entity.

3 This IFRS does not deal with the accounting requirements for business combinations and their effect on consolidation, including goodwill arising on a business combination (see IFRS 3 *Business Combinations*).

Scope

4 An entity that is a parent shall present consolidated financial statements. This IFRS applies to all entities, except as follows:

(a) a parent need not present consolidated financial statements if it meets all the following conditions:

(i) it is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;

(ii) its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);

(iii) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and

(iv) its ultimate or any intermediate parent produces financial statements that are available for public use and comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with this IFRS.

(b) [deleted]

(c) [deleted]

4A This IFRS does not apply to post-employment benefit plans or other long-term employee benefit plans to which IAS 19 *Employee Benefits* applies.

4B A parent that is an investment entity shall not present consolidated financial statements if it is required, in accordance with paragraph 31 of this IFRS, to measure all of its subsidiaries at fair value through profit or loss.

Control

5 An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.

6 An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

7 Thus, an investor controls an investee if and only if the investor has all the following:

(a) power over the investee (see paragraphs 10–14);

(b) exposure, or rights, to variable returns from its involvement with the investee (see paragraphs 15 and 16); and

(c) the ability to use its power over the investee to affect the amount of the investor's returns (see paragraphs 17 and18).

8 An investor shall consider all facts and circumstances when assessing whether it controls an investee. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in paragraph 7 (see paragraphs B80–B85).

9 Two or more investors collectively control an investee when they must act together to direct the relevant activities. In such cases, because no investor can direct the activities without the co-operation of the others, no investor individually controls the investee. Each investor would account for its interest in the investee in accordance with the relevant IFRSs, such as IFRS 11 *Joint Arrangements*, IAS 28 *Investments in Associates and Joint Ventures* or IFRS 9 *Financial Instruments*.

Power

10 An investor has power over an investee when the investor has existing rights that give it the current ability to direct the *relevant activities*, ie the activities that significantly affect the investee's returns.

11 Power arises from rights. Sometimes assessing power is straightforward, such as when power over an investee is obtained directly and solely from the voting rights granted by equity instruments such as shares, and can be assessed by considering the voting rights from those shareholdings. In other cases, the assessment will be more complex and require more than one factor to be considered, for example when power results from one or more contractual arrangements.

12 An investor with the current ability to direct the relevant activities has power even if its rights to direct have yet to be exercised. Evidence that the investor has been directing relevant activities can help determine whether the investor has power, but such evidence is not, in itself, conclusive in determining whether the investor has power over an investee.

13 If two or more investors each have existing rights that give them the unilateral ability to direct different relevant activities, the investor that has the current ability to direct the activities that most significantly affect the returns of the investee has power over the investee.

14 An investor can have power over an investee even if other entities have existing rights that give them the current ability to participate in the direction of the relevant activities, for example when another entity has *significant influence*. However, an investor that holds only protective rights does not have power over an investee (see paragraphs B26–B28), and consequently does not control the investee.

Returns

15 An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. The investor's returns can be only positive, only negative or both positive and negative.

16 Although only one investor can control an investee, more than one party can share in the returns of an investee. For example, holders of non-controlling interests can share in the profits or distributions of an investee.

Link between power and returns

17 An investor controls an investee if the investor not only has power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's returns from its involvement with the investee.

18 Thus, an investor with decision-making rights shall determine whether it is a principal or an agent. An investor that is an agent in accordance with paragraphs B58–B72 does not control an investee when it exercises decision-making rights delegated to it.

Accounting requirements

19 A parent shall prepare consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

20 Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee.

21 Paragraphs B86–B93 set out guidance for the preparation of consolidated financial statements.

Non-controlling interests

22 A parent shall present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

23 Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (ie transactions with owners in their capacity as owners).

24 Paragraphs B94–B96 set out guidance for the accounting for non-controlling interests in consolidated financial statements.

Loss of control

25 If a parent loses control of a subsidiary, the parent:

(a) derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position.

(b) recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(c) recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

26 Paragraphs B97–B99 set out guidance for the accounting for the loss of control.

Determining whether an entity is an investment entity

27 A parent shall determine whether it is an investment entity. An investment entity is an entity that:

(a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

(b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

(c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Paragraphs B85A–B85M provide related application guidance.

28 In assessing whether it meets the definition described in paragraph 27, an entity shall consider whether it has the following typical characteristics of an investment entity:

(a) it has more than one investment (see paragraphs B85O–B85P);

(b) it has more than one investor (see paragraphs B85Q–B85S);

(c) it has investors that are not related parties of the entity (see paragraphs B85T–B85U); and

(d) it has ownership interests in the form of equity or similar interests (see paragraphs B85V–B85W).

The absence of any of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity. An investment entity that does not have all of these typical characteristics provides additional disclosure required by paragraph 9A of IFRS 12 *Disclosure of Interests in Other Entities*.

29 If facts and circumstances indicate that there are changes to one or more of the three elements that make up the definition of an investment entity, as described in paragraph 27, or the typical characteristics of an investment entity, as described in paragraph 28, a parent shall reassess whether it is an investment entity.

30 A parent that either ceases to be an investment entity or becomes an investment entity shall account for the change in its status prospectively from the date at which the change in status occurred (see paragraphs B100–B101).

Investment entities: exception to consolidation

31 Except as described in paragraph 32, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9. 2

32 Notwithstanding the requirement in paragraph 31, if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities (see paragraphs B85C–B85E), it shall consolidate that subsidiary in accordance with paragraphs 19–26 of this IFRS and apply the requirements of IFRS 3 to the acquisition of any such subsidiary.

33 A parent of an investment entity shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary, unless the parent itself is an investment entity.

Appendix A
Defined terms

This appendix is an integral part of the IFRS.

consolidated financial statements	The financial statements of a **group** in which the assets, liabilities, equity, income, expenses and cash flows of the **parent** and its **subsidiaries** are presented as those of a single economic entity.
control of an investee	An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
decision maker	An entity with decision-making rights that is either a principal or an agent for other parties.
group	A **parent** and its **subsidiaries**.
investment entity	An entity that: (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.
non-controlling interest	Equity in a **subsidiary** not attributable, directly or indirectly, to a **parent**.
parent	An entity that **controls** one or more entities.
power	Existing rights that give the current ability to direct the **relevant activities**.
protective rights	Rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.
relevant activities	For the purpose of this IFRS, relevant activities are activities of the investee that significantly affect the investee's returns.
removal rights	Rights to deprive the decision maker of its decision-making authority.
subsidiary	An entity that is controlled by another entity.

The following terms are defined in IFRS 11, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 28 (as amended in 2011) or IAS 24 *Related Party Disclosures* and are used in this IFRS with the meanings specified in those IFRSs:

- associate
- interest in another entity
- joint venture
- key management personnel
- related party
- significant influence.

Appendix B
Application guidance

This appendix is an integral part of the IFRS. It describes the application of paragraphs 1–33 and has the same authority as the other parts of the IFRS.

B1 The examples in this appendix portray hypothetical situations. Although some aspects of the examples may be present in actual fact patterns, all facts and circumstances of a particular fact pattern would need to be evaluated when applying IFRS 10.

Assessing control

B2 To determine whether it controls an investee an investor shall assess whether it has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect the amount of the investor's returns.

B3 Consideration of the following factors may assist in making that determination:

(a) the purpose and design of the investee (see paragraphs B5–B8);

(b) what the relevant activities are and how decisions about those activities are made (see paragraphs B11–B13);

(c) whether the rights of the investor give it the current ability to direct the relevant activities (see paragraphs B14–B54);

(d) whether the investor is exposed, or has rights, to variable returns from its involvement with the investee (see paragraphs B55–B57); and

(e) whether the investor has the ability to use its power over the investee to affect the amount of the investor's returns (see paragraphs B58–B72).

B4 When assessing control of an investee, an investor shall consider the nature of its relationship with other parties (see paragraphs B73–B75).

Purpose and design of an investee

B5 When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.

B6 When an investee's purpose and design are considered, it may be clear that an investee is controlled by means of equity instruments that give the holder proportionate voting rights, such as ordinary shares in the investee. In this case, in the absence of any additional arrangements that alter decision-making, the assessment of control focuses on which party, if any, is able to exercise voting rights sufficient to determine the investee's operating and financing policies (see paragraphs B34–B50). In the most straightforward case, the investor that holds a majority of those voting rights, in the absence of any other factors, controls the investee.

B7 To determine whether an investor controls an investee in more complex cases, it may be necessary to consider some or all of the other factors in paragraph B3.

B8 An investee may be designed so that voting rights are not the dominant factor in deciding who controls the investee, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. In such cases, an investor's consideration of the purpose and design of the investee shall also include consideration of the risks to which the investee was designed to be exposed, the risks it was designed to pass on to the parties involved with the investee and whether the investor is exposed to some or all of those risks. Consideration of the risks includes not only the downside risk, but also the potential for upside.

Power

B9 To have power over an investee, an investor must have existing rights that give it the current ability to direct the relevant activities. For the purpose of assessing power, only substantive rights and rights that are not protective shall be considered (see paragraphs B22–B28).

B10 The determination about whether an investor has power depends on the relevant activities, the way decisions about the relevant activities are made and the rights the investor and other parties have in relation to the investee.

Relevant activities and direction of relevant activities

B11 For many investees, a range of operating and financing activities significantly affect their returns. Examples of activities that, depending on the circumstances, can be relevant activities include, but are not limited to:

(a) selling and purchasing of goods or services;

(b) managing financial assets during their life (including upon default);

(c) selecting, acquiring or disposing of assets;

(d) researching and developing new products or processes; and

(e) determining a funding structure or obtaining funding.

B12 Examples of decisions about relevant activities include but are not limited to:

(a) establishing operating and capital decisions of the investee, including budgets; and

(b) appointing and remunerating an investee's key management personnel or service providers and terminating their services or employment.

B13 In some situations, activities both before and after a particular set of circumstances arises or event occurs may be relevant activities. When two or more investors have the current ability to direct relevant activities and those activities occur at different times, the investors shall determine which investor is able to direct the activities that most significantly affect those returns consistently with the treatment of concurrent decision-making rights (see paragraph 13). The investors shall reconsider this assessment over time if relevant facts or circumstances change.

Application examples
Example 1
Two investors form an investee to develop and market a medical product. One investor is responsible for developing and obtaining regulatory approval of the medical product — that responsibility includes having the unilateral ability to make all decisions relating to the development of the product and to obtaining regulatory approval. Once the regulator has approved the product, the other investor will manufacture and market it — this investor has the unilateral ability to make all decisions about the manufacture and marketing of the product. If all the activities — developing and obtaining regulatory approval as well as manufacturing and marketing of the medical product — are relevant activities, each investor needs to determine whether it is able to direct the activities that *most* significantly affect the investee's returns. Accordingly, each investor needs to consider whether developing and obtaining regulatory approval or the manufacturing and marketing of the medical product is the activity that *most* significantly affects the investee's returns and whether it is able to direct that activity. In determining which investor has power, the investors would consider:
(a) the purpose and design of the investee; (b) the factors that determine the profit margin, revenue and value of the investee as well as the value of the medical product; (c) the effect on the investee's returns resulting from each investor's decision-making authority with respect to the factors in (b); and (d) the investors' exposure to variability of returns. In this particular example, the investors would also consider: (e) the uncertainty of, and effort required in, obtaining regulatory approval (considering the investor's record of successfully developing and obtaining regulatory approval of medical products); and (f) which investor controls the medical product once the development phase is successful.
Example 2
An investment vehicle (the investee) is created and financed with a debt instrument held by an investor (the debt investor) and equity instruments held by a number of other investors. The equity tranche is designed to absorb the first losses and to receive any residual return from the investee. One of the equity investors who holds 30 per cent of the equity is also the asset manager. The investee uses its proceeds to purchase a portfolio of financial assets, exposing the investee to the credit risk associated with the possible default of principal and interest payments of the assets. The transaction is marketed to the debt investor as an investment with minimal exposure to the credit risk associated with the possible default of the assets in the portfolio because of the nature of these assets and because the equity tranche is designed to absorb the first losses of the investee. The returns of the investee are significantly affected by the management of the investee's asset portfolio, which includes decisions about the selection, acquisition and disposal of the assets within portfolio guidelines and the management upon default of any portfolio assets. All those activities are managed by the asset manager until defaults reach a specified proportion of the portfolio value (ie when the value of the portfolio is such that the equity tranche of the investee has been consumed). From that time, a third-party trustee manages the assets according to the instructions of the debt investor. Managing the investee's asset portfolio is the relevant activity of the investee. The asset manager has the ability to direct the relevant activities until defaulted assets reach the specified proportion of the portfolio value; the debt investor has the ability to direct the relevant activities when the value of defaulted assets surpasses that specified proportion of the portfolio value. The asset manager and the debt investor each need to determine whether they are able to direct the activities that *most* significantly affect the investee's returns, including considering the purpose and design of the investee as well as each party's exposure to variability of returns.

Rights that give an investor power over an investee

B14 Power arises from rights. To have power over an investee, an investor must have existing rights that give the investor the current ability to direct the relevant activities. The rights that may give an investor power can differ between investees.

B15 Examples of rights that, either individually or in combination, can give an investor power include but are not limited to:

(a) rights in the form of voting rights (or potential voting rights) of an investee (see paragraphs B34–B50);

(b) rights to appoint, reassign or remove members of an investee's key management personnel who have the ability to direct the relevant activities;

(c) rights to appoint or remove another entity that directs the relevant activities;

(d) rights to direct the investee to enter into, or veto any changes to, transactions for the benefit of the investor; and

(e) other rights (such as decision-making rights specified in a management contract) that give the holder the ability to direct the relevant activities.

B16 Generally, when an investee has a range of operating and financing activities that significantly affect the investee's returns and when substantive decision-making with respect to these activities is required continuously, it will be voting or similar rights that give an investor power, either individually or in combination with other arrangements.

B17 When voting rights cannot have a significant effect on an investee's returns, such as when voting rights relate to administrative tasks only and contractual arrangements determine the direction of the relevant activities, the investor needs to assess those contractual arrangements in order to determine whether it has rights sufficient to give it power over the investee. To determine whether an investor has rights sufficient to give it power, the investor shall consider the purpose and design of the investee (see paragraphs B5–B8) and the requirements in paragraphs B51–B54 together with paragraphs B18–B20.

B18 In some circumstances it may be difficult to determine whether an investor's rights are sufficient to give it power over an investee. In such cases, to enable the assessment of power to be made, the investor shall consider evidence of whether it has the practical ability to direct the relevant activities unilaterally. Consideration is given, but is not limited, to the following, which, when considered together with its rights and the indicators in paragraphs B19 and B20, may provide evidence that the investor's rights are sufficient to give it power over the investee:

(a) The investor can, without having the contractual right to do so, appoint or approve the investee's key management personnel who have the ability to direct the relevant activities.

(b) The investor can, without having the contractual right to do so, direct the investee to enter into, or can veto any changes to, significant transactions for the benefit of the investor.

(c) The investor can dominate either the nominations process for electing members of the investee's governing body or the obtaining of proxies from other holders of voting rights.

(d) The investee's key management personnel are related parties of the investor (for example, the chief executive officer of the investee and the chief executive officer of the investor are the same person).

(e) The majority of the members of the investee's governing body are related parties of the investor.

B19 Sometimes there will be indications that the investor has a special relationship with the investee, which suggests that the investor has more than a passive interest in the investee. The existence of any individual indicator, or a particular combination of indicators, does not necessarily mean that the power criterion is met. However, having more than a passive interest in the investee may indicate that the investor has other related rights sufficient to give it power or provide evidence of existing power over an investee. For example, the following suggests that the investor has more than a passive interest in the investee and, in combination with other rights, may indicate power:

(a) The investee's key management personnel who have the ability to direct the relevant activities are current or previous employees of the investor.

(b) The investee's operations are dependent on the investor, such as in the following situations:

(i) The investee depends on the investor to fund a significant portion of its operations.

(ii) The investor guarantees a significant portion of the investee's obligations.

(iii) The investee depends on the investor for critical services, technology, supplies or raw materials.

(iv) The investor controls assets such as licences or trademarks that are critical to the investee's operations.

(v) The investee depends on the investor for key management personnel, such as when the investor's personnel have specialised knowledge of the investee's operations.

(c) A significant portion of the investee's activities either involve or are conducted on behalf of the investor.

(d) The investor's exposure, or rights, to returns from its involvement with the investee is disproportionately greater than its voting or other similar rights. For example, there may be a situation in which an investor is entitled, or exposed, to more than half of the returns of the investee but holds less than half of the voting rights of the investee.

B20 The greater an investor's exposure, or rights, to variability of returns from its involvement with an investee, the greater is the incentive for the investor to obtain rights sufficient to give it power. Therefore, having a large exposure to variability of returns is an indicator that the investor may have power. However, the extent of the investor's exposure does not, in itself, determine whether an investor has power over the investee.

B21 When the factors set out in paragraph B18 and the indicators set out in paragraphs B19 and B20 are considered together with an investor's rights, greater weight shall be given to the evidence of power described in paragraph B18.

Substantive rights

B22 An investor, in assessing whether it has power, considers only substantive rights relating to an investee (held by the investor and others). For a right to be substantive, the holder must have the practical ability to exercise that right.

B23 Determining whether rights are substantive requires judgement, taking into account all facts and circumstances. Factors to consider in making that determination include but are not limited to:

(a) Whether there are any barriers (economic or otherwise) that prevent the holder (or holders) from exercising the rights. Examples of such barriers include but are not limited to:

(i) financial penalties and incentives that would prevent (or deter) the holder from exercising its rights.

(ii) an exercise or conversion price that creates a financial barrier that would prevent (or deter) the holder from exercising its rights.

(iii) terms and conditions that make it unlikely that the rights would be exercised, for example, conditions that narrowly limit the timing of their exercise.

(iv) the absence of an explicit, reasonable mechanism in the founding documents of an investee or in applicable laws or regulations that would allow the holder to exercise its rights.

(v) the inability of the holder of the rights to obtain the information necessary to exercise its rights.

(vi) operational barriers or incentives that would prevent (or deter) the holder from exercising its rights (eg the absence of other managers willing or able to provide specialised services or provide the services and take on other interests held by the incumbent manager).

(vii) legal or regulatory requirements that prevent the holder from exercising its rights (eg where a foreign investor is prohibited from exercising its rights).

(b) When the exercise of rights requires the agreement of more than one party, or when the rights are held by more than one party, whether a mechanism is in place that provides those parties with the practical ability to exercise their rights collectively if they choose to do so. The lack of such a mechanism is an indicator that the rights may not be substantive. The more parties that are required to agree to exercise the rights, the less likely it is that those rights are substantive. However, a board of directors whose members are independent of the decision maker may serve as a mechanism for numerous investors to act collectively in exercising their rights. Therefore, removal rights exercisable by an independent board of directors are more likely to be substantive than if the same rights were exercisable individually by a large number of investors.

(c) Whether the party or parties that hold the rights would benefit from the exercise of those rights. For example, the holder of potential voting rights in an investee (see paragraphs B47–B50) shall consider the exercise or conversion price of the instrument. The terms and conditions of potential voting rights are more likely to be substantive when the instrument is in the money or the investor would benefit for other reasons (eg by realising synergies between the investor and the investee) from the exercise or conversion of the instrument.

B24 To be substantive, rights also need to be exercisable when decisions about the direction of the relevant activities need to be made. Usually, to be substantive, the rights need to be currently exercisable. However, sometimes rights can be substantive, even though the rights are not currently exercisable.

Application examples
Example 3
The investee has annual shareholder meetings at which decisions to direct the relevant activities are made. The next scheduled shareholders' meeting is in eight months. However, shareholders that individually or collectively hold at least 5 per cent of the voting rights can call a special meeting to change the existing policies over the relevant activities, but a requirement to give notice to the other shareholders means that such a meeting cannot be held for at least 30 days. Policies over the relevant activities can be changed only at special or scheduled shareholders' meetings. This includes the approval of material sales of assets as well as the making or disposing of significant investments.
The above fact pattern applies to examples 3A–3D described below. Each example is considered in isolation.
Example 3A

An investor holds a majority of the voting rights in the investee. The investor's voting rights are substantive because the investor is able to make decisions about the direction of the relevant activities when they need to be made. The fact that it takes 30 days before the investor can exercise its voting rights does not stop the investor from having the current ability to direct the relevant activities from the moment the investor acquires the shareholding.
Example 3B
An investor is party to a forward contract to acquire the majority of shares in the investee. The forward contract's settlement date is in 25 days. The existing shareholders are unable to change the existing policies over the relevant activities because a special meeting cannot be held for at least 30 days, at which point the forward contract will have been settled. Thus, the investor has rights that are essentially equivalent to the majority shareholder in example 3A above (ie the investor holding the forward contract can make decisions about the direction of the relevant activities when they need to be made). The investor's forward contract is a substantive right that gives the investor the current ability to direct the relevant activities even before the forward contract is settled.
Example 3C
An investor holds a substantive option to acquire the majority of shares in the investee that is exercisable in 25 days and is deeply in the money. The same conclusion would be reached as in example 3B.
Example 3D
An investor is party to a forward contract to acquire the majority of shares in the investee, with no other related rights over the investee. The forward contract's settlement date is in six months. In contrast to the examples above, the investor does not have the current ability to direct the relevant activities. The existing shareholders have the current ability to direct the relevant activities because they can change the existing policies over the relevant activities before the forward contract is settled.

B25 Substantive rights exercisable by other parties can prevent an investor from controlling the investee to which those rights relate. Such substantive rights do not require the holders to have the ability to initiate decisions. As long as the rights are not merely protective (see paragraphs B26–B28), substantive rights held by other parties may prevent the investor from controlling the investee even if the rights give the holders only the current ability to approve or block decisions that relate to the relevant activities.

Protective rights

B26 In evaluating whether rights give an investor power over an investee, the investor shall assess whether its rights, and rights held by others, are protective rights. Protective rights relate to fundamental changes to the activities of an investee or apply in exceptional circumstances. However, not all rights that apply in exceptional circumstances or are contingent on events are protective (see paragraphs B13 and B53).

B27 Because protective rights are designed to protect the interests of their holder without giving that party power over the investee to which those rights relate, an investor that holds only protective rights cannot have power or prevent another party from having power over an investee (see paragraph 14).

B28 Examples of protective rights include but are not limited to:

(a) a lender's right to restrict a borrower from undertaking activities that could significantly change the credit risk of the borrower to the detriment of the lender.

(b) the right of a party holding a non-controlling interest in an investee to approve capital expenditure greater than that required in the ordinary course of business, or to approve the issue of equity or debt instruments.

(c) the right of a lender to seize the assets of a borrower if the borrower fails to meet specified loan repayment conditions.

Franchises

B29 A franchise agreement for which the investee is the franchisee often gives the franchisor rights that are designed to protect the franchise brand. Franchise agreements typically give franchisors some decision-making rights with respect to the operations of the franchisee.

B30 Generally, franchisors' rights do not restrict the ability of parties other than the franchisor to make decisions that have a significant effect on the franchisee's returns. Nor do the rights of the franchisor in franchise agreements necessarily give the franchisor the current ability to direct the activities that significantly affect the franchisee's returns.

B31 It is necessary to distinguish between having the current ability to make decisions that significantly affect the franchisee's returns and having the ability to make decisions that protect the franchise brand. The franchisor does not have power over the franchisee if other parties have existing rights that give them the current ability to direct the relevant activities of the franchisee.

B32 By entering into the franchise agreement the franchisee has made a unilateral decision to operate its business in accordance with the terms of the franchise agreement, but for its own account.

B33 Control over such fundamental decisions as the legal form of the franchisee and its funding structure may be determined by parties other than the franchisor and may significantly affect the returns of the franchisee. The lower the level of financial support provided by the franchisor and the lower the franchisor's exposure to variability of returns from the franchisee the more likely it is that the franchisor has only protective rights.

Voting rights

B34 Often an investor has the current ability, through voting or similar rights, to direct the relevant activities. An investor considers the requirements in this section (paragraphs B35–B50) if the relevant activities of an investee are directed through voting rights.

Power with a majority of the voting rights

B35 An investor that holds more than half of the voting rights of an investee has power in the following situations, unless paragraph B36 or paragraph B37 applies:

(a) the relevant activities are directed by a vote of the holder of the majority of the voting rights, or

(b) a majority of the members of the governing body that directs the relevant activities are appointed by a vote of the holder of the majority of the voting rights.

Majority of the voting rights but no power

B36 For an investor that holds more than half of the voting rights of an investee, to have power over an investee, the investor's voting rights must be substantive, in accordance with paragraphs B22–B25, and must provide the investor with the current ability to direct the relevant activities, which often will be through determining operating and financing policies. If another entity has existing rights that provide that entity with the right to direct the relevant activities and that entity is not an agent of the investor, the investor does not have power over the investee.

B37 An investor does not have power over an investee, even though the investor holds the majority of the voting rights in the investee, when those voting rights are not substantive. For example, an investor that has more than half of the voting rights in an investee cannot have power if the relevant activities are subject to direction by a government, court, administrator, receiver, liquidator or regulator.

Power without a majority of the voting rights

B38 An investor can have power even if it holds less than a majority of the voting rights of an investee. An investor can have power with less than a majority of the voting rights of an investee, for example, through:

(a) a contractual arrangement between the investor and other vote holders (see paragraph B39);

(b) rights arising from other contractual arrangements (see paragraph B40);

(c) the investor's voting rights (see paragraphs B41–B45);

(d) potential voting rights (see paragraphs B47–B50); or

(e) a combination of (a)–(d).

Contractual arrangement with other vote holders

B39 A contractual arrangement between an investor and other vote holders can give the investor the right to exercise voting rights sufficient to give the investor power, even if the investor does not have voting rights sufficient to give it power without the contractual arrangement. However, a contractual arrangement might ensure that the investor can direct enough other vote holders on how to vote to enable the investor to make decisions about the relevant activities.

Rights from other contractual arrangements

B40 Other decision-making rights, in combination with voting rights, can give an investor the current ability to direct the relevant activities. For example, the rights specified in a contractual arrangement in combination with voting rights may be sufficient to give an investor the current ability to direct the manufacturing processes of an investee or to direct other operating or financing activities of an investee that significantly affect the investee's returns. However, in the absence of any other rights, economic dependence of an investee on the investor (such as relations of a supplier with its main customer) does not lead to the investor having power over the investee.

The investor's voting rights

B41 An investor with less than a majority of the voting rights has rights that are sufficient to give it power when the investor has the practical ability to direct the relevant activities unilaterally.

B42 When assessing whether an investor's voting rights are sufficient to give it power, an investor considers all facts and circumstances, including:

(a) the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders, noting that:

(i) the more voting rights an investor holds, the more likely the investor is to have existing rights that give it the current ability to direct the relevant activities;

(ii) the more voting rights an investor holds relative to other vote holders, the more likely the investor is to have existing rights that give it the current ability to direct the relevant activities;

(iii) the more parties that would need to act together to outvote the investor, the more likely the investor is to have existing rights that give it the current ability to direct the relevant activities;

(b) potential voting rights held by the investor, other vote holders or other parties (see paragraphs B47–B50);

(c) rights arising from other contractual arrangements (see paragraph B40); and

(d) any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

B43 When the direction of relevant activities is determined by majority vote and an investor holds significantly more voting rights than any other vote holder or organised group of vote holders, and the other shareholdings are widely dispersed, it may be clear, after considering the factors listed in paragraph B42(a)–(c) alone, that the investor has power over the investee.

Application examples
Example 4
An investor acquires 48 per cent of the voting rights of an investee. The remaining voting rights are held by thousands of shareholders, none individually holding more than 1 per cent of the voting rights. None of the shareholders has any arrangements to consult any of the others or make collective decisions. When assessing the proportion of voting rights to acquire, on the basis of the relative size of the other shareholdings, the investor determined that a 48 per cent interest would be sufficient to give it control. In this case, on the basis of the absolute size of its holding and the relative size of the other shareholdings, the investor concludes that it has a sufficiently dominant voting interest to meet the power criterion without the need to consider any other evidence of power.
Example 5
Investor A holds 40 per cent of the voting rights of an investee and twelve other investors each hold 5 per cent of the voting rights of the investee. A shareholder agreement grants investor A the right to appoint, remove and set the remuneration of management responsible for directing the relevant activities. To change the agreement, a two-thirds majority vote of the shareholders is required. In this case, investor A concludes that the absolute size of the investor's holding and the relative size of the other shareholdings alone are not conclusive in determining whether the investor has rights sufficient to give it power. However, investor A determines that its contractual right to appoint, remove and set the remuneration of management is sufficient to conclude that it has power over the investee. The fact that investor A might not have exercised this right or the likelihood of investor A exercising its right to select, appoint or remove management shall not be considered when assessing whether investor A has power.

B44 In other situations, it may be clear after considering the factors listed in paragraph B42(a)–(c) alone that an investor does not have power.

Application example
Example 6
Investor A holds 45 per cent of the voting rights of an investee. Two other investors each hold 26 per cent of the voting rights of the investee. The remaining voting rights are held by three other shareholders, each holding 1 per cent. There are no other arrangements that affect decision-making. In this case, the size of investor A's voting interest and its size relative to the other shareholdings are sufficient to conclude that investor A does not have power. Only two other investors would need to co-operate to be able to prevent investor A from directing the relevant activities of the investee.

B45 However, the factors listed in paragraph B42(a)–(c) alone may not be conclusive. If an investor, having considered those factors, is unclear whether it has power, it shall consider additional facts and circumstances, such as whether other shareholders are passive in nature as demonstrated by voting patterns at previous shareholders' meetings. This includes the assessment of the factors set out in paragraph B18 and the indicators in paragraphs B19 and B20. The fewer voting rights the investor holds, and the fewer parties that would need to act together to outvote the investor, the more reliance would be placed on the additional facts and circumstances to assess whether the investor's rights are sufficient to give it power.

When the facts and circumstances in paragraphs B18–B20 are considered together with the investor's rights, greater weight shall be given to the evidence of power in paragraph B18 than to the indicators of power in paragraphs B19 and B20.

Application examples
Example 7
An investor holds 45 per cent of the voting rights of an investee. Eleven other shareholders each hold 5 per cent of the voting rights of the investee. None of the shareholders has contractual arrangements to consult any of the others or make collective decisions. In this case, the absolute size of the investor's holding and the relative size of the other shareholdings alone are not conclusive in determining whether the investor has rights sufficient to give it power over the investee. Additional facts and circumstances that may provide evidence that the investor has, or does not have, power shall be considered.
Example 8
An investor holds 35 per cent of the voting rights of an investee. Three other shareholders each hold 5 per cent of the voting rights of the investee. The remaining voting rights are held by numerous other shareholders, none individually holding more than 1 per cent of the voting rights. None of the shareholders has arrangements to consult any of the others or make collective decisions. Decisions about the relevant activities of the investee require the approval of a majority of votes cast at relevant shareholders' meetings — 75 per cent of the voting rights of the investee have been cast at recent relevant shareholders' meetings. In this case, the active participation of the other shareholders at recent shareholders' meetings indicates that the investor would not have the practical ability to direct the relevant activities unilaterally, regardless of whether the investor has directed the relevant activities because a sufficient number of other shareholders voted in the same way as the investor.

B46 If it is not clear, having considered the factors listed in paragraph B42(a)–(d), that the investor has power, the investor does not control the investee.

Potential voting rights

B47 When assessing control, an investor considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has power. Potential voting rights are rights to obtain voting rights of an investee, such as those arising from convertible instruments or options, including forward contracts. Those potential voting rights are considered only if the rights are substantive (see paragraphs B22–B25).

B48 When considering potential voting rights, an investor shall consider the purpose and design of the instrument, as well as the purpose and design of any other involvement the investor has with the investee. This includes an assessment of the various terms and conditions of the instrument as well as the investor's apparent expectations, motives and reasons for agreeing to those terms and conditions.

B49 If the investor also has voting or other decision-making rights relating to the investee's activities, the investor assesses whether those rights, in combination with potential voting rights, give the investor power.

B50 Substantive potential voting rights alone, or in combination with other rights, can give an investor the current ability to direct the relevant activities. For example, this is likely to be the case when an investor holds 40 per cent of the voting rights of an investee and, in accordance with paragraph B23, holds substantive rights arising from options to acquire a further 20 per cent of the voting rights.

Application examples
Example 9
Investor A holds 70 per cent of the voting rights of an investee. Investor B has 30 per cent of the voting rights of the investee as well as an option to acquire half of investor A's voting rights. The option is exercisable for the next two years at a fixed price that is deeply out of the money (and is expected to remain so for that two-year period). Investor A has been exercising its votes and is actively directing the relevant activities of the investee. In such a case, investor A is likely to meet the power criterion because it appears to have the current ability to direct the relevant activities. Although investor B has currently exercisable options to purchase additional voting rights (that, if exercised, would give it a majority of the voting rights in the investee), the terms and conditions associated with those options are such that the options are not considered substantive.
Example 10
Investor A and two other investors each hold a third of the voting rights of an investee. The investee's business activity is closely related to investor A. In addition to its equity instruments, investor A also holds debt instruments that are convertible into ordinary shares of the investee at any time for a fixed price that is out of the money (but not deeply out

of the money). If the debt were converted, investor A would hold 60 per cent of the voting rights of the investee. Investor A would benefit from realising synergies if the debt instruments were converted into ordinary shares. Investor A has power over the investee because it holds voting rights of the investee together with substantive potential voting rights that give it the current ability to direct the relevant activities.

Power when voting or similar rights do not have a significant effect on the investee's returns

B51 In assessing the purpose and design of an investee (see paragraphs B5–B8), an investor shall consider the involvement and decisions made at the investee's inception as part of its design and evaluate whether the transaction terms and features of the involvement provide the investor with rights that are sufficient to give it power. Being involved in the design of an investee alone is not sufficient to give an investor control. However, involvement in the design may indicate that the investor had the opportunity to obtain rights that are sufficient to give it power over the investee.

B52 In addition, an investor shall consider contractual arrangements such as call rights, put rights and liquidation rights established at the investee's inception. When these contractual arrangements involve activities that are closely related to the investee, then these activities are, in substance, an integral part of the investee's overall activities, even though they may occur outside the legal boundaries of the investee. Therefore, explicit or implicit decision-making rights embedded in contractual arrangements that are closely related to the investee need to be considered as relevant activities when determining power over the investee.

B53 For some investees, relevant activities occur only when particular circumstances arise or events occur. The investee may be designed so that the direction of its activities and its returns are predetermined unless and until those particular circumstances arise or events occur. In this case, only the decisions about the investee's activities when those circumstances or events occur can significantly affect its returns and thus be relevant activities. The circumstances or events need not have occurred for an investor with the ability to make those decisions to have power. The fact that the right to make decisions is contingent on circumstances arising or an event occurring does not, in itself, make those rights protective.

Application examples
Example 11
An investee's only business activity, as specified in its founding documents, is to purchase receivables and service them on a day-to-day basis for its investors. The servicing on a day-to-day basis includes the collection and passing on of principal and interest payments as they fall due. Upon default of a receivable the investee automatically puts the receivable to an investor as agreed separately in a put agreement between the investor and the investee. The only relevant activity is managing the receivables upon default because it is the only activity that can significantly affect the investee's returns. Managing the receivables before default is not a relevant activity because it does not require substantive decisions to be made that could significantly affect the investee's returns — the activities before default are predetermined and amount only to collecting cash flows as they fall due and passing them on to investors. Therefore, only the investor's right to manage the assets upon default should be considered when assessing the overall activities of the investee that significantly affect the investee's returns. In this example, the design of the investee ensures that the investor has decision-making authority over the activities that significantly affect the returns at the only time that such decision-making authority is required. The terms of the put agreement are integral to the overall transaction and the establishment of the investee. Therefore, the terms of the put agreement together with the founding documents of the investee lead to the conclusion that the investor has power over the investee even though the investor takes ownership of the receivables only upon default and manages the defaulted receivables outside the legal boundaries of the investee.
Example 12
The only assets of an investee are receivables. When the purpose and design of the investee are considered, it is determined that the only relevant activity is managing the receivables upon default. The party that has the ability to manage the defaulting receivables has power over the investee, irrespective of whether any of the borrowers have defaulted.

B54 An investor may have an explicit or implicit commitment to ensure that an investee continues to operate as designed. Such a commitment may increase the investor's exposure to variability of returns and thus increase the incentive for the investor to obtain rights sufficient to give it power. Therefore a commitment to ensure that an investee operates as designed may be an indicator that the investor has power, but does not, by itself, give an investor power, nor does it prevent another party from having power.

Exposure, or rights, to variable returns from an investee

B55 When assessing whether an investor has control of an investee, the investor determines whether it is exposed, or has rights, to variable returns from its involvement with the investee.

B56 Variable returns are returns that are not fixed and have the potential to vary as a result of the performance of an investee. Variable returns can be only positive, only negative or both positive and negative (see paragraph 15). An investor assesses whether returns from an investee are variable and how variable those returns are on the basis of the substance of the arrangement and regardless of the legal form of the returns. For example, an investor can hold a bond with fixed interest payments. The fixed interest payments are variable returns for the purpose of this IFRS because they are subject to default risk and they expose the investor to the credit risk of the issuer of the bond. The amount of variability (ie how variable those returns are) depends on the credit risk of the bond. Similarly, fixed performance fees for managing an investee's assets are variable returns because they expose the investor to the performance risk of the investee. The amount of variability depends on the investee's ability to generate sufficient income to pay the fee.

B57 Examples of returns include:

(a) dividends, other distributions of economic benefits from an investee (eg interest from debt securities issued by the investee) and changes in the value of the investor's investment in that investee.

(b) remuneration for servicing an investee's assets or liabilities, fees and exposure to loss from providing credit or liquidity support, residual interests in the investee's assets and liabilities on liquidation of that investee, tax benefits, and access to future liquidity that an investor has from its involvement with an investee.

(c) returns that are not available to other interest holders. For example, an investor might use its assets in combination with the assets of the investee, such as combining operating functions to achieve economies of scale, cost savings, sourcing scarce products, gaining access to proprietary knowledge or limiting some operations or assets, to enhance the value of the investor's other assets.

Link between power and returns

Delegated power

B58 When an investor with decision-making rights (a decision maker) assesses whether it controls an investee, it shall determine whether it is a principal or an agent. An investor shall also determine whether another entity with decision-making rights is acting as an agent for the investor. An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority (see paragraphs 17 and 18). Thus, sometimes a principal's power may be held and exercisable by an agent, but on behalf of the principal. A decision maker is not an agent simply because other parties can benefit from the decisions that it makes.

B59 An investor may delegate its decision-making authority to an agent on some specific issues or on all relevant activities. When assessing whether it controls an investee, the investor shall treat the decision-making rights delegated to its agent as held by the investor directly. In situations where there is more than one principal, each of the principals shall assess whether it has power over the investee by considering the requirements in paragraphs B5–B54. Paragraphs B60–B72 provide guidance on determining whether a decision maker is an agent or a principal.

B60 A decision maker shall consider the overall relationship between itself, the investee being managed and other parties involved with the investee, in particular all the factors below, in determining whether it is an agent:

(a) the scope of its decision-making authority over the investee (paragraphs B62 and B63).

(b) the rights held by other parties (paragraphs B64–B67).

(c) the remuneration to which it is entitled in accordance with the remuneration agreement(s) (paragraphs B68–B70).

(d) the decision maker's exposure to variability of returns from other interests that it holds in the investee (paragraphs B71 and B72).

Different weightings shall be applied to each of the factors on the basis of particular facts and circumstances.

B61 Determining whether a decision maker is an agent requires an evaluation of all the factors listed in paragraph B60 unless a single party holds substantive rights to remove the decision maker (removal rights) and can remove the decision maker without cause (see paragraph B65).

The scope of the decision-making authority

B62 The scope of a decision maker's decision-making authority is evaluated by considering:

(a) the activities that are permitted according to the decision-making agreement(s) and specified by law, and

(b) the discretion that the decision maker has when making decisions about those activities.

B63 A decision maker shall consider the purpose and design of the investee, the risks to which the investee was designed to be exposed, the risks it was designed to pass on to the parties involved and the level of involvement the decision maker had in the design of an investee. For example, if a decision maker is significantly involved in the design of the investee (including in determining the scope of decision-making authority), that involvement may indicate that the decision maker had the opportunity and incentive to obtain rights that result in the decision maker having the ability to direct the relevant activities.

Rights held by other parties

B64 Substantive rights held by other parties may affect the decision maker's ability to direct the relevant activities of an investee. Substantive removal or other rights may indicate that the decision maker is an agent.

B65 When a single party holds substantive removal rights and can remove the decision maker without cause, this, in isolation, is sufficient to conclude that the decision maker is an agent. If more than one party holds such rights (and no individual party can remove the decision maker without the agreement of other parties) those rights are not, in isolation, conclusive in determining that a decision maker acts primarily on behalf and for the benefit of others. In addition, the greater the number of parties required to act together to exercise rights to remove a decision maker and the greater the magnitude of, and variability associated with, the decision maker's other economic interests (ie remuneration and other interests), the less the weighting that shall be placed on this factor.

B66 Substantive rights held by other parties that restrict a decision maker's discretion shall be considered in a similar manner to removal rights when evaluating whether the decision maker is an agent. For example, a decision maker that is required to obtain approval from a small number of other parties for its actions is generally an agent. (See paragraphs B22–B25 for additional guidance on rights and whether they are substantive.)

B67 Consideration of the rights held by other parties shall include an assessment of any rights exercisable by an investee's board of directors (or other governing body) and their effect on the decision-making authority (see paragraph B23(b)).

Remuneration

B68 The greater the magnitude of, and variability associated with, the decision maker's remuneration relative to the returns expected from the activities of the investee, the more likely the decision maker is a principal.

B69 In determining whether it is a principal or an agent the decision maker shall also consider whether the following conditions exist:

(a) The remuneration of the decision maker is commensurate with the services provided.

(b) The remuneration agreement includes only terms, conditions or amounts that are customarily present in arrangements for similar services and level of skills negotiated on an arm's length basis.

B70 A decision maker cannot be an agent unless the conditions set out in paragraph B69(a) and (b) are present. However, meeting those conditions in isolation is not sufficient to conclude that a decision maker is an agent.

Exposure to variability of returns from other interests

B71 A decision maker that holds other interests in an investee (eg investments in the investee or provides guarantees with respect to the performance of the investee), shall consider its exposure to variability of returns from those interests in assessing whether it is an agent. Holding other interests in an investee indicates that the decision maker may be a principal.

B72 In evaluating its exposure to variability of returns from other interests in the investee a decision maker shall consider the following:

(a) the greater the magnitude of, and variability associated with, its economic interests, considering its remuneration and other interests in aggregate, the more likely the decision maker is a principal.

(b) whether its exposure to variability of returns is different from that of the other investors and, if so, whether this might influence its actions. For example, this might be the case when a decision maker holds subordinated interests in, or provides other forms of credit enhancement to, an investee.

The decision maker shall evaluate its exposure relative to the total variability of returns of the investee. This evaluation is made primarily on the basis of returns expected from the activities of the investee but shall not ignore the decision maker's maximum exposure to variability of returns of the investee through other interests that the decision maker holds.

Application examples
Example 13
A decision maker (fund manager) establishes, markets and manages a publicly traded, regulated fund according to narrowly defined parameters set out in the investment mandate as required by its local laws and regulations. The fund was marketed to investors as an investment in a diversified portfolio of equity securities of publicly traded entities. Within the defined parameters, the fund manager has discretion about the assets in which to invest. The fund manager has made a 10 per cent pro rata investment in the fund and receives a market-based fee for its services equal to 1 per cent of the net asset value of the fund. The fees are commensurate with the services provided. The fund manager does not have any obligation to fund losses beyond its 10 per cent investment. The fund is not required to establish, and has not established, an independent board of directors. The investors do not hold any substantive rights that would affect the decision-making authority of the fund manager, but can redeem their interests within particular limits set by the fund.
Although operating within the parameters set out in the investment mandate and in accordance with the regulatory

requirements, the fund manager has decision-making rights that give it the current ability to direct the relevant activities of the fund — the investors do not hold substantive rights that could affect the fund manager's decision-making authority. The fund manager receives a market-based fee for its services that is commensurate with the services provided and has also made a pro rata investment in the fund. The remuneration and its investment expose the fund manager to variability of returns from the activities of the fund without creating exposure that is of such significance that it indicates that the fund manager is a principal.
In this example, consideration of the fund manager's exposure to variability of returns from the fund together with its decision-making authority within restricted parameters indicates that the fund manager is an agent. Thus, the fund manager concludes that it does not control the fund.
Example 14
A decision maker establishes, markets and manages a fund that provides investment opportunities to a number of investors. The decision maker (fund manager) must make decisions in the best interests of all investors and in accordance with the fund's governing agreements. Nonetheless, the fund manager has wide decision-making discretion. The fund manager receives a market-based fee for its services equal to 1 per cent of assets under management and 20 per cent of all the fund's profits if a specified profit level is achieved. The fees are commensurate with the services provided.
Although it must make decisions in the best interests of all investors, the fund manager has extensive decision-making authority to direct the relevant activities of the fund. The fund manager is paid fixed and performance-related fees that are commensurate with the services provided. In addition, the remuneration aligns the interests of the fund manager with those of the other investors to increase the value of the fund, without creating exposure to variability of returns from the activities of the fund that is of such significance that the remuneration, when considered in isolation, indicates that the fund manager is a principal.
The above fact pattern and analysis applies to examples 14A–14C described below. Each example is considered in isolation.
Example 14A
The fund manager also has a 2 per cent investment in the fund that aligns its interests with those of the other investors. The fund manager does not have any obligation to fund losses beyond its 2 per cent investment. The investors can remove the fund manager by a simple majority vote, but only for breach of contract.
The fund manager's 2 per cent investment increases its exposure to variability of returns from the activities of the fund without creating exposure that is of such significance that it indicates that the fund manager is a principal. The other investors' rights to remove the fund manager are considered to be protective rights because they are exercisable only for breach of contract. In this example, although the fund manager has extensive decision-making authority and is exposed to variability of returns from its interest and remuneration, the fund manager's exposure indicates that the fund manager is an agent. Thus, the fund manager concludes that it does not control the fund.
Example 14B
The fund manager has a more substantial pro rata investment in the fund, but does not have any obligation to fund losses beyond that investment. The investors can remove the fund manager by a simple majority vote, but only for breach of contract.
In this example, the other investors' rights to remove the fund manager are considered to be protective rights because they are exercisable only for breach of contract. Although the fund manager is paid fixed and performance-related fees that are commensurate with the services provided, the combination of the fund manager's investment together with its remuneration could create exposure to variability of returns from the activities of the fund that is of such significance that it indicates that the fund manager is a principal. The greater the magnitude of, and variability associated with, the fund manager's economic interests (considering its remuneration and other interests in aggregate), the more emphasis the fund manager would place on those economic interests in the analysis, and the more likely the fund manager is a principal.
For example, having considered its remuneration and the other factors, the fund manager might consider a 20 per cent investment to be sufficient to conclude that it controls the fund. However, in different circumstances (ie if the remuneration or other factors are different), control may arise when the level of investment is different.
Example 14C

The fund manager has a 20 per cent pro rata investment in the fund, but does not have any obligation to fund losses beyond its 20 per cent investment. The fund has a board of directors, all of whose members are independent of the fund manager and are appointed by the other investors. The board appoints the fund manager annually. If the board decided not to renew the fund manager's contract, the services performed by the fund manager could be performed by other managers in the industry.
Although the fund manager is paid fixed and performance-related fees that are commensurate with the services provided, the combination of the fund manager's 20 per cent investment together with its remuneration creates exposure to variability of returns from the activities of the fund that is of such significance that it indicates that the fund manager is a principal. However, the investors have substantive rights to remove the fund manager — the board of directors provides a mechanism to ensure that the investors can remove the fund manager if they decide to do so.
In this example, the fund manager places greater emphasis on the substantive removal rights in the analysis. Thus, although the fund manager has extensive decision-making authority and is exposed to variability of returns of the fund from its remuneration and investment, the substantive rights held by the other investors indicate that the fund manager is an agent. Thus, the fund manager concludes that it does not control the fund.
Example 15
An investee is created to purchase a portfolio of fixed rate asset-backed securities, funded by fixed rate debt instruments and equity instruments. The equity instruments are designed to provide first loss protection to the debt investors and receive any residual returns of the investee. The transaction was marketed to potential debt investors as an investment in a portfolio of asset-backed securities with exposure to the credit risk associated with the possible default of the issuers of the asset-backed securities in the portfolio and to the interest rate risk associated with the management of the portfolio. On formation, the equity instruments represent 10 per cent of the value of the assets purchased. A decision maker (the asset manager) manages the active asset portfolio by making investment decisions within the parameters set out in the investee's prospectus. For those services, the asset manager receives a market-based fixed fee (ie 1 per cent of assets under management) and performance-related fees (ie 10 per cent of profits) if the investee's profits exceed a specified level. The fees are commensurate with the services provided. The asset manager holds 35 per cent of the equity in the investee. The remaining 65 per cent of the equity, and all the debt instruments, are held by a large number of widely dispersed unrelated third party investors. The asset manager can be removed, without cause, by a simple majority decision of the other investors.
The asset manager is paid fixed and performance-related fees that are commensurate with the services provided. The remuneration aligns the interests of the fund manager with those of the other investors to increase the value of the fund. The asset manager has exposure to variability of returns from the activities of the fund because it holds 35 per cent of the equity and from its remuneration.
Although operating within the parameters set out in the investee's prospectus, the asset manager has the current ability to make investment decisions that significantly affect the investee's returns — the removal rights held by the other investors receive little weighting in the analysis because those rights are held by a large number of widely dispersed investors. In this example, the asset manager places greater emphasis on its exposure to variability of returns of the fund from its equity interest, which is subordinate to the debt instruments. Holding 35 per cent of the equity creates subordinated exposure to losses and rights to returns of the investee, which are of such significance that it indicates that the asset manager is a principal. Thus, the asset manager concludes that it controls the investee.
Example 16
A decision maker (the sponsor) sponsors a multi-seller conduit, which issues short-term debt instruments to unrelated third party investors. The transaction was marketed to potential investors as an investment in a portfolio of highly rated medium-term assets with minimal exposure to the credit risk associated with the possible default by the issuers of the assets in the portfolio. Various transferors sell high quality medium-term asset portfolios to the conduit. Each transferor services the portfolio of assets that it sells to the conduit and manages receivables on default for a market-based servicing fee. Each transferor also provides first loss protection against credit losses from its asset portfolio through over-collateralisation of the assets transferred to the conduit. The sponsor establishes the terms of the conduit and manages the operations of the conduit for a market-based fee. The fee is commensurate with the services provided. The sponsor approves the sellers permitted to sell to the conduit, approves the assets to be purchased by the conduit and makes decisions about the funding of the conduit. The sponsor must act in the best interests of all investors.
The sponsor is entitled to any residual return of the conduit and also provides credit enhancement and liquidity facilities to the conduit. The credit enhancement provided by the sponsor absorbs losses of up to 5 per cent of all of the conduit's assets, after losses are absorbed by the transferors. The liquidity facilities are not advanced against defaulted assets. The investors do not hold substantive rights that could affect the decision-making authority of the sponsor.

Even though the sponsor is paid a market-based fee for its services that is commensurate with the services provided, the sponsor has exposure to variability of returns from the activities of the conduit because of its rights to any residual returns of the conduit and the provision of credit enhancement and liquidity facilities (ie the conduit is exposed to liquidity risk by using short-term debt instruments to fund medium-term assets). Even though each of the transferors has decision-making rights that affect the value of the assets of the conduit, the sponsor has extensive decision-making authority that gives it the current ability to direct the activities that *most* significantly affect the conduit's returns (ie the sponsor established the terms of the conduit, has the right to make decisions about the assets (approving the assets purchased and the transferors of those assets) and the funding of the conduit (for which new investment must be found on a regular basis)). The right to residual returns of the conduit and the provision of credit enhancement and liquidity facilities expose the sponsor to variability of returns from the activities of the conduit that is different from that of the other investors. Accordingly, that exposure indicates that the sponsor is a principal and thus the sponsor concludes that it controls the conduit. The sponsor's obligation to act in the best interest of all investors does not prevent the sponsor from being a principal.

Relationship with other parties

B73 When assessing control, an investor shall consider the nature of its relationship with other parties and whether those other parties are acting on the investor's behalf (ie they are 'de facto agents'). The determination of whether other parties are acting as de facto agents requires judgement, considering not only the nature of the relationship but also how those parties interact with each other and the investor.

B74 Such a relationship need not involve a contractual arrangement. A party is a de facto agent when the investor has, or those that direct the activities of the investor have, the ability to direct that party to act on the investor's behalf. In these circumstances, the investor shall consider its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns through the de facto agent together with its own when assessing control of an investee.

B75 The following are examples of such other parties that, by the nature of their relationship, might act as de facto agents for the investor:

(a) the investor's related parties.

(b) a party that received its interest in the investee as a contribution or loan from the investor.

(c) a party that has agreed not to sell, transfer or encumber its interests in the investee without the investor's prior approval (except for situations in which the investor and the other party have the right of prior approval and the rights are based on mutually agreed terms by willing independent parties).

(d) a party that cannot finance its operations without subordinated financial support from the investor.

(e) an investee for which the majority of the members of its governing body or for which its key management personnel are the same as those of the investor.

(f) a party that has a close business relationship with the investor, such as the relationship between a professional service provider and one of its significant clients.

Control of specified assets

B76 An investor shall consider whether it treats a portion of an investee as a deemed separate entity and, if so, whether it controls the deemed separate entity.

B77 An investor shall treat a portion of an investee as a deemed separate entity if and only if the following condition is satisfied:

> Specified assets of the investee (and related credit enhancements, if any) are the only source of payment for specified liabilities of, or specified other interests in, the investee. Parties other than those with the specified liability do not have rights or obligations related to the specified assets or to residual cash flows from those assets. In substance, none of the returns from the specified assets can be used by the remaining investee and none of the liabilities of the deemed separate entity are payable from the assets of the remaining investee. Thus, in substance, all the assets, liabilities and equity of that deemed separate entity are ring-fenced from the overall investee. Such a deemed separate entity is often called a 'silo'.

B78 When the condition in paragraph B77 is satisfied, an investor shall identify the activities that significantly affect the returns of the deemed separate entity and how those activities are directed in order to assess whether it has power over that portion of the investee. When assessing control of the deemed separate entity, the investor shall also consider whether it has exposure or rights to variable returns from its involvement with that deemed separate entity and the ability to use its power over that portion of the investee to affect the amount of the investor's returns.

B79 If the investor controls the deemed separate entity, the investor shall consolidate that portion of the investee. In that case, other parties exclude that portion of the investee when assessing control of, and in consolidating, the investee.

Continuous assessment

B80 An investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in paragraph 7.

B81 If there is a change in how power over an investee can be exercised, that change must be reflected in how an investor assesses its power over an investee. For example, changes to decision-making rights can mean that the relevant activities are no longer directed through voting rights, but instead other agreements, such as contracts, give another party or parties the current ability to direct the relevant activities.

B82 An event can cause an investor to gain or lose power over an investee without the investor being involved in that event. For example, an investor can gain power over an investee because decision-making rights held by another party or parties that previously prevented the investor from controlling an investee have lapsed.

B83 An investor also considers changes affecting its exposure, or rights, to variable returns from its involvement with an investee. For example, an investor that has power over an investee can lose control of an investee if the investor ceases to be entitled to receive returns or to be exposed to obligations, because the investor would fail to satisfy paragraph 7(b) (eg if a contract to receive performance-related fees is terminated).

B84 An investor shall consider whether its assessment that it acts as an agent or a principal has changed. Changes in the overall relationship between the investor and other parties can mean that an investor no longer acts as an agent, even though it has previously acted as an agent, and vice versa. For example, if changes to the rights of the investor, or of other parties, occur, the investor shall reconsider its status as a principal or an agent.

B85 An investor's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (eg a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed in paragraph 7 or changes the overall relationship between a principal and an agent.

Determining whether an entity is an investment entity

B85A An entity shall consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. An entity that possesses the three elements of the definition of an investment entity set out in paragraph 27 is an investment entity. Paragraphs B85B–B85M describe the elements of the definition in more detail.

Business purpose

B85B The definition of an investment entity requires that the purpose of the entity is to invest solely for capital appreciation, investment income (such as dividends, interest or rental income), or both. Documents that indicate what the entity's investment objectives are, such as the entity's offering memorandum, publications distributed by the entity and other corporate or partnership documents, will typically provide evidence of an investment entity's business purpose. Further evidence may include the manner in which the entity presents itself to other parties (such as potential investors or potential investees); for example, an entity may present its business as providing medium-term investment for capital appreciation. In contrast, an entity that presents itself as an investor whose objective is to jointly develop, produce or market products with its investees has a business purpose that is inconsistent with the business purpose of an investment entity, because the entity will earn returns from the development, production or marketing activity as well as from its investments (see paragraph B85I).

B85C An investment entity may provide investment-related services (eg investment advisory services, investment management, investment support and administrative services), either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity, subject to the entity continuing to meet the definition of an investment entity.

B85D An investment entity may also participate in the following investment-related activities, either directly or through a subsidiary, if these activities are undertaken to maximise the investment return (capital appreciation or investment income) from its investees and do not represent a separate substantial business activity or a separate substantial source of income to the investment entity:

(a) providing management services and strategic advice to an investee; and

(b) providing financial support to an investee, such as a loan, capital commitment or guarantee.

B85E If an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services or activities that relate to the investment entity's investment activities, such as those described in paragraphs B85C–B85D, to the entity or other parties, it shall consolidate that subsidiary in accordance with paragraph 32. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent shall measure that subsidiary at fair value through profit or loss in accordance with paragraph 31.

Exit strategies

B85F An entity's investment plans also provide evidence of its business purpose. One feature that differentiates an investment entity from other entities is that an investment entity does not plan to hold its investments indefinitely; it holds them for a limited period. Because equity investments and non-financial asset investments have the potential to be held indefinitely, an investment entity shall have an exit strategy documenting how the entity plans to realise capital appreciation from substantially all of its equity investments and non-financial asset investments. An investment entity shall also have an exit strategy for any debt instruments that have the potential to be held indefinitely, for example perpetual debt investments. The entity need not document specific exit strategies for each individual investment but shall identify different potential strategies for different types or portfolios of investments, including a substantive time frame for exiting the investments. Exit mechanisms that are only put in place for default events, such as a breach of contract or non-performance, are not considered exit strategies for the purpose of this assessment.

B85G Exit strategies can vary by type of investment. For investments in private equity securities, examples of exit strategies include an initial public offering, a private placement, a trade sale of a business, distributions (to investors) of ownership interests in investees and sales of assets (including the sale of an investee's assets followed by a liquidation of the investee). For equity investments that are traded in a public market, examples of exit strategies include selling the investment in a private placement or in a public market. For real estate investments, an example of an exit strategy includes the sale of the real estate through specialised property dealers or the open market.

B85H An investment entity may have an investment in another investment entity that is formed in connection with the entity for legal, regulatory, tax or similar business reasons. In this case, the investment entity investor need not have an exit strategy for that investment, provided that the investment entity investee has appropriate exit strategies for its investments.

Earnings from investments

B85I An entity is not investing solely for capital appreciation, investment income, or both, if the entity or another member of the group containing the entity (ie the group that is controlled by the investment entity's ultimate parent) obtains, or has the objective of obtaining, other benefits from the entity's investments that are not available to other parties that are not related to the investee. Such benefits include:

(a) the acquisition, use, exchange or exploitation of the processes, assets or technology of an investee. This would include the entity or another group member having disproportionate, or exclusive, rights to acquire assets, technology, products or services of any investee; for example, by holding an option to purchase an asset from an investee if the asset's development is deemed successful;

(b) joint arrangements (as defined in IFRS 11) or other agreements between the entity or another group member and an investee to develop, produce, market or provide products or services;

(c) financial guarantees or assets provided by an investee to serve as collateral for borrowing arrangements of the entity or another group member (however, an investment entity would still be able to use an investment in an investee as collateral for any of its borrowings);

(d) an option held by a related party of the entity to purchase, from that entity or another group member, an ownership interest in an investee of the entity;

(e) except as described in paragraph B85J, transactions between the entity or another group member and an investee that:

(i) are on terms that are unavailable to entities that are not related parties of either the entity, another group member or the investee;

(ii) are not at fair value; or

(iii) represent a substantial portion of the investee's or the entity's business activity, including business activities of other group entities.

B85J An investment entity may have a strategy to invest in more than one investee in the same industry, market or geographical area in order to benefit from synergies that increase the capital appreciation and investment income from those investees. Notwithstanding paragraph B85I(e), an entity is not disqualified from being classified as an investment entity merely because such investees trade with each other.

Fair value measurement

B85K An essential element of the definition of an investment entity is that it measures and evaluates the performance of substantially all of its investments on a fair value basis, because using fair value results in more relevant information than, for example, consolidating its subsidiaries or using the equity method for its interests in associates or joint ventures. In order to demonstrate that it meets this element of the definition, an investment entity:

(a) provides investors with fair value information and measures substantially all of its investments at fair value in its financial statements whenever fair value is required or permitted in accordance with IFRSs; and

(b) reports fair value information internally to the entity's key management personnel (as defined in IAS 24), who use fair value as the primary measurement attribute to evaluate the performance of substantially all of its investments and to make investment decisions.

B85L In order to meet the requirement in B85K(a), an investment entity would:

(a) elect to account for any investment property using the fair value model in IAS 40 *Investment Property*;

(b) elect the exemption from applying the equity method in IAS 28 for its investments in associates and joint ventures; and

(c) measure its financial assets at fair value using the requirements in IFRS 9.

B85M An investment entity may have some non-investment assets, such as a head office property and related equipment, and may also have financial liabilities. The fair value measurement element of the definition of an investment entity in paragraph 27(c) applies to an investment entity's investments. Accordingly, an investment entity need not measure its non-investment assets or its liabilities at fair value.

Typical characteristics of an investment entity

B85N In determining whether it meets the definition of an investment entity, an entity shall consider whether it displays the typical characteristics of one (see paragraph 28). The absence of one or more of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity but indicates that additional judgement is required in determining whether the entity is an investment entity.

More than one investment

B85O An investment entity typically holds several investments to diversify its risk and maximise its returns. An entity may hold a portfolio of investments directly or indirectly, for example by holding a single investment in another investment entity that itself holds several investments.

B85P There may be times when the entity holds a single investment. However, holding a single investment does not necessarily prevent an entity from meeting the definition of an investment entity. For example, an investment entity may hold only a single investment when the entity:

(a) is in its start-up period and has not yet identified suitable investments and, therefore, has not yet executed its investment plan to acquire several investments;

(b) has not yet made other investments to replace those it has disposed of;

(c) is established to pool investors' funds to invest in a single investment when that investment is unobtainable by individual investors (eg when the required minimum investment is too high for an individual investor); or

(d) is in the process of liquidation.

More than one investor

B85Q Typically, an investment entity would have several investors who pool their funds to gain access to investment management services and investment opportunities that they might not have had access to individually. Having several investors would make it less likely that the entity, or other members of the group containing the entity, would obtain benefits other than capital appreciation or investment income (see paragraph B85I).

B85R Alternatively, an investment entity may be formed by, or for, a single investor that represents or supports the interests of a wider group of investors (eg a pension fund, government investment fund or family trust).

B85S There may also be times when the entity temporarily has a single investor. For example, an investment entity may have only a single investor when the entity:

(a) is within its initial offering period, which has not expired and the entity is actively identifying suitable investors;

(b) has not yet identified suitable investors to replace ownership interests that have been redeemed; or

(c) is in the process of liquidation.

Unrelated investors

B85T Typically, an investment entity has several investors that are not related parties (as defined in IAS 24) of the entity or other members of the group containing the entity. Having unrelated investors would make it less likely that the entity, or other members of the group containing the entity, would obtain benefits other than capital appreciation or investment income (see paragraph B85I).

B85U However, an entity may still qualify as an investment entity even though its investors are related to the entity. For example, an investment entity may set up a separate 'parallel' fund for a group of its employees (such as key management personnel) or other related party investor(s), which mirrors the investments of the entity's main investment fund. This 'parallel' fund may qualify as an investment entity even though all of its investors are related parties.

Ownership interests

B85V An investment entity is typically, but is not required to be, a separate legal entity. Ownership interests in an investment entity are typically in the form of equity or similar interests (eg partnership interests), to which proportionate shares of the net assets of the investment entity are attributed. However, having different classes of investors, some of which have rights only to a specific investment or groups of investments or which have different proportionate shares of the net assets, does not preclude an entity from being an investment entity.

B85W In addition, an entity that has significant ownership interests in the form of debt that, in accordance with other applicable IFRSs, does not meet the definition of equity, may still qualify as an investment entity, provided that the debt holders are exposed to variable returns from changes in the fair value of the entity's net assets.

Accounting requirements

Consolidation procedures

B86 Consolidated financial statements:

(a) combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

(b) offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary (IFRS 3 explains how to account for any related goodwill).

(c) eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. IAS 12 *Income Taxes* applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Uniform accounting policies

B87 If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Measurement

B88 An entity includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the entity ceases to control the subsidiary. Income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date. For example, depreciation expense recognised in the consolidated statement of comprehensive income after the acquisition date is based on the fair values of the related depreciable assets recognised in the consolidated financial statements at the acquisition date.

Potential voting rights

B89 When potential voting rights, or other derivatives containing potential voting rights, exist, the proportion of profit or loss and changes in equity allocated to the parent and non-controlling interests in preparing consolidated financial statements is determined solely on the basis of existing ownership interests and does not reflect the possible exercise or conversion of potential voting rights and other derivatives, unless paragraph B90 applies.

B90 In some circumstances an entity has, in substance, an existing ownership interest as a result of a transaction that currently gives the entity access to the returns associated with an ownership interest. In such circumstances, the proportion allocated to the parent and non-controlling interests in preparing consolidated financial statements is determined by taking into account the eventual exercise of those potential voting rights and other derivatives that currently give the entity access to the returns.

B91 IFRS 9 does not apply to interests in subsidiaries that are consolidated. When instruments containing potential voting rights in substance currently give access to the returns associated with an ownership interest in a subsidiary, the instruments are not subject to the requirements of IFRS 9. In all other cases, instruments containing potential voting rights in a subsidiary are accounted for in accordance with IFRS 9.

Reporting date

B92 The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall have the same reporting date. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

B93 If it is impracticable to do so, the parent shall consolidate the financial information of the subsidiary using the most recent financial statements of the subsidiary adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements. In any case, the difference between the date of the subsidiary's financial statements and that of the consolidated financial statements shall be no more than three months, and the length of the reporting periods and any difference between the dates of the financial statements shall be the same from period to period.

Non-controlling interests

B94 An entity shall attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The entity shall also attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B95 If a subsidiary has outstanding cumulative preference shares that are classified as equity and are held by non-controlling interests, the entity shall compute its share of profit or loss after adjusting for the dividends on such shares, whether or not such dividends have been declared.

Changes in the proportion held by non-controlling interests

B96 When the proportion of the equity held by non-controlling interests changes, an entity shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The entity shall recognise directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

Loss of control

B97 A parent might lose control of a subsidiary in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction. In determining whether to account for the arrangements as a single transaction, a parent shall consider all the terms and conditions of the arrangements and their economic effects. One or more of the following indicate that the parent should account for the multiple arrangements as a single transaction:

(a) they are entered into at the same time or in contemplation of each other.

(b) they form a single transaction designed to achieve an overall commercial effect.

(c) the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement.

(d) one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. An example is when a disposal of shares is priced below market and is compensated for by a subsequent disposal priced above market.

B98 If a parent loses control of a subsidiary, it shall:

(a) derecognise:

(i) the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and

(ii) the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them).

(b) recognise:

(i) the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control;

(ii) if the transaction, event or circumstances that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution; and

(iii) any investment retained in the former subsidiary at its fair value at the date when control is lost.

(c) reclassify to profit or loss, or transfer directly to retained earnings if required by other IFRSs, the amounts recognised in other comprehensive income in relation to the subsidiary on the basis described in paragraph B99.

(d) recognise any resulting difference as a gain or loss in profit or loss attributable to the parent.

B99 If a parent loses control of a subsidiary, the parent shall account for all amounts previously recognised in other comprehensive income in relation to that subsidiary on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the parent shall reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses control of the subsidiary. If a revaluation surplus previously recognised in other comprehensive income would be transferred directly to retained earnings on the disposal of the asset, the parent shall transfer the revaluation surplus directly to retained earnings when it loses control of the subsidiary.

Accounting for a change in investment entity status

B100 When an entity ceases to be an investment entity, it shall apply IFRS 3 to any subsidiary that was previously measured at fair value through profit or loss in accordance with paragraph 31. The date of the change of status shall be the deemed acquisition date. The fair value of the subsidiary at the deemed acquisition date shall represent the transferred deemed consideration when measuring any goodwill or gain from a bargain purchase that arises from the deemed acquisition. All subsidiaries shall be consolidated in accordance with paragraphs 19–24 of this IFRS from the date of change of status.

B101 When an entity becomes an investment entity, it shall cease to consolidate its subsidiaries at the date of the change in status, except for any subsidiary that shall continue to be consolidated in accordance with paragraph 32. The investment entity shall apply the requirements of paragraphs 25 and 26 to those subsidiaries that it ceases to consolidate as though the investment entity had lost control of those subsidiaries at that date.

Appendix C
Effective date and transition

This appendix is an integral part of the IFRS and has the same authority as the other parts of the IFRS.

Effective date

C1 An entity shall apply this IFRS for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies this IFRS earlier, it shall disclose that fact and apply IFRS 11, IFRS 12, IAS 27 *Separate Financial Statements* and IAS 28 (as amended in 2011) at the same time.

C1A *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11 and IFRS 12), issued in June 2012, amended paragraphs C2–C6 and added paragraphs C2A–C2B, C4A–C4C, C5A and C6A–C6B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2013. If an entity applies IFRS 10 for an earlier period, it shall apply those amendments for that earlier period.

C1B *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27), issued in October 2012, amended paragraphs 2, 4, C2A, C6A and Appendix A and added paragraphs 27–33, B85A–B85W, B100–B101 and C3A–C3F. An entity shall apply those amendments for annual periods beginning on or after 1 January 2014. Early application is permitted. If an entity applies those amendments earlier, it shall disclose that fact and apply all amendments included in *Investment Entities* at the same time.

C1C [used in future updates]

C1D *Investment Entities: Applying the Consolidation Exception* (Amendments to IFRS 10, IFRS 12 and IAS 28), issued in December 2014, amended paragraphs 4, 32, B85C, B85E and C2A and added paragraphs 4A–4B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.

Transition

C2 An entity shall apply this IFRS retrospectively, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, except as specified in paragraphs C2A–C6.

C2A Notwithstanding the requirements of paragraph 28 of IAS 8, when this IFRS is first applied, and, if later, when the *Investment Entities* and *Investment Entities: Applying the Consolidation Exception* amendments to this IFRS are first applied, an entity need only present the quantitative information required by paragraph 28(f) of IAS 8 for the annual period immediately preceding the date of initial application of this IFRS (the 'immediately preceding period'). An entity may also present this information for the current period or for earlier comparative periods, but is not required to do so.

C2B For the purposes of this IFRS, the date of initial application is the beginning of the annual reporting period for which this IFRS is applied for the first time.

C3 At the date of initial application, an entity is not required to make adjustments to the previous accounting for its involvement with either:

(a) entities that would be consolidated at that date in accordance with IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation — Special Purpose Entities* and are still consolidated in accordance with this IFRS; or

(b) entities that would not be consolidated at that date in accordance with IAS 27 and SIC-12 and are not consolidated in accordance with this IFRS.

C3A At the date of initial application, an entity shall assess whether it is an investment entity on the basis of the facts and circumstances that exist at that date. If, at the date of initial application, an entity concludes that it is an investment entity, it shall apply the requirements of paragraphs C3B–C3F instead of paragraphs C5–C5A.

C3B Except for any subsidiary that is consolidated in accordance with paragraph 32 (to which paragraphs C3 and C6 or paragraphs C4–C4C, whichever is relevant, apply), an investment entity shall measure its investment in each subsidiary at fair value through profit or loss as if the requirements of this IFRS had always been effective. The investment entity shall retrospectively adjust both the annual period that immediately precedes the date of initial application and equity at the beginning of the immediately preceding period for any difference between:

(a) the previous carrying amount of the subsidiary; and

(b) the fair value of the investment entity's investment in the subsidiary.

The cumulative amount of any fair value adjustments previously recognised in other comprehensive income shall be transferred to retained earnings at the beginning of the annual period immediately preceding the date of initial application.

C3C Before the date that IFRS 13 *Fair Value Measurement* is adopted, an investment entity shall use the fair value amounts that were previously reported to investors or to management, if those amounts represent the amount for which the investment could have been exchanged between knowledgeable, willing parties in an arm's length transaction at the date of the valuation.

C3D If measuring an investment in a subsidiary in accordance with paragraphs C3B–C3C is impracticable (as defined in IAS 8), an investment entity shall apply the requirements of this IFRS at the beginning of the earliest period for which application of paragraphs C3B–C3C is practicable, which may be the current period. The investor shall retrospectively adjust the annual period that immediately precedes the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. If this is the case, the adjustment to equity shall be recognised at the beginning of the current period.

C3E If an investment entity has disposed of, or has lost control of, an investment in a subsidiary before the date of initial application of this IFRS, the investment entity is not required to make adjustments to the previous accounting for that subsidiary.

C3F If an entity applies the *Investment Entities* amendments for a period later than when it applies IFRS 10 for the first time, references to 'the date of initial application' in paragraphs C3A–C3E shall be read as 'the beginning of the annual reporting period for which the amendments in *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27), issued in October 2012, are applied for the first time.'

C4 If, at the date of initial application, an investor concludes that it shall consolidate an investee that was not consolidated in accordance with IAS 27 and SIC-12, the investor shall:

(a) if the investee is a business (as defined in IFRS 3 *Business Combinations*), measure the assets, liabilities and non-controlling interests in that previously unconsolidated investee as if that investee had been consolidated (and thus had applied acquisition accounting in accordance with IFRS 3) from the date when the investor obtained control of that investee on the basis of the requirements of this IFRS. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that control was obtained is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

(i) the amount of assets, liabilities and non-controlling interests recognised; and

(ii) the previous carrying amount of the investor's involvement with the investee.

(b) if the investee is not a business (as defined in IFRS 3), measure the assets, liabilities and non-controlling interests in that previously unconsolidated investee as if that investee had been consolidated (applying the acquisition method as described in IFRS 3 but without recognising any goodwill for the investee) from the date when the investor obtained control of that investee on the basis of the requirements of this IFRS. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application.When the date that control was obtained is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

(i) the amount of assets, liabilities and non-controlling interests recognised; and

(ii) the previous carrying amount of the investor's involvement with the investee.

C4A If measuring an investee's assets, liabilities and non-controlling interests in accordance with paragraph C4(a) or (b) is impracticable (as defined in IAS 8), an investor shall:

(a) if the investee is a business, apply the requirements of IFRS 3 as of the deemed acquisition date. The deemed acquisition date shall be the beginning of the earliest period for which application of paragraph C4(a) is practicable, which may be the current period.

(b) if the investee is not a business, apply the acquisition method as described in IFRS 3 but without recognising any goodwill for the investee as of the deemed acquisition date. The deemed acquisition date shall be the beginning of the earliest period for which the application of paragraph C4(b) is practicable, which may be the current period.

The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the deemed acquisition date is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

(c) the amount of assets, liabilities and non-controlling interests recognised; and

(d) the previous carrying amount of the investor's involvement with the investee.

If the earliest period for which application of this paragraph is practicable is the current period, the adjustment to equity shall be recognised at the beginning of the current period.

C4B When an investor applies paragraphs C4–C4A and the date that control was obtained in accordance with this IFRS is later than the effective date of IFRS 3 as revised in 2008 (IFRS 3 (2008)), the reference to IFRS 3 in paragraphs C4 and C4A shall be to IFRS 3 (2008). If control was obtained before the effective date of IFRS 3 (2008), an investor shall apply either IFRS 3 (2008) or IFRS 3 (issued in 2004).

C4C When an investor applies paragraphs C4–C4A and the date that control was obtained in accordance with this IFRS is later than the effective date of IAS 27 as revised in 2008 (IAS 27 (2008)), an investor shall apply the requirements of this IFRS for all periods that the investee is retrospectively consolidated in accordance with paragraphs C4–C4A. If control was obtained before the effective date of IAS 27 (2008), an investor shall apply either:

(a) the requirements of this IFRS for all periods that the investee is retrospectively consolidated in accordance with paragraphs C4–C4A; or

(b) the requirements of the version of IAS 27 issued in 2003 (IAS 27 (2003)) for those periods prior to the effective date of IAS 27 (2008) and thereafter the requirements of this IFRS for subsequent periods.

C5 If, at the date of initial application, an investor concludes that it will no longer consolidate an investee that was consolidated in accordance with IAS 27 and SIC-12, the investor shall measure its interest in the investee at the amount at which it would have been measured if the requirements of this IFRS had been effective when the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

(a) the previous carrying amount of the assets, liabilities and non-controlling interests; and

(b) the recognised amount of the investor's interest in the investee.

C5A If measuring the interest in the investee in accordance with paragraph C5 is impracticable (as defined in IAS 8), an investor shall apply the requirements of this IFRS at the beginning of the earliest period for which application of paragraph C5 is practicable, which may be the current period. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the date that the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

(a) the previous carrying amount of the assets, liabilities and non-controlling interests; and

(b) the recognised amount of the investor's interest in the investee.

If the earliest period for which application of this paragraph is practicable is the current period, the adjustment to equity shall be recognised at the beginning of the current period.

C6 Paragraphs 23, 25, B94 and B96–B99 were amendments to IAS 27 made in 2008 that were carried forward into IFRS 10. Except when an entity applies paragraph C3, or is required to apply paragraphs C4–C5A, the entity shall apply the requirements in those paragraphs as follows:

(a) An entity shall not restate any profit or loss attribution for reporting periods before it applied the amendment in paragraph B94 for the first time.

(b) The requirements in paragraphs 23 and B96 for accounting for changes in ownership interests in a subsidiary after control is obtained do not apply to changes that occurred before an entity applied these amendments for the first time.

(c) An entity shall not restate the carrying amount of an investment in a former subsidiary if control was lost before it applied the amendments in paragraphs 25 and B97–B99 for the first time. In addition, an entity shall not recalculate any gain or loss on the loss of control of a subsidiary that occurred before the amendments in paragraphs 25 and B97–B99 were applied for the first time.

References to the 'immediately preceding period'

C6A Notwithstanding the references to the annual period immediately preceding the date of initial application (the 'immediately preceding period') in paragraphs C3B–C5A, an entity may also present adjusted comparative information for any earlier periods presented, but is not required to do so. If an entity does present adjusted comparative information for any earlier periods, all references to the 'immediately preceding period' in paragraphs C3B–C5A shall be read as the 'earliest adjusted comparative period presented'.

C6B If an entity presents unadjusted comparative information for any earlier periods, it shall clearly identify the information that has not been adjusted, state that it has been prepared on a different basis, and explain that basis.

References to IFRS 9

C7 If an entity applies this IFRS but does not yet apply IFRS 9, any reference in this IFRS to IFRS 9 shall be read as a reference to IAS 39 *Financial Instruments: Recognition and Measurement*.

Withdrawal of other IFRSs

C8 This IFRS supersedes the requirements relating to consolidated financial statements in IAS 27 (as amended in 2008).

C9 This IFRS also supersedes SIC-12 *Consolidation — Special Purpose Entities*.

Footnotes

2 Paragraph C7 of IFRS 10 Consolidated Financial Statements states "If an entity applies this IFRS but does not yet apply IFRS 9, any reference in this IFRS to IFRS 9 shall be read as a reference to IAS 39 *Financial Instruments: Recognition and Measurement*." [Footnote 1 not used.]

BOMA-2

Reference(s): Exhibit 1, Tab 1, Schedule 1, p 3 – Capitalization Policy

Please indicate the amount of foregone revenues for each of Horizon, Enersource, Brampton, and PowerStream in the event the 2019 rates were made effective March 1, 2019.

Response:

For illustrative purposes, Alectra Utilities has provided in Table 1 below, an estimate of foregone revenues for each of the rates zones in the event the 2019 rates were made effective March 1, 2019.

Alectra Utilities has asked for a January 1, 2019 effective date for rates. Alectra Utilities filed its application on June 7, 2018, well in advance of the OEB filing deadline for such an application.

Table 1 – Foregone Revenue (assuming an effective date of March 1, 2019)

($000s)	Horizon Utilities Rate Zone	Brampton Rate Zone	PowerStream Rate Zone	Enersource Rate Zone	Alectra Utilities
Foregone Revenue	550	249	301	217	1,317

BOMA-3

Reference(s): Exhibit 2, Tab 1, Schedule 2, p 1 of 17 – Capitalization Questions - Horizon

Please provide:

a) **Initial assessment of the ratepayer share of 2017 net excess earnings of $985,377.**

b) **Does that amount include the impact of the change in capitalization policy? Please discuss.**

c) **At p 11, the evidence states:**

> **"an update to the calculation [of $985,377] based on a further assessment and review of the impact of capitalization policy change on earnings resulted in a reduction of $170,557.00 in the amount of earnings sharing".**

Please provide a copy of the calculation.

d) **When did the change in capitalization policy first apply (on what date)?**

e) **Please indicate the exact nature of the change(s) in capitalization policy that were required by IFRS 3 and 10, and the PowerStream capitalization policy, and show how each change affected OM&A and capital expenditures in 2017 and 2018, and the proposed revenue requirement for 2018 and 2019.**

f) **How do those two earnings sharing numbers, i.e. $985,377 and $814,820, relate to the $1,526,863 on Table 2 on p 12 of 17? Please reconcile these three numbers.**

Response:

a) Please see Alectra Utilities' response to Interrogatory HRZ-Staff-17.

b) Please see Alectra Utilities' response to Interrogatory HRZ-Staff-17.

c) Please see Alectra Utilities' response to Interrogatory HRZ-Staff-17.

d) The change was effective on February 1, 2017, the date that Alectra was formed, for the Horizon Utilities and Enersource rate zones, and March 1, 2017 or the Brampton rate zone.

e) Please see Alectra Utilities' response to Interrogatory BOMA-40 c). The impact of the change in capitalization policy on OM&A, capital and revenue requirement is provided in Exhibit 2, Tab 4, Schedule 7 pp. 3-4 for the Enersource Rate Zone and Exhibit 2, Tab 2, Schedule 7, pp. 3-4 for the Brampton Rate Zone. The forecasted impact of the change in capitalization policy was provided in response to technical conference undertaking JT. Staff-7 in Alectra Utilities' 2018 Electricity Distribution Rate Application (EB-2017-0024).

f) The $1,526,863 represents the difference in the adjusted regulatory net income when comparing the 2017 Actuals to the Approved Annual Filing. The $814,820 (and $985,377) represents 50% of the variance in return on equity when comparing the 2017 Actuals to the Horizon Utilities Approved Annual Filing.

BOMA-4

Reference(s): General

a) Please provide a copy of Alectra's 2017 Annual Report and its 2018 Q1 and Q2 Reports.

b) Please provide copies of Horizon's and Alectra's 2017 RRR Reports.

Response:

a) Alectra's 2017 Annual Report is filed as BOMA-4_Attach 1 Annual Report. The Q1 and Q2 International Financial Reporting Standards ("IFRS") and Modified International Financial Reporting Standards ("MIFRS") financial statements are filed as BOMA-4_Attach 2 IFRS Financial Statements and BOMA-4_Attach 3 MIFRS Financial Statements.

b) The 2017 RRR filing was completed on an Alectra Utilities basis and not by individual rate zone. The RRR data submitted by Alectra Utilities is incorporated in the OEB's Yearbook which was published by the OEB on August 23, 2018.

BOMA-4 ATTACHMENT 1
ALECTRA 2017 ANNUAL REPORT

alectra

Discover the possibilities

Our Sustainability Journey

2017 Annual Sustainability Report

Vision & Strategic Intent

We will be Canada's leading electricity distribution and integrated energy solutions provider, creating a future where people, businesses and communities will benefit from energy's full potential.

Mission Statement

We provide customers with smart and simple energy choices, while creating sustainable value for our shareholders, customers, communities and employees.

Our Values

Safety

Promote the importance of health, safety and wellness

Respect

Ensure a successful and rewarding work environment by valuing others and their contributions, while acting with integrity

Customer Focus

Become the customer's ally by creating an exceptional customer service experience

Excellence

Continuously pursue superior performance of our social, environmental and financial commitments

Innovation

Advance the business through the continuous improvement of people, processes and technology

Table of Contents

Introduction

This is our first Sustainability Report. It is organized, as many sustainability reports are, with three main sections that highlight our Environmental, Social and Economic accomplishments in 2017.

This report is about the first steps in our sustainability journey, which began when we became a new company in February 2017. Our goal, in time, as our operations and systems merge, is to develop a more detailed report using a standardized reporting format.

In the meantime, we have established a baseline for our greenhouse gas emissions. The results, as well as a reasonable assurance statement from PricewaterhouseCoopers LLP, are included in the Environment section.

This report highlights many of the decisions we made in year one to become a sustainable company – a company that puts the health and safety of our employees and the public first. A company committed to meaningful partnerships with customers and the communities in which we operate. And also, a company that lives up to the promises made prior to the consolidation of the founding utilities, including delivering economic value to our municipal shareholders and technological innovation. Here is a partial list of our sustainability partners last year:

Leadership Accord on Gender Diversity · Electricity Human Resources Canada

sustainable HAMILTON BURLINGTON inspiring business - leading prosperity

Canadian Electricity Association | Association canadienne de l'électricité

Electrical Safety Authority

Infrastructure Health & Safety Association™ Work Safe for Life

ClimateWise Business Network

Message from Board Chair and President & CEO

Alectra Inc. (Alectra) is a brand-new company with a bold, new vision. As we grow, sustainability will be an integral part of who we are, what we do and how we do it.

We define sustainability as a business approach that creates long-term stakeholder value by implementing a business strategy that considers every dimension of how it operates in the ethical, social, environmental, cultural and economic spheres. Sustainable companies also formulate strategies that foster longevity through transparency and proper employee development.

Being a new company has certain advantages: It provides us with a unique opportunity to build sustainability into our core business practices right from the start, rather than reverse engineering it into our operations later on. As the process of harmonizing the operations of Alectra's four legacy utilities continues to unfold, we will seize every opportunity we can to make sustainability part of how we do business.

In 2017, we made a good start at demonstrating our commitment to this goal when we launched a series of advanced energy technology pilots that use battery storage and renewable energy to give consumers more energy and lifestyle choices; when we signed the Leadership Accord on Gender Diversity for the Electricity Industry that will position us to have an even more diverse and inclusive workforce delivering greater innovation in the energy sector; and also when we supported local communities through corporate donations and in-kind contributions valued at over $900,000.

The first year in our journey was also marked by a new framework called AlectraCARES that is aligned with the Canadian Electricity Association's (CEA) well-established sustainability platform. With clear direction from the Corporate Governance and Nominating Committee of our Board of Directors, we intend to work towards Sustainable Electricity Company™ designation from the CEA, including an environmental management system that conforms with ISO 14001.

Sustainability is important to the residents and business people in the communities we serve. Our customers are looking to us to be an ally in helping them achieve this goal. They care about climate change. They care about their energy consumption. And they care about social and economic issues such as energy affordability, diversity, inclusion and fairness. They are the driving forces behind our sustainability program. As a customer-focused company offering services in a rapidly changing energy sector, our first year in business clearly demonstrated that we're ready to become true partners with our communities, on a shared sustainability journey, now and for years to come.

Norm Loberg
Chair, Board of Directors

Brian Bentz
President & Chief Executive Officer

About Alectra Inc.

Alectra Inc. (Alectra) is a newly-formed electricity distribution and integrated energy solutions company. Operating from our head office in Mississauga, Ontario, we provide solutions and services to nearly one million customers in Ontario's Greater Golden Horseshoe area.

Alectra Utilities Corporation, our distribution subsidiary, delivers approximately 22 percent of Ontario's electricity across 6,642 circuit kilometres of overhead lines and 13,210 circuit kilometres of underground lines. We are, today, the second largest municipally-owned electric utility by customer base in North America, second only to the Los Angeles Department of Water and Power.

Alectra's distribution service territory spans 15 communities including: Alliston, Aurora, Barrie, Beeton, Bradford, Brampton, Hamilton, Markham, Mississauga, Penetanguishene, Richmond Hill, St. Catharines, Thornton, Tottenham and Vaughan.

Key Performance Indicators

$6.1MM
Net operating synergy savings

99.6%
Billing accuracy

58.8 minutes
SAIDI

2017 Results

Corporate Governance

Alectra Inc. is an Ontario-based investment holding company that owns 100 percent of the common shares of each of: Alectra Utilities Corporation (“AUC”); Alectra Energy Solutions Inc. (“AES”); and Horizon Solar Corporation (“Horizon Solar”). Through its investment in AES, the Corporation also indirectly wholly owns: Alectra Energy Services Inc.; Alectra Power Services Inc.; and Util-Assist. Alectra Inc. was created by: i) the amalgamation of the former entities PowerStream Holdings Inc. (“PowerStream Holdings”), Enersource Holdings Inc. (“Enersource Holdings”), and Horizon Holdings Inc. (“Horizon Holdings”); and ii) the acquisition of Hydro One Brampton Networks Inc., which was subsequently amalgamated with AUC.

Alectra is indirectly owned by six municipal shareholders – the cities of Vaughan, Hamilton, Markham, Barrie and St. Catharines, and Enersource Corporation, which is owned by the City of Mississauga (90%) and BPC Energy Corporation (10%).

Alectra Inc.’s Board of Directors consists of 13 directors, with a majority of independent directors. There are four committees of the Board:

- Audit, Finance and Risk Management
- Corporate Governance and Nominating Committee
- Integration Committee
- Human Resources and Compensation Committee

Sustainability issues are included as part of the Corporate Governance and Nominating Committee’s mandate.

Alectra Executive Committee (left to right)

John Basilio, Chief Financial Officer, Alectra Inc.

Max Cananzi, President, Alectra Utilities Corporation

Brian Bentz, President and Chief Executive Officer, Alectra Inc.

Dennis Nolan, General Counsel and Corporate Secretary, Alectra Inc.

Paul Tremblay, Strategic Advisor, Alectra Inc.

Alectra Board of Directors

The mandate of the Board is to govern Alectra Inc., by setting its strategic direction and risk tolerances, selecting and overseeing the effectiveness of the CEO, and monitoring the successful performance, culture and ethical integrity of the Corporation.

The Board is accountable to the Shareholders to establish a system of effective corporate governance and to achieve the corporation's mission/vision/purpose.

Norm Loberg
Chair

Gerald Beasley

Paul Benson

Maurizio Bevilacqua

Robert Cary

Bonnie Crombie

Giuseppina D'Agostino

Fred Eisenberger

Jeff Lehman

Don Lowry

Teresa Moore

Frank Scarpitti

Annesley Wallace

Managing our Vision

Alectra is managed by an experienced and forward-looking executive committee. Our vision is to be Canada's leading electricity distribution and integrated energy solutions provider, creating a future where people, businesses, and communities benefit from energy's full potential.

How will we get there? By providing customers with smart and simple energy choices, while at the same time creating sustainable value for our shareholders, customers, communities, and employees.

Quick Facts

Although we're a relatively new company, through our legacy utilities we have over 100 years of history.

Here's a snapshot of our operations in 2017:

987,000*
customers

1,500*
full-time employees

62%
of employees represented by Power Workers' Union

$4.5 billion
in total assets

A (Stable Trend – DBRS) and A (Stable Outlook - S&P)
credit ratings

1,800*
square-kilometre service territory

113,622
distribution transformers

6,642
kilometres of conductor lines

13,210
kilometres of underground cable

167,973
poles and pole structures

19,779
circuit kilometres

12
transformer stations

159
municipal substations

15,230,279
kilowatt-hours delivered

58.8
System Average Interruption Duration Index (SAIDI) in minutes

1.26
System Average Interruption Frequency Index (SAIFI)

$238MM
capital program

numbers are approximate

Sustainability

Sustainability is integral to our Alectra strategic plan. The elements of people, planet and profits are key aspects of our integration, optimization and resiliency strategies, which are central to how we will grow.

Our Sustainability Statement lays the foundation for our strategy going forward. This includes the following:

- Doing business in a sustainable manner is essential to our success.
- We are committed to delivering value to our shareholders while providing customers with safe, reliable and efficient electricity service and innovative energy solutions.
- Our sustainability commitment is set out in AlectraCARES, in which we affirm that we will protect the health, safety, environment and well-being of our customers, employees, contractors and the communities in which we operate.

We intend to base our framework on the model used by the Canadian Electricity Association's (CEA) Sustainable Electricity Program. Prior to the consolidation, staff members were directly involved in CEA sustainability committee work, and Horizon Utilities (one of Alectra's former utilities) was the first CEA member to achieve the Sustainable Electricity Company™ designation.

Our goal is to introduce sustainability into our operations in a staged manner, using experienced employees who are subject matter experts in the CEA approach. For 2017, our starting point was to continue implementing elements of initiatives that were already well underway at our legacy utilities. These initiatives, and others, are highlighted throughout this report.

We also spent the year establishing baselines, identifying gaps, and developing processes for collecting sustainability-related data across the new company.

"Doing business in a sustainable manner is essential to our success"

Alectra employees participate in the City of Vaughan's 20 Minute Makeover and picked up litter in the community near the office over their lunch break.

AlectraCARES: Our Sustainability Framework

Our sustainability platform -- AlectraCARES -- reflects the five pillars (see below) and the foundational principles from the CEA's Sustainable Electricity Program. AlectraCARES also includes the metrics that must be reported as part of the CEA's program.

Communities

Engage our stakeholders and actively participate in the social, economic and environmental development of the communities in which we operate.

Alternative energy solutions

Develop innovative energy solutions to produce, deliver and use electricity in an efficient manner while promoting energy conservation programs.

Resource preservation

Manage facilities and operations through a risk-based approach that mitigates greenhouse gas emissions, minimizes both waste of resources and impacts on the environment.

Economic value

Provide economic benefits to shareholders and the communities we serve including enhanced reliability and service, and work with suppliers to maximize economic and environmental value.

Safe and healthy employees

Foster a 'safety first' workplace where fair recruitment, training and talent retention processes are in place that ensure ongoing employee engagement, well-being and diversity.

Stakeholder Relations

We have a strategic outreach and engagement process in place that allows us to meet with key stakeholders, explain our goals, answer questions, address issues, and over time, build strong relationships. Here is a list of industry and community organizations with which we engaged in 2017:

- Canadian Electricity Association
- Ontario Energy Association
- Electricity Distributors Association
- Ontario Energy Network
- Independent Electricity System Operator
- Electrical Safety Authority
- Aurora Chamber of Commerce
- Brampton Board of Trade
- Greater Barrie Chamber of Commerce
- Greater Niagara Chamber of Commerce
- Hamilton Chamber of Commerce
- Markham Board of Trade
- Mississauga Board of Trade
- Richmond Hill Board of Trade
- Stoney Creek Chamber of Commerce
- Ontario Regional Ground Alliance
- Infrastructure Health and Safety Association

In our first year as Alectra, our goal was to establish accessible and helpful sources of information for our shareholders and key stakeholders. A key focus was reaching out to all councillors in our shareholder municipalities and making ourselves available for face-to-face meetings. We held 10 meetings with elected officials, meetings with senior staff at shareholder municipalities and organized/participated in 15 industry events, providing attendees with information about Alectra including: our conservation initiatives, capital investments, system upgrades, construction projects, rate filings, new policy initiatives, updates on billing information, contact information for assistance, and updates on a proposed merger with Guelph Hydro.

In addition to in-person meetings with representatives from our shareholders and key stakeholders, we also developed a quarterly newsletter called ***Ally*** that delivers news about company-wide initiatives, provides company resources (such as contact information, updates on power outages, billing), as well as governmental and regulatory updates.

Environment

Sustainability and the Environment

Sustainability is an integral part of Alectra's strategic plan. It guides many of the decisions we make about how to operate as a business, how we interact with our customers and also how we engage with, and support, our local communities.

In 2017, we established our Sustainability Commitment and developed the sustainability platform called AlectraCARES that will allow us to communicate our sustainability performance.
We also took our first steps as a new company towards managing our greenhouse gas (GHG) emissions by setting a baseline using 2016 information from our four legacy utilities and having that information assured by a third-party. This baseline provides us with the confidence of knowing that our environmental performance going forward is based on verified numbers.

Greenhouse Gas Emissions

	2016 Baseline (tCO_2e)	2017 (tCO_2e)
Scope 1 Fleet fuel and natural gas	7417.86*	↓ 7163.03
SF6	1,075.50	↓ 956.00
Scope 2 Electricity	661.44*	↓ 611.50
Total	9,154.80	↓ 8,730.54

**Data received reasonable assurance from PricewaterhouseCoopers LLP.*

In 2017, our Scope 1 and Scope 2 GHG emissions decreased by 424.26 tonnes of carbon dioxide equivalents (CO_2e), or **4.6 percent**.

To calculate this result, we established a baseline for GHG emissions for 2016 and compared it to our company-wide GHG emissions for 2017, based on the following criteria:

- GHG emissions were calculated in accordance with the principles and requirements of ISO 14064-1, and the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard.
- The calculations took into account nine facilities, comprised of three corporate offices in Mississauga, Vaughan and Hamilton and six service centres in Markham, Brampton, Mississauga, Barrie, St. Catharines and Hamilton. Excluded are substations and transformer stations.
- Sources for fleet fuel: Information provided from supplier invoices and consumption reports including the volumes of diesel and gasoline purchased for the period covering January 1 to December 31, 2016.
- Sources for natural gas and electricity: Information provided from supplier invoices including the direct emissions controlled by Alectra from natural gas and electricity in buildings and other facilities consumed for the period covering January 1 to December 31, 2016.
- Natural gas and electricity emissions were calculated by multiplying these fossil fuel volumes by the Canadian emission factors taken from the National Inventory Report 1990-2015: Greenhouse Gas Sources and Sinks in Canada.

- Fleet emissions were calculated by multiplying these fossil fuel volumes by the Canadian emission factors taken from the National Inventory Report 1990-2010: Greenhouse Gas Sources and Sinks in Canada. The emission factors applied to the fleet are for light-duty gasoline vehicles and light-duty diesel vehicles.
- Total GHG emissions, in tonnes of CO_2e, were calculated by multiplying the mass of each gas (CO_2, CH_4 and N_2O) by its global warming potential (GWP) and adding up the totals. GWPs used are from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, 2014 (GWP of CO_2 = 1, GWP of CH_4 = 28 and GWP of N_2O = 265).

SF6 was not assured due to gaps in verifiable documentation available from reporting facilities. A consumption estimate was provided, and the associated GHG emission calculation used the GWP of SF6 = 23,900 from the IPCC Second Assessment Report, 1996. Having identified the gaps, we are working to develop a process that will allow us to more accurately report on SF6 in 2018 and beyond.

Scope 2 emissions do not include line losses.

We attribute our 2017 GHG reduction to efficiencies achieved in facilities where the ISO 50001 energy management system was already in place. Our goal is to implement this standard in all of our facilities in the coming years.

In 2017, our office in Hamilton connected to a district energy system, resulting in a reduction in the amount of natural gas used for heating. We expect our natural gas emissions to decrease further for the 2018 reporting year, once the facility has been connected for a full year.

The reduction in our electricity consumption is due to new LED streetlights installed in the parking lots at our corporate head office in Mississauga in October.

With these data points we have begun to lay a foundation for 2018, which includes setting a target for GHG reduction and developing an action plan to meet our goal.

CDM Highlights and Achievements

The Ontario Energy Board (OEB) requires all licensed distribution companies in Ontario to offer their customers conservation and demand management (CDM) programs to help them consume energy as efficiently as possible. Here are the preliminary results from our 2017 CDM activities (final verified results will be available from the Independent Electricity System Operator).

We helped our customers save over 190 gigawatt-hours (GWh) of electricity, enough to power 21,000 typical homes for a year, and provided over $51 million to support their energy saving projects.

Alectra Projects Complete in 2017	Net Persisting Energy Savings (GWh)	Incentives ($MM)
Non-Residential	118.6	24.5
Residential	71.4	26.8
Total	190.0	51.2

Independent reasonable assurance report in relation to Alectra's 2017 sustainability report

To the Board of Directors and management of Alectra Inc. ("Alectra")

We have been engaged by Alectra to perform an independent reasonable assurance engagement in respect of the selected key performance indicators detailed below ("the selected information") contained in Alectra's 2017 sustainability report ("the Report").

Selected information
Our reasonable assurance engagement was performed on the following selected performance indicators:

Performance indicator	*Report page(s)*
Scope 1 greenhouse gas emissions – Fleet fuel and natural gas, 2016	14
Scope 2 greenhouse gas emissions – Electricity, 2016	14

Reporting criteria
Alectra has described the relevant criteria used to report the selected information in the "Greenhouse gas emissions" section of the Report. The selected information has been assessed against the definitions and approaches referenced in the above section.

Responsibilities of Alectra management
Alectra is responsible for the preparation and fair presentation of the selected information, incorporated in the Report, in accordance with the relevant criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the selected information that is free from material misstatements, whether due to fraud or error; developing and applying the criteria.

Our responsibility
Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion on the selected information based on the procedures we have performed and the evidences we have obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, *Assurance engagements other than audits or reviews of historical financial information*, and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*.

Our independence and quality control
In conducting our assurance engagement, we have met the independence requirements of the *Code of Ethics for Professional Accountants*. We applied International Standard on Quality Control 1 (ISQC 1*), Quality control for firms that perform audits and reviews of financial statements and other assurance and related services engagements*.

Our procedures
A reasonable assurance engagement includes examining, on a test basis, evidence supporting the amounts and disclosures within the selected information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the selected information due to omissions, misrepresentation and errors. Given the circumstances of the engagement, our procedures included but were not limited to:

- obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data;
- testing of relevant documents and records on a sample basis;
- testing and re-calculating quantitative information related to the selected information on a sample basis; and
- reviewing the consistency of the selected information with related disclosures in the Report.

Inherent limitations
Non-financial performance information, such as that included in the selected information within the Report, is subject to more inherent limitations than financial information, given the characteristics of the information and the methods used for determining and calculating such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments. Furthermore, the nature and methods used to determine such information, as well as the evaluation criteria and the precision thereof, may change over time. It is important to read our report in the context of evaluation criteria.

Restriction on use
Our responsibility in performing our reasonable assurance activities is to the management of Alectra only and in accordance with the terms of engagement as agreed with them. We do not, therefore, accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance that any such third party may place on the Report is entirely at its own risk.

Reasonable assurance conclusion
In our opinion, the selected information included in Alectra's 2017 sustainability report presents fairly, in all material respects, in accordance with the relevant criteria.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Professional Accountants
May 8 , 2018
Toronto, Ontario

Some of our other 2017 CDM accomplishments include:

- Approving 5,700 Save on Energy **Retrofit** applications
- Launching a 15-second ad campaign in **Cineplex cinemas**, achieving 381,000 impressions
- Expanding the **Business Refrigeration Incentives Program** to other parts of our service territory
- Holding 53 **community events** and sponsoring seven community teams
- Generating awareness for a campaign that promoted **Deal Days Residential** – an instant rebate program on the purchase of energy-efficient products at participating retailers. Involved 60+ stores, sent emails to 245,000 households and achieved two million impressions in 19 community newspapers.
- Launched **AlectraConservation.com**.

Save on Energy Deal Days involved more than 60 stores that participated in an instant rebate program for purchasing energy efficient products.

Gearing up Now for Big Changes Ahead

Ontario's energy industry is experiencing unprecedented change. Change is partly being driven by customers' demand for choice: They want more sustainable options from their energy suppliers, and this, in turn, is leading to a more decentralized energy system. Low-cost renewable distributed energy resources and storage, combined with digital intelligence and communication are also helping to reshape the energy landscape.

Customers not only expect that when they flip the wall switch, the lights will come on; but many also want access to technologies that can generate electricity, fuel their electric vehicles, and help manage their home or business' energy management systems.

Alectra is positioning itself to play a leadership role in developing, testing and raising awareness of a broad array of alternative energy technologies. Our vision is to be Canada's leading electricity distribution and integrated energy solutions provider, creating the opportunity for people, businesses and communities to benefit from energy's full potential. To do this, we are already well on our way toward providing customers with smart and simple energy choices.

Here are some of the advanced energy solutions and sustainability projects we initiated in the 2017 reporting year:

POWER.HOUSE

Alectra began testing the POWER.HOUSE 'virtual power plant' concept in York Region and Simcoe County to see if customers would benefit from bill reduction, increased resiliency to outages and the ability to generate their own renewable power.

POWER.HOUSE uses an aggregate fleet of residential solar and battery storage systems located at customers' homes. The systems are autonomously controlled through intelligent software to simulate a single, larger power generating facility. The technology, which features a combination of rooftop solar panels and a lithium-ion battery installed behind the meter at customers' homes, has three outcomes:

- Helps to protect against power outages
- Off-sets peak-hour electricity rates to provide significant reductions on bills
- Reduces impact during peak system demand, while delivering clean power directly to participating homes.

Alectra completed a feasibility study and, beginning in 2018, will work to scale up the project, with a goal of installing up to 30,000 new units in southern York Region by 2031. Under the right conditions, the POWER.HOUSE project could result in deferred energy infrastructure investments of at least two years, while offering customers lower electricity bills, as well as a credit on their bills when they generate their own energy and send the surplus electricity back to the grid.

Offering Customers Flexibility on Pricing

In late 2017, Alectra (and four other Ontario utilities) received approval from the OEB to test new pricing models designed to give residential customers more choice in selecting a pricing plan that would better suit their lifestyles. The OEB is the provincial regulator with authority and responsibility for setting electricity prices.

The new Advantage Power Pricing (APP) offers customers three rate plan options. The Dynamic Plan includes a low price of 4.9 cents/kWh of electricity for off-peak periods and a variable price during the on-peak period (weekdays, 3 p.m.- 9 p.m.), while equipping them with the tools required to better manage their energy use.

The Enhanced Plan offers 12 off-peak hours a day in the same schedule as the existing time-of-use model, but with a greater differential between on - and off-peak rates. The Overnight Plan offers a super off-peak rate of 2 cents/kWh in addition to six off-peak hours.

Since the start of the trial period in September, over 6,500 customers were registered in the Enhanced Plan, 2,000 in the Dynamic Plan and 200 in the Overnight Plan. Alectra will factor the data collected during the trial (which ends in March 2019) into future customer service, regulatory and energy services strategies.

Enabling Change in the EV Sector

Alectra and the City of Markham unveiled Alectra Drive for the Workplace, a two-year pilot program at the Markham Civic Centre that will assess the impact on Ontario's electricity grid of daytime electric vehicle (EV) charging at workplaces.

This first-of-its-kind initiative involves 16 Level 2 EV charging stations (ten outdoor and six indoor) for program participants only, plus one Level 2 charging station for general public use.

By making EV charging stations more accessible for host businesses, the program will help reduce battery range anxiety for participating drivers and support the province's goal of increasing EV sales to five percent of all new passenger vehicles sold by 2020.

alectradrive workplace

E-waste

In 2017, we recycled 2,850 kilograms of electronic waste (E-waste) such as computers and televisions that employees brought in from their homes. There are "cages" for these materials at most Alectra operations centres and temporary cages at our corporate offices in Vaughan and Mississauga. E-waste is sent from our locations to Global Electric Electronic Processing (GEEP) in Barrie, which sorts through the waste, extracting material that is recyclable.

Alectra employee uses E-waste cage.

Textile Recycling

Alectra employees donated over 1,800 kilograms of used clothing to the Kidney Foundation of Canada, as part of a new textile recycling program. After being sorted, the clothing is either recycled as textiles (so it doesn't end up in landfills), or resold to Value Village, a thrift store chain with locations throughout Canada and the United States.

NetZero Energy Emissions Communities

Alectra's Advanced Planning team developed the proof of concept, and applied for provincial and federal funding, for a NetZero Energy Emissions Communities pilot in the City of Markham.

The initiative supports the objectives articulated in Ontario's Climate Change Action Plan (CCAP) and

Alectra employees pitch in to help recycle used clothing as part of a textile recycling program in support of the Kidney Foundation of Canada.

the Pan-Canadian Framework on Clean Growth and Climate Change. It will offer recommendations that will ensure optimal integration of land use, electrical energy, thermal energy and transportation planning in eventual NetZero Energy Emissions Communities.

Starting with two residential customers in the City of Markham, Alectra and partners Enbridge Gas Distribution Ltd., Ryerson University and the City of Markham, are studying how advanced technologies including solar panels, battery storage, electric vehicles, micro-combined heat and power and air source heat pumps work together in existing houses to reduce GHG emissions. The partners will also study these same integrated technologies in a new home build.

The project's ultimate goals are: to understand the barriers that might affect widespread consumer adoption of these technologies, including the economic gap; and to collect data that can inform the urban planning and development processes in growing urban communities.

Sustainability Leadership

Representatives from the Alectra team were invited to speak at several important industry conferences about our work in the area of advanced energy solutions including energy storage, residential, commercial and community microgrids, as well as electric vehicles.

As members of the Natural Sciences and Engineering Research Council (NSERC) Energy Storage Technology Network, which brings together researchers from 15 Canadian universities working on 24 projects, we shared our thought leadership at these industry events:

- Distributech
- Sarnia-Lambton Energy Symposium 2017
- Energy Storage North America 2017
- Energy Innovations Forum 2017
- Bloomberg New Energy Finance Summit
- Austria-Smart Energy Systems Week
- Ontario Energy Association
- Electricity Distributors Association
- Canadian Electricity Association
- Generation Energy Forum and Minister's NRCAN Roundtable
- QUEST Conference
- Technology Innovation and Policy Forum, WISE
- 2017 Canadian Utilities and Critical Infrastructure Conference

Alectra received the Novinium Environmental Stewardship Award -- the only Ontario-based utility and one of ten in North America to be recognized for rejuvenating existing electrical cable in place. Recycling cable in this way eliminates waste and mitigates the release of CO_2 that would otherwise be released into the environment.

Social


every
one
can help families build strength
stability & independence

Sustainability and Social Responsibility

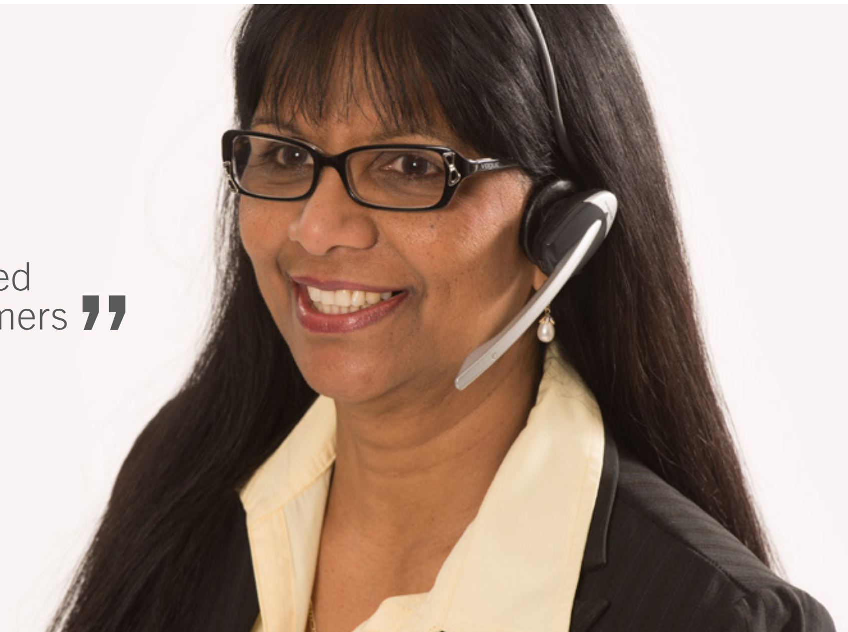
Alectra has a unique and highly diverse customer base. As a customer-focused utility, our goal is to make customer service a daily priority by answering customers' questions promptly, dealing with their issues courteously and helping them to understand their electricity choices.

Customer Care Metrics

	alectra Discover the possibilities	ONTARIO
How satisfied customers are	88%	81%
Provides consistent, reliable electricity	91%	89%
Quickly handles outages and restores power	87%	85%
Customer-focused and treats customers as if they're valued	79%	72%
Is a company that is 'easy to do business with'	83%	79%
Keeps its promises to customers and the community	81%	75%
Is a trusted and trustworthy company	81%	76%

**Research conducted in October 2017 by Simul Corporation*

"88% satisfied customers"



Energy Affordability

Energy affordability is an important issue for many of our customers. Here are some of the ways in which we worked as an ally to help our customers manage their electricity costs:

- Introduced a new **Alectra Utilities Credit Policy** that waives security deposits for all residential customers. All security deposits were returned to customers in February and March.
- Implemented, within the prescribed timeline, Ontario's Fair Hydro Plan (which reduced a typical residential customer bill by 25 percent) for all Alectra Utilities customers. We delivered a comprehensive training program for our staff to ensure they could address customers' questions about the Fair Hydro Plan and also delivered a bill insert with frequently asked questions.
- Exceeded the regulatory requirement to advise customers in writing when their **Ontario Electricity Support Program** (OESP) contract was up for renewal. To help ensure a seamless transition to a new contract, we sent out email reminders to OESP customers and a bill insert to all customers reminding them about the program, its criteria, and the contract terminations.
- Ensured that our customers were aware of the **Low-income Energy Assistance Program** (LEAP) funding opportunities, connecting them to local community agents who helped them with the qualification process and with information about other social services. We also worked with our social agency partners to proactively communicate and connect customers to the program.
- Ensured our customers understood that flexible payment terms and the **Arrears Management Program** are available to help them avoid service disconnections and make their account current via a monthly arrears payment plan. We also worked with customers to make flexible, negotiated payment arrangements for arrears.

We received the CS Week 2017 Expanding Excellence Award for best implementation of a Customer Information System.

Customer Information System Integration

Alectra's Customer Information System (CIS) integration project is a trail-blazer – the first project of such magnitude in North America.

Our new CIS is an industry-leading Oracle-based hub system that puts customers and the customer experience at the centre of our most important business operations. When activated, it will allow us to issue over 12 million invoices annually, support the online customer self-service portal, drive the online outage management system and link to over 40 external interfaces, including banks and the provincial repository for smart meter data that is managed by Ontario's Independent Electricity System Operator. It is also scalable, to allow for even more functionality down the road, such as secure customer access to individual account analytics.

In 2017, multiple teams working in parallel completed the foundational work required to harmonize the CIS systems of our legacy utilities – two of which were already on the Oracle platform. Our central priorities were planning and technology building, to prepare for a multi-phase implementation that will be completed in 2018.

Thinking like a Customer

Providing up-to-the-minute information to help our customers make informed energy choices is a central part of the work done every day by our Customer Care team. In 2017, we organized ten customer workshops to explain how the expanded Industrial Conservation Initiative (ICI) can help large commercial customers manage their Global Adjustment (GA) costs by reducing their electricity demand during peak periods. As a result of our outreach, over 300 eligible business customers participated in this demand response program.

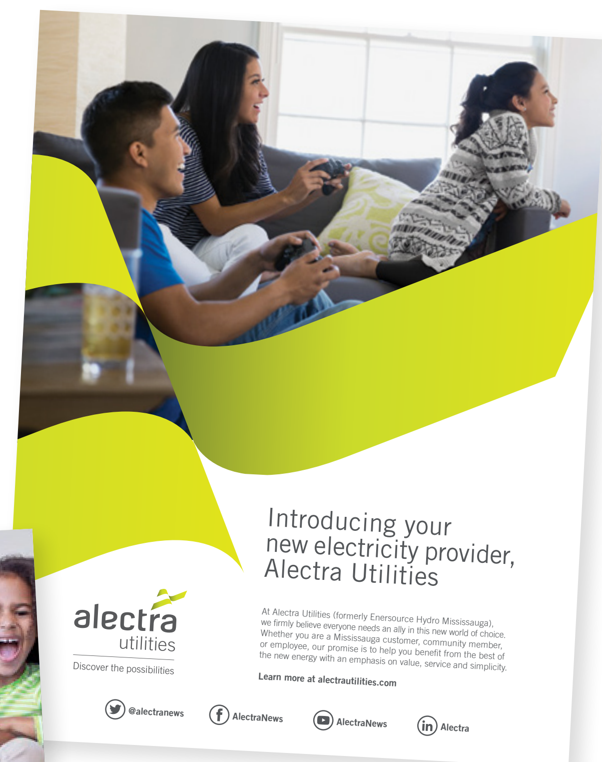
We also expanded the number of communication channels available to tell customers about power outages. Alectra provides customers with 24/7 access to report and receive timely and accurate information related to outages in their areas using telephone and social media channels. These services are available to all Alectra customers, in addition to web-based real-time outage maps.

Customer Communications

By mid-year we launched a multi-channel customer information campaign to tell our customers about the consolidation and to introduce them to the Alectra brand.

Post-campaign research showed the online campaign achieved over 33 million impressions and that by the end of the campaign, online users searched for the Alectra name more than for the name of their former utility. Follow-up research later in the year showed that 48 percent of our customers prefer receiving information from us through bill inserts.

Staying in touch with our customers on a regular basis, listening to their issues and responding to them promptly and courteously, will be the hallmarks of our business going forward. They were an integral part of the relationship-building we did in our first year in business.



Safe and Healthy Employees

Safety is one of our core values. Ensuring our employees return home from work safely every day is part of our commitment to them, their families and our community.

As soon as the consolidation was announced, one of the first orders of business was to begin harmonizing the health & safety and environmental programs across all of Alectra's legacy companies, in compliance with federal and provincial regulations. As part of this process, Alectra developed a new Health & Safety Policy, as well as a new Environmental Policy.

The new safety standard for Alectra is the ISO 45001 standard. Going forward, this is the measure against which Alectra's safety performance will be measured. ISO 45001 takes the excellent rating that each of the legacy utilities had previously and raises it to the next level of excellence. Our goal is to be ISO 45001 certified by 2020.

Safety is a number one priority at Alectra and our employees undergo rigorous training such as learning rescue techniques to remove injured workers from a pole when necessary.

Harmonization of Health Safety Wellness & Environment Database

Alectra implemented software for a cloud-based database called INTELEX to store information related to employee health and safety training, as well as for all incidents. INTELEX monitors trends and is used to follow up on accidents and incidents, report issues to management, and for scheduling follow-up training that our employees need to complete to remain in compliance with their licences and certificates. The single platform (three of the four legacy utilities used it prior to the consolidation) is scalable, and importantly, allows us to reduce the number of paper reports produced and lessen our environmental footprint.

Employee Health & Safety

To ensure employee health and safety remain top-of-mind for all employees, we initiated the following programs:

Back 2 Basics program	This program (established by Horizon Utilities, one of our former utilities) was rolled out to Alectra in 2017. An ongoing program of continuous improvement, Back 2 Basics is an opportunity for employees to refresh their knowledge of best practices as well as the basic rules of electrical safety.
Wellness programs	Nine full-day clinics offering basic health screening assessments (blood pressure, cholesterol, glucose, etc.) were offered to all Alectra employees as a way of helping them manage their health proactively. We also held nine wellness workshops on stress management and distributed monthly wellness newsletters.
Healthy living calendar	All employees received a calendar for daily personal or business use, filled with healthy living tips, guidance and tools.

Employee Engagement and Satisfaction

Despite the many changes they are experiencing because of the consolidation, employees say that for the most part they are proud to work for Alectra. Here are some of the results from a 2017 employee survey:

92%
Strong emphasis on health and safety

89%
Proud to work for Alectra

75%
Better than other companies for quality of leadership, respectful workplace and commitment to community

80%
Have trust and confidence in their supervisor

80%
Is being led effectively by the Executive Committee

Diversity

Diversity, and other employee-related health and safety issues, fall within the mandate of the Board's Human Resources and Compensation Committee, with senior management responsible for developing and operationalizing our gender diversity strategy.

In February, Alectra signed the Leadership Accord on Gender Diversity for the Electricity Industry – an initiative spearheaded by Electricity Human Resources Canada (EHRC). The Accord represents a public commitment by employers, educators, unions and governments to promote the values of diversity and inclusion within their organizations, particularly in the skills trades and non-traditional positions.

In 2017, we completed an assessment of our recruitment, retention and governance practices, as identified in the Accord, and attained the 'Achievement' or intermediate-level status. Our goal is to achieve 'Excellence' status within two years.

Work on a new diversity strategy is underway. Our goal is for Alectra's corporate culture to demonstrate greater awareness of women's issues and to develop hiring and orientation practices and processes that support greater diversity.

We believe in equipping the next generation of female thinkers and doers by supporting leadership, expertise, advocacy and innovation initiatives in Science, Technology, Engineering and Math (STEM) education for girls.

Community

Despite the relentless pace of change in the energy sector, and the internal changes that resulted from the consolidation of our business processes last year, we maintained our focus on the importance of giving back to the customers and communities we serve. Building relationships and being partners with our communities is a critical goal in our sustainability journey.

United Way: All for one, one for all

Alectra's 2017 contribution to United Way was over $385,000. Our employees donated over $85,000 to United Way through payroll deduction and fundraisers. An additional $300,000 raised through a charity golf tournament went to Peel United Way, Toronto York Region United Way, Halton Hamilton United Way, St. Catharines and District United Way and Simcoe-Muskoka United Way.

Coming to the table in support of Mississauga Food Bank

For over ten years, Enersource (one of Alectra's founding utilities) supported neighbours in need through donations to the Mississauga Food Bank. In 2017, that tradition continued with a gift of $90,000 from Alectra. Employees also helped pack 'Santa Boxes' with fresh food for local families in need just in time for the holiday season.

A place called home

With a little elbow grease and lots of enthusiasm, 20 Alectra employees helped build three new Habitat for Humanity homes for local families in Hamilton and one in Welland.

On the move for cancer research

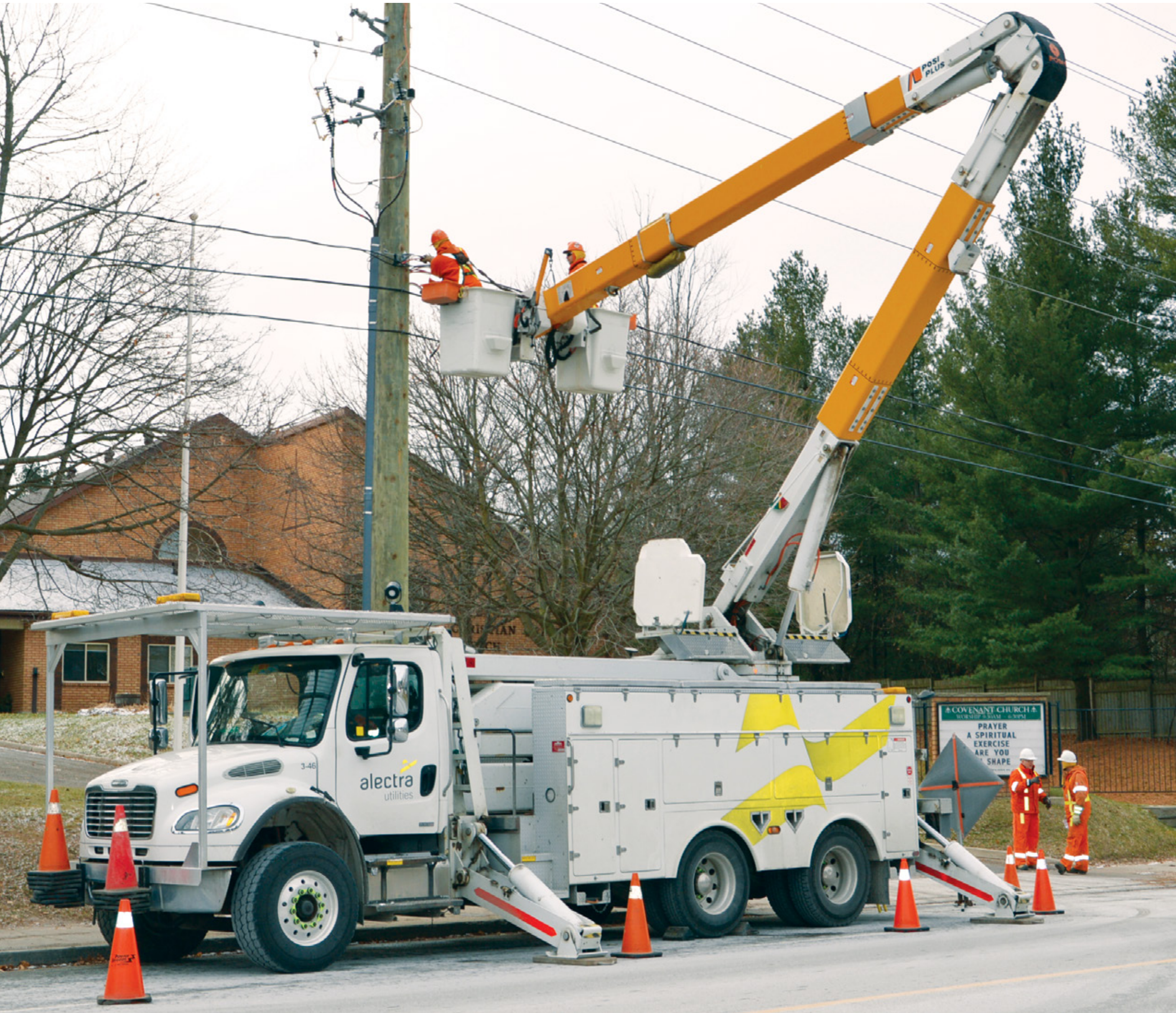
A team of 41 Alectra employees cycled for two days in the annual Enbridge® Ride to Conquer Cancer®, travelling more than 220 kilometres between Toronto and Niagara Falls. Together, the Alectra team contributed over $126,000 to the $20.5 million total that 5,000 riders raised in support of Princess Margaret Cancer Centre. Their donation is in support of personalized cancer medicine research – an integrated approach to cancer care that focuses on the unique nature of each patient.

Going the distance for North American disaster relief

Alectra crews travelled to the United States on two occasions to assist with local recovery efforts following severe weather in New York and Georgia, and to assist on-site crews with pre-preparedness plans on Long Island in advance of Hurricane Jose.

Alectra Utilities is a member of the North American Mutual Assistance Group (NAMAG), which encompasses all of the United States northeast, as well as Canadian utilities in Ontario, Quebec, New Brunswick and Nova Scotia. NAMAG is one of seven regional electricity mutual assistance groups that operate in North America.

Economic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utilities
COVENANT CHURCH
PRAYER
A SPIRITUAL
EXERCISE

Sustainability and Economic Responsibility

In its ruling on the consolidation of the legacy utilities that ultimately joined together to become Alectra, the OEB stated that "…customers will likely benefit in the long term from the enduring benefits of scale enhancements of service delivery arising from this transaction." We have taken these words to heart, and moving forward, will continue to make the long-term investments required to become true allies with our customers and our communities.

Capital Investments

In 2017, we made capital investments totaling $238 million to enhance and expand the reliability of our distribution system, as well as to support operations.

A new transformer station in Vaughan provides more capacity and greater reliability to an area of the municipality experiencing tremendous growth

Sustainable Cities

Through our subsidiary Alectra Power Services, we installed approximately 11,000 new light emitting diode (LED) streetlights in St. Catharines to replace 14,000 high-pressure sodium streetlights, as part of a multi-year contract. We also removed approximately 6,500 decorative style high-pressure sodium lights in the Town of Oakville, replacing them with LED luminaires. The project resulted in an approximately 50 percent reduction in streetlight energy usage, and related electricity costs, for these communities.

To help reduce fuel-related GHG emissions, we also installed two Level 3 electric vehicle (EV) chargers for the Greater Toronto Airports Authority (GTAA) at Pearson Airport. The chargers are open to the public and are located at the GTAA administrative building and at the cell phone arrivals pick-up lot.

Through our non-regulated subsidiary, Alectra Power Services Inc., we were awarded several significant contracts in 2017, including streetlight upgrades in St. Catharines and Oakville.

Economic Value

In 2017, we continued our amalgamation discussions with Guelph Hydro – a licensed electricity distributor with approximately 55,000 customers across its 93 square-kilometre service territory, serving the City of Guelph and the Village of Rockwood. We will submit our application to the OEB in early 2018. It will highlight the following key benefits for customers:

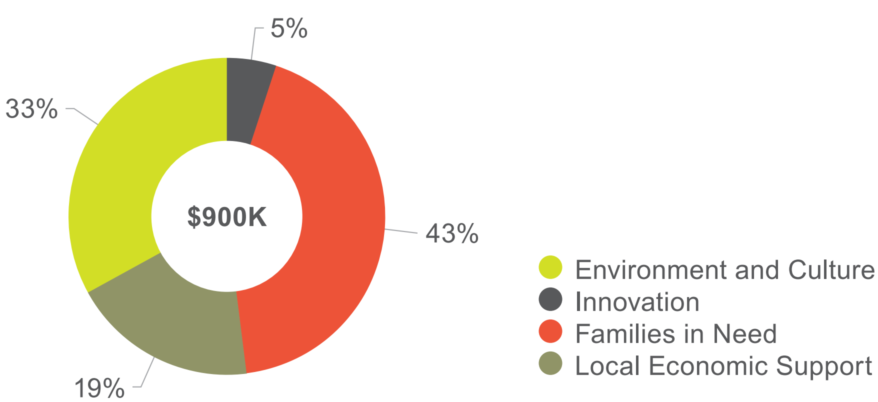
- Additional sustained synergies from the Alectra-Guelph Hydro transaction; including lower distribution rates versus the status quo.
- Promotion of electricity conservation and demand management.
- Implementation of a smart grid and encourage innovation in Ontario.
- Promote the use and generation of electricity from renewable sources. Reinforce the distribution systems throughout our service territory to accommodate the connection of renewable energy.

Our mission and commitments will not change as a result of this proposed consolidation. We will continue to:

- Enhance service delivery to customers
- Enhance internal operational cost efficiencies and asset utilization
- Increase shareholder value through growth and productivity improvements
- Develop and maintain highly skilled and motivated employees.

Charitable Contributions

Our AlectraCARES sustainability framework commits us to being active participants in the social, economic and environmental development of the communities in which we operate. In 2017, we made charitable contributions of over $900,000 to 100 projects in Alectra communities.



Economic Summary

With 987,000 customers, a strong credit rating and a return on equity in 2017 of 8.9 percent, Alectra is well positioned for future growth.

Summarized Financial Information 2017

Description of Business

Alectra Inc. is an Ontario-based investment holding company that owns 100% of the common shares of each of: Alectra Utilities Corporation ("AUC"); Alectra Energy Solutions Inc. ("AES"); and Horizon Solar Corporation ("Horizon Solar"). Through its investment in AES, the Corporation also indirectly wholly owns: Alectra Energy Services Inc.; Alectra Power Services Inc.; and Util-Assist. Alectra Inc. was created by: i) the amalgamation of the former entities PowerStream Holdings Inc. ("PowerStream Holdings"), Enersource Holdings Inc. ("Enersource Holdings"), and Horizon Holdings Inc. ("Horizon Holdings"); and ii) the acquisition of Hydro One Brampton Networks Inc., which was subsequently amalgamated with AUC.

AUC is principally a regulated electricity distribution company under a license issued by the Ontario Energy Board ("OEB") and also operates a commercial rooftop solar generation business. AES and its subsidiaries provide customers with energy solutions through the use of innovative technologies, including wholesale metering and sub-metering, street lighting services, consulting, and outage management.

The financial information, unless otherwise stated, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in effect at December 31, 2017 for the 11 months ended December 31, 2017. All dollar amounts in the tables are in millions of Canadian dollars, which are presented in whole numbers.

Selected Consolidated Financial Information[1]

(C$MM)	2017
OPERATIONS	
Revenue	
Electricity sales	2,591
Electricity distribution	458
Other	
Regulated	37
Non-regulated	39
	3,125
Expenses	
Cost of power	2,567
Operating expenses	271
Depreciation and amortization	124
Loss on derecognition of property, plant and equipment	6
	2,968
Income before financial expenses and taxes	157
Net finance costs	53
Taxes	30
Net income	**74**

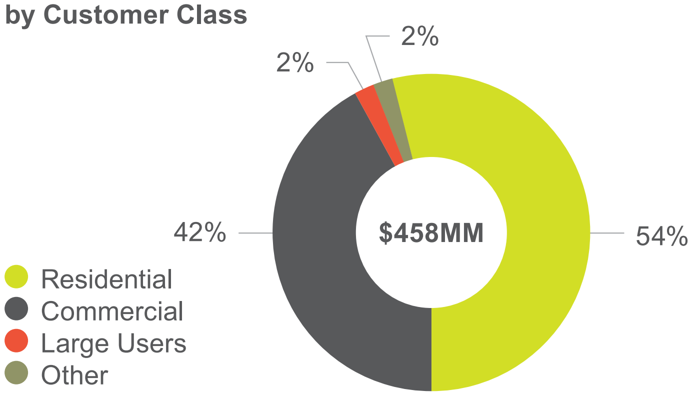
[1]The consolidated financial information is derived from the audited consolidated financial statements of Alectra Inc.

Selected Consolidated Financial Information (cont'd)

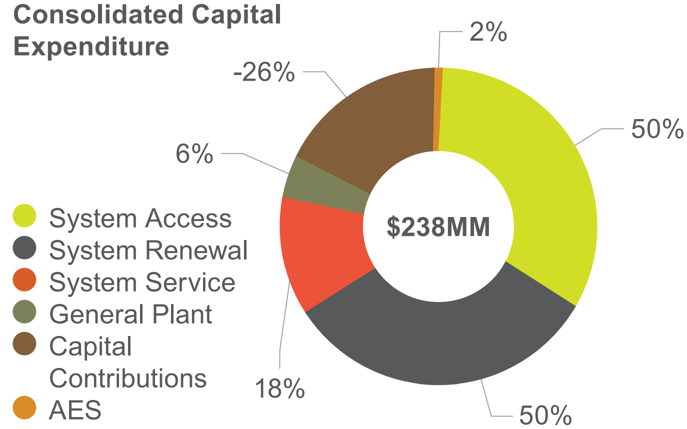
(C$MM)	2017
BALANCE SHEET SUMMARY	
Total assets	4,481
Loans and borrowings (includes short term debt)	1,869
Total shareholder's equity	1,648
Property, plant and equipment and intangible assets	3,051
CASH FLOW SUMMARY	
Cash at beginning of period	155
Net cash from operating activities	483
Net cash from financing activities	349
Net cash used in investing activities	(865)
Cash at end of period	122
OTHER FINANCIAL STATISTICS	
Net income (before net movements in regulatory balances)[2]	83
Adjusted funds from operations	277
Adjusted EBITDA (before net movements in regulatory balances)[2]	294

[2] These balances are calculated based on Modified IFRS as determined by the OEB which includes certain other regulatory balances not recognized for financial statement purposes under IFRS.

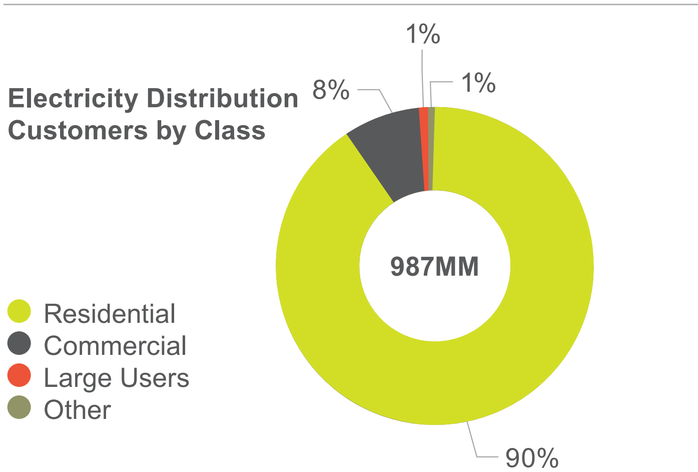
Electricity Distribution Revenue by Customer Class



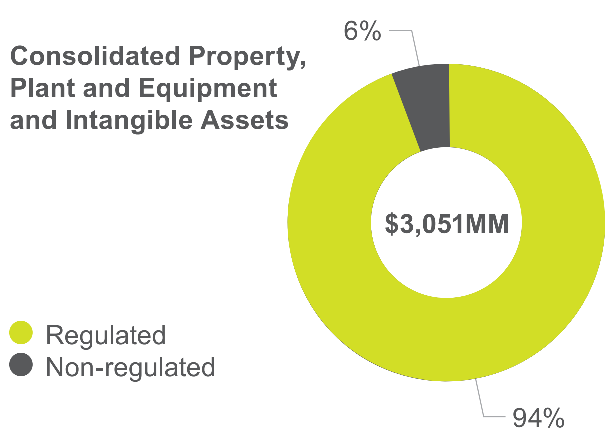
Consolidated Capital Expenditure



Electricity Distribution Customers by Class



Consolidated Property, Plant and Equipment and Intangible Assets



Regulated Electricity Distribution Statistics

Customers	Over 987,000 residential and commercial customers located in the Ontario Greater Golden Horseshoe area.
Assets	6,642 km of overhead conductor lines and approximately 159 distribution stations.
2017 Approved Rate Base[3]	$2,618MM
Approved ROE (2017)[3]	8.90%

System access expenditures comprise projects required to meet customer service obligations in accordance with the Distribution System Code of the OEB and corporate Conditions of Service. Projects in this category include: connecting new customers; building new subdivisions; and relocating system plant for roadway reconstruction work.

System renewal expenditures comprise long-term plans to replace assets that are at the end, or nearing the end, of their useful lives. Replacement strategies are prioritized based on both age and condition of assets, as well as the impact on system reliability.

System service expenditures comprise projects required to support the expansion, operation and reliability of the distribution system.

General plant expenditures comprise modifications, replacements or additions to assets that are not part of the distribution system, including: land and buildings; tools and equipment; rolling stock; and electronics devices and software used to support day-to-day business and operations activities.

Capital contributions comprise contributions received in relation to services or property received from electricity customers to construct or acquire property, plant and equipment for the purpose of connecting a customer to a network.

AES capital expenditures are principally attributable to the purchase of sub-metering assets.

Credit Rating

	DBRS		Standard & Poor’s	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	A	Stable	A	Stable
Senior unsecured debentures	A	Stable	A	Stable

On January 11, 2018, DBRS Limited confirmed the credit rating on the Corporation as “A” with a stable trend.

On January 24, 2018, S&P Global confirmed the credit rating on the Corporation as “A” with a stable outlook.

[3] The 2017 Approved Rate Base and Approved ROE values are based on the most recent rate decisions of the OEB on the applications of AUC.

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2017 Annual Sustainability Report

Alectra's family of energy companies distributes electricity to nearly one million customers in Ontario's Greater Golden Horseshoe Area and provides innovative energy solutions to these and thousands more across Ontario.

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BOMA-4 ATTACHMENT 2
IFRS FINANCIAL STATEMENTS

Alectra Utilities Corporation
Consolidated Results of Operations
IFRS Statement of Income and Other Comprehensive Income (Unaudited)

(in thousands of dollars)

	Three Months Ended March 31, 2018	Two Months Ended March 31, 2017
Revenue:		
Distribution revenue	127,965	77,315
Electricity sales	646,763	468,847
Cost of power	(645,742)	(435,421)
Other revenue	11,732	7,483
Total net revenue	**140,718**	**118,224**
Expenses:		
Operating expenses	58,861	39,096
Depreciation and amortization	33,873	20,646
Total expenses	**92,734**	**59,742**
Income from operating activities	**47,984**	**58,482**
Loss on derecognition of property, plant and equipment	(1,096)	(961)
Interest income	105	227
Interest expense	(15,765)	(8,296)
Income before income taxes	**31,228**	**49,452**
Income tax expense	(8,131)	(13,102)
Net income	**23,097**	**36,350**

Alectra Utilities Corporation
Consolidated Results of Operations
IFRS Statement of Financial Position (Unaudited)

(in thousands of dollars)

	March 31 2018	March 31 2017	December 31 2017
Assets			
Current assets			
Cash and cash equivalents	1,534	48,439	119,353
Accounts receivable	258,017	263,898	268,088
Unbilled revenue	209,642	263,775	250,288
Inventory	19,455	21,183	20,018
Prepaid expenses	10,861	11,149	6,396
Due from related parties	6,611	3,475	5,055
Assets held for sale	15,789	—	15,804
	521,909	**611,919**	**685,002**
Non-current assets			
Property, plant and equipment	2,877,669	2,706,156	2,875,790
Intangible assets	149,202	142,678	135,633
Goodwill	714,376	774,963	714,376
Investment in subsidiary	3,963	12,219	3,963
Deferred tax asset	831	—	—
Customer deposits asset	—	22,677	—
	3,746,042	**3,658,693**	**3,729,762**
Total assets	**4,267,951**	**4,270,612**	**4,414,764**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	334,297	347,247	395,951
Due to related parties	37,466	158,078	39,288
Customer deposits liability	96,145	81,263	91,001
Current portion of loans and borrowings	89,027	59,992	180,081
Income tax payable	—	64,185	263
Current portion of capital lease	554	528	554
Current portion of legal and environmental provisions	910	—	969
Notes payable to province of Ontario	1,546	30,556	6,104
Transition cost liability	3,767	3,568	5,633
Other liabilities	7,307	7,922	6,802
	571,019	**753,339**	**726,646**
Non-current liabilities			
Long-term borrowings	—	602,258	—
Deferred revenues	302,914	247,956	300,489
Long-term loans from parent	1,671,209	1,027,606	1,671,621
Employee future benefits	65,370	60,899	64,780
Capital lease	15,192	15,752	15,328
Legal and environmental provisions	109	120	109
Deferred tax liability	22,752	9,951	14,852
Derivative liability	—	9,564	—
Other long-term liabilities	4,354	8,770	4,354
	2,081,900	**1,982,876**	**2,071,533**
Total liabilities	**2,652,919**	**2,736,215**	**2,798,179**
Shareholders' equity			
Share capital	735,685	670,175	741,685
Contributed surplus	727,558	484,699	727,558
Accumulated other comprehensive loss	(932)	(13,970)	(932)
Retained earnings	152,721	393,493	148,274
Total shareholders' equity	**1,615,032**	**1,534,397**	**1,616,585**
Total liabilities and shareholders' equity	**4,267,951**	**4,270,612**	**4,414,764**

Alectra Utilities Corporation
Consolidated Results of Operations
IFRS Statement of Cash Flows (Unaudited)

(in thousands of dollars)

	Three Months Ended March 31, 2018	Two Months Ended March 31, 2017
Operating Activities		
Net income for the period	23,097	36,350
Add (deduct) non-cash items:		
Depreciation and amortization	33,873	20,646
Loss on sale and disposal of plant, property and equipment	(1,096)	(961)
Deferred payments in lieu of income taxes	7,069	11,368
Net change in deferred revenue	2,425	42,775
Net change in employee future benefits	590	4,187
Net change in non-cash operating working capital	(155,702)	(275,128)
Cash used in operating activities	**(89,744)**	**(160,763)**
Investing Activities		
Additions to fixed assets	(48,224)	(438,150)
Goodwill from investment	—	(9,300)
Cash used in investing activities	**(48,225)**	**(447,450)**
Financing Activities		
Net change in customer deposits	4,600	(2,841)
Net change in capital leases	(136)	(87)
Net change in long-term borrowings	—	(109)
Net change in long-term loans from parent	(412)	517,606
Net change in notes payable to province of Ontario	(4,558)	30,556
Net change in share capital	(2,000)	49,999
Dividends	22,656	—
Cash from financing activities	**20,150**	**595,124**
(Decrease) increase in cash and cash equivalents	**(117,819)**	**(13,089)**
Cash, beginning of period	**119,353**	**61,528**
Cash, end of period	**1,534**	**48,439**

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Alectra Utilities Corporation
Consolidated Results of Operations
IFRS Statement of Income and Other Comprehensive Income (Unaudited)

(in thousands of dollars)

	Six Months Ended June 30, 2018	Five Months Ended June 30, 2017
Revenue:		
Distribution revenue	259,553	201,121
Electricity sales	1,350,743	1,162,606
Cost of power	(1,336,136)	(1,179,220)
Other revenue	28,300	21,770
Total net revenue	**302,460**	**206,277**
Expenses:		
Operating expenses	121,103	109,024
Depreciation and amortization	68,255	53,871
Total expenses	**189,358**	**162,895**
Income from operating activities	**113,102**	**43,382**
Loss on derecognition of property, plant and equipment	(2,924)	(1,992)
Interest income	225	589
Interest expense	(31,678)	(23,149)
Income before income taxes	**78,725**	**18,830**
Income tax expense	(20,614)	(4,975)
Net income	**58,111**	**13,855**

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Alectra Utilities Corporation
Consolidated Results of Operations
IFRS Statement of Financial Position (Unaudited)

(in thousands of dollars)

	June 30 2018	June 30 2017	December 31 2017
Assets			
Current assets			
Cash and cash equivalents	—	50,563	119,353
Accounts receivable	241,502	262,284	268,088
Unbilled revenue	280,936	262,202	250,288
Inventory	20,732	20,452	20,018
Prepaid expenses	10,627	9,636	6,396
Due from related parties	7,367	2,663	5,055
Assets held for sale	15,789	—	15,804
	576,953	**607,800**	**685,002**
Non-current assets			
Property, plant and equipment	2,918,991	2,755,812	2,875,790
Intangible assets	153,905	140,018	135,633
Goodwill	714,376	748,935	714,376
Investment in subsidiary	3,963	12,219	3,963
Deferred tax asset	—	15,450	—
	3,791,235	**3,672,434**	**3,729,762**
Total assets	**4,368,188**	**4,280,234**	**4,414,764**
Liabilities			
Current liabilities			
Bank indebtedness	957	—	—
Accounts payable and accrued liabilities	370,697	385,526	395,951
Due to related parties	42,836	241,423	39,330
Customer deposits liability	98,414	91,504	91,545
Current portion of loans and borrowings	111,387	—	180,039
Income tax payable	—	2,486	263
Dividend payable	—	9,278	—
Current portion of capital lease	508	528	554
Current portion of legal and environmental provisions	907	—	969
Notes payable to province of Ontario	1,709	5,984	6,104
Transition cost liability	2,378	11,564	5,633
Other liabilities	6,775	6,940	6,258
	636,568	**755,233**	**726,646**
Non-current liabilities			
Long-term borrowings	—	7	—
Deferred revenues	308,143	258,412	300,489
Long-term loans from parent	1,670,797	1,689,920	1,671,621
Employee future benefits	65,961	61,602	64,780
Capital lease	15,100	15,621	15,328
Legal and environmental provisions	109	120	109
Deferred tax liability	33,122	21,843	14,852
Other long-term liabilities	4,354	—	4,348
	2,097,586	**2,047,525**	**2,071,527**
Total liabilities	**2,734,154**	**2,802,758**	**2,798,173**
Shareholder's equity			
Share capital	734,717	670,175	741,677
Contributed surplus	727,566	452,687	727,566
Accumulated other comprehensive loss	(932)	(4,406)	(932)
Retained earnings	172,683	359,020	148,280
Total shareholder's equity	**1,634,034**	**1,477,476**	**1,616,591**
Total liabilities and shareholder's equity	**4,368,188**	**4,280,234**	**4,414,764**

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Alectra Utilities Corporation

Consolidated Results of Operations

IFRS Statement of Cash Flows (Unaudited)

(in thousands of dollars)

	Six Months Ended June 30, 2018	Five Months Ended June 30, 2017
Operating Activities		
Net income for the period	58,111	13,855
Add (deduct) non-cash items:		
Depreciation and amortization	68,255	53,871
Loss on sale and disposal of plant, property and equipment	(2,924)	(1,992)
Deferred payments in lieu of income taxes	18,270	7,810
Dividend payable	—	9,278
Net change in deferred revenue	6,435	53,231
Net change in employee future benefits	1,181	4,890
Net change in other assets and liabilities	(34,890)	616,454
Cash from operating activities	**114,438**	**757,396**
Investing Activities		
Additions to fixed assets	(126,804)	(517,340)
Goodwill from investment	—	(687,469)
Cash used in investing activities	**(126,804)**	**(1,204,809)**
Financing Activities		
Net change in customer deposits	6,869	30,077
Net change in capital leases	(274)	(218)
Net change in current portion of loans and borrowings	(68,652)	(214,976)
Net change in long-term borrowings	—	(602,360)
Net change in long-term loans from parent	(824)	1,179,920
Net change in notes payable to province of Ontario	(4,395)	5,984
Net change in share capital	(6,960)	49,999
Dividends	(33,708)	(11,978)
Cash (used in) from financing activities	**(107,944)**	**436,448**
Decrease in cash and cash equivalents	**(120,310)**	**(10,965)**
Cash, beginning of period	**119,353**	**61,528**
(Bank indebtedness) cash, end of period	**(957)**	**50,563**

BOMA-4 ATTACHMENT 3
MIFRS FINANCIAL STATEMENTS

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Alectra Utilities Corporation
Shared Consolidated Results of Operations
MIFRS Statement of Income and Other Comprehensive Income (Unaudited)
(in thousands of dollars)

	Three Months Ended March 31, 2018	Two Months Ended March 31, 2017
Revenue:		
Distribution revenue	127,731	78,602
Electricity sales	645,786	435,421
Cost of power	(645,786)	(435,421)
Other revenue	7,077	4,236
Total net revenue	**134,808**	**82,838**
Expenses:		
Operating expenses	57,725	38,283
Depreciation and amortization	30,080	18,139
Total expenses	**87,805**	**56,422**
Income from operating activities	**47,003**	**26,416**
Loss on derecognition of property, plant and equipment	(1,081)	(797)
Interest income	345	319
Interest expense	(15,670)	(8,230)
Income before income taxes	**30,597**	**17,708**
Income tax expense	(2,845)	(2,728)
Net income	**27,752**	**14,980**

Alectra Utilities Corporation
Shared Consolidated Results of Operations
MIFRS Statement of Financial Position (Unaudited)

(in thousands of dollars)

	March 31 2018	March 31 2017	December 31 2017
Assets			
Cash and cash equivalents	—	40,107	104,581
Accounts receivable	256,215	262,505	267,460
Unbilled revenue	209,642	263,775	250,288
Inventory	19,455	21,183	20,018
Prepaid expenses	10,742	11,126	6,336
Due from related parties	5,926	3,492	5,056
Assets held for sale	17,188	—	17,203
	519,168	**602,188**	**670,942**
Non-current assets			
Property, plant and equipment	2,737,935	2,556,312	2,735,519
Intangible assets	149,238	142,714	135,668
Goodwill	704,890	774,963	704,890
Investment in subsidiary	3,963	13,181	3,963
Deferred tax asset	11,482	—	12,580
Regulatory assets	60,072	—	84,303
Customer deposits asset	—	22,677	—
	3,667,580	**3,509,847**	**3,676,923**
Total assets	**4,186,748**	**4,112,035**	**4,347,865**
Liabilities			
Bank indebtedness	2,804	—	—
Accounts payable and accrued liabilities	343,251	347,233	405,020
Due to related parties	33,732	158,571	214,004
Current portion of obligations under CCRA	—	—	17,000
Customer deposits liability	90,484	81,263	68,340
Current portion of loans and borrowings	87,583	59,992	—
Income tax payable	—	64,185	263
Current portion of capital lease	554	528	554
Current portion of legal and environmental provisions	910	—	969
Notes payable to province of Ontario	1,546	30,556	6,104
Transition cost liability	3,767	3,568	5,633
Other liabilities	7,307	7,922	6,802
	571,938	**753,818**	**724,689**
Non-current liabilities			
Long-term borrowings	—	527,764	—
Deferred revenues	266,237	211,279	263,812
Long-term loans from parent	1,607,959	1,027,606	1,607,425
Regulatory liabilities	75,559	44,392	99,219
Employee future benefits	65,362	60,893	64,772
Capital lease	15,192	15,752	15,328
Legal and environmental provisions	109	120	109
Deferred tax liability	—	10,136	—
Derivative liability	—	9,564	—
Other long-term liabilities	4,354	—	4,354
	2,034,772	**1,907,506**	**2,055,019**
Total liabilities	**2,606,710**	**2,661,324**	**2,779,708**
Shareholders' equity			
Share capital	681,685	610,175	681,685
Contributed surplus	738,712	484,699	738,712
Accumulated other comprehensive loss	(2,242)	(15,029)	(2,242)
Retained earnings	161,883	370,866	150,002
Total shareholders' equity	**1,580,038**	**1,450,711**	**1,568,157**
Total liabilities and shareholders' equity	**4,186,748**	**4,112,035**	**4,347,865**

Shared Consolidated Results of Operations
MIFRS Statement of Cash Flows (Unaudited)
(in thousands of dollars)

	Three Months Ended March 31, 2018	Two Months Ended March 31, 2017
Operating Activities		
Net income for the period	27,752	14,980
Add (deduct) non-cash items:		
Depreciation and amortization	30,080	18,139
Amortization of deferred revenue	(2,069)	(1,041)
Loss on sale and disposal of plant, property and equipment	(1,081)	(797)
Deferred payments in lieu of income taxes	1,098	9,764
Net change in deferred revenue	4,494	43,816
Net change in employee future benefits	590	4,187
Net change in non-cash operating working capital	(107,829)	(250,591)
Cash used in operating activities	**(46,965)**	**(161,543)**
Investing Activities		
Additions to fixed assets	(44,985)	(437,403)
Goodwill from investment	—	(9,300)
Cash used in investing activities	**(44,985)**	**(446,703)**
Financing Activities		
Net change in customer deposits	4,600	(2,841)
Net change in capital leases	(136)	(87)
Net change in long-term borrowings	—	(89)
Net change in long-term loans from parent	534	517,606
Net change in notes payable to province of Ontario	(4,558)	30,556
Net change in share capital	—	49,999
Dividends	(15,875)	—
Cash from financing activities	**(15,435)**	**595,144**
(Decrease) increase in cash and cash equivalents	**(107,385)**	**(13,102)**
Cash, beginning of period	**104,581**	**53,209**
(Bank indebtedness) cash, end of period	**(2,804)**	**40,107**

Note: These statements exclude Alectra's rooftop solar business.

Alectra Inc.
Shared Consolidated Results of Operations
MIFRS Statement of Income and Other Comprehensive Income (Unaudited)
(in thousands of dollars)

	Six Months Ended June 30, 2018	Five Months Ended June 30, 2017
Revenue:		
Distribution revenue	258,173	205,684
Electricity sales	1,336,209	1,179,220
Cost of power	(1,336,209)	(1,179,220)
Other revenue	26,734	20,633
Total net revenue	**284,907**	**226,317**
Expenses:		
Operating expenses	128,538	115,163
Depreciation and amortization	61,567	48,121
Total expenses	**190,105**	**163,284**
Income from operating activities	**94,802**	**63,033**
Loss on derecognition of property, plant and equipment	(2,679)	(1,829)
Interest income	2,029	786
Interest expense	(32,461)	(23,117)
Income before income taxes	**61,691**	**38,873**
Income tax expense	(5,170)	(6,185)
Net income	**56,521**	**32,688**

Alectra Inc.
Shared Consolidated Results of Operations
MIFRS Statement of Financial Position (Unaudited)

(in thousands of dollars)	June 30 2018	June 30 2017	December 31 2017
Assets			
Cash and cash equivalents	—	49,574	106,817
Accounts receivable	244,859	270,127	271,956
Unbilled revenue	282,035	262,993	251,402
Inventory	21,353	20,827	20,833
Prepaid expenses	11,779	12,153	11,541
Due from related parties	11,743	133,964	17,009
Assets held for sale	17,188	—	17,203
	588,957	**749,638**	**696,761**
Non-current assets			
Property, plant and equipment	2,797,657	2,623,886	2,751,792
Intangible assets	179,422	161,405	159,292
Goodwill	710,737	747,586	710,737
Promissory notes receivable	1,058	1,370	1,370
Long-term receivables from subsidiaries	62,296	80,511	64,196
Investment in subsidiary	—	69,218	—
Deferred tax asset	13,009	12,443	16,197
Regulatory assets	71,031	29,660	84,303
Customer deposits asset	2,937	1,746	3,060
Other assets	—	—	25
	3,838,147	**3,727,825**	**3,790,972**
Total assets	**4,427,104**	**4,477,463**	**4,487,733**
Liabilities			
Bank indebtedness	4,556	—	—
Accounts payable and accrued liabilities	389,467	403,227	415,879
Due to related parties	44,768	172,983	38,640
Customer deposits liability	99,272	94,688	92,336
Short term debt	96,327	80,000	176,383
Current portion of loans and borrowings	75	1,168	—
Income tax payable	15	2,598	648
Current portion of capital lease	508	528	554
Current portion of legal and environmental provisions	907	—	969
Notes payable to province of Ontario	1,709	5,984	6,104
Transition cost liability	2,869	11,564	5,633
Other liabilities	10,038	7,804	8,979
	650,511	**780,544**	**746,125**
Non-current liabilities			
Long-term borrowings	1,693,393	1,709,585	1,693,057
Deferred revenues	271,466	221,734	263,812
Long-term loans from parent	—	10,579	—
Regulatory liabilities	99,889	20,465	99,219
Employee future benefits	66,257	62,015	65,064
Capital lease	15,100	15,621	15,328
Legal and environmental provisions	109	120	109
Deferred tax liability	—	21,606	—
Other long-term liabilities	5,290	947	5,255
	2,151,504	**2,062,672**	**2,141,844**
Total liabilities	**2,802,015**	**2,843,216**	**2,887,969**
Shareholders' equity			
Share capital	909,762	963,557	909,762
Contributed surplus	555,516	452,687	555,516
Accumulated other comprehensive loss	(14,678)	(25,284)	(15,294)
Total shareholders' equity	**1,625,089**	**1,634,247**	**1,599,764**
Total liabilities and shareholders' equity	**4,427,104**	**4,477,463**	**4,487,733**

Alectra Inc.
Shared Consolidated Results of Operations
MIFRS Statement of Cash Flows (Unaudited)
(in thousands of dollars)

	Six Months Ended June 30, 2018	Five Months Ended June 30, 2017
Operating Activities		
Net income for the period	56,521	32,688
Add (deduct) non-cash items:		
Depreciation and amortization	61,567	48,121
Amortization of deferred revenue	(4,191)	(2,767)
Loss on sale and disposal of plant, property and equipment	(2,679)	(1,829)
Deferred payments in lieu of income taxes	3,186	8,843
Net change in deferred revenue	10,626	55,997
Net change in employee future benefits	1,193	4,898
Net change in other assets and liabilities	(3,640)	461,173
Cash from operating activities	**122,583**	**607,124**
Investing Activities		
Additions to fixed assets	(124,894)	(515,949)
Goodwill from investment	—	(684,020)
Cash used in investing activities	**(124,894)**	**(1,199,969)**
Financing Activities		
Net change in customer deposits	7,059	30,329
Net change in capital leases	(274)	(218)
Net change in current portion of loans and borrowings	18	(215,285)
Net change in short term debt	(80,000)	80,000
Net change in long-term borrowings	336	671,390
Net change in long-term loans from parent	—	10,579
Net change in notes payable to province of Ontario	(4,395)	5,984
Net change in share capital	—	(104)
Dividends	(31,806)	(11,978)
Cash (used in) from financing activities	**(109,062)**	**570,697**
Decrease in cash and cash equivalents	**(111,373)**	**(22,148)**
Cash, beginning of period	**106,817**	**71,722**
(Bank indebtedness) cash, end of period	**(4,556)**	**49,574**

Note: These statements exclude Alectra's rooftop solar business.

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Reference(s): Attachment 33

Please provide:

a) An overall prioritized list of the capital projects provided in the attachment.

b) A prioritized list for the projects included in each of the four categories: System Access, System Renewal, System Service, and General Plant, provided in the attachment.

Response:

a) Table 1 below provides the overall prioritized list of the capital projects for 2019 in the PRZ from Attachment 33. The table does not include programs as the request is for a prioritized list of capital projects. Table 1 must be assessed in the context of Alectra Utilities' Asset Management Practice and capital Investment Plan Optimization Process for the PRZ. Pursuant to this process, Alectra Utilities evaluates each project in the capital investment plan to pace and prioritize investments based on mandatory requirements, project benefits and risks. The portfolio of projects listed below reflects prudent investment needs and the most cost effective options for ratepayers. All of the listed projects are necessary and produce positive outcomes for ratepayers. The asset management and capital planning process for the PRZ is explained in detail in sections 5.3.1 – Asset Management Process Overview and 5.4.2 – Capital 5 Expenditure Planning Process Overview in PowerStream's DSP as filed in EB-2015-0003, Exhibit G, Tab 2, Schedule 2.

Table-1: Prioritized List of 2019 Projects in the PRZ

Projects	Ranking
New Residential Subdivision Development - NORTH	1
New Residential Subdivision Development - SOUTH	2
New Subdivision Development - Secondary Service Lateral - SOUTH	3
New Commercial Subdivision Development - SOUTH	4
Road Authority YRRT	5
Bathurst Road Widening	6
Road Authority Expenditure PS North	7
Road Authority Expenditure PS South	8

CIS Modifications (Regulatory Enhancements)	9
Barrie TS Upgrade Feeders and Metering	10
4-Circuit Pole Storm Hardening	11
Cable Replacement Projects	12
Unforeseen Projects Initiated by PowerStream	13
Cable Injection - (V01) - Yonge - Steeles - Bathurst - Center	14
Install two additional 27.6 kV Ccts on Hwy 7 from Jane St to Weston Rd	15
Cable Injection - (V37) - Langstaff and Weston	16
Cable Replacement – (V08) - Steeles Ave and New Westminster	17
Rear Lot Supply Remediation - Royal Orchard - North	18
Radial Supply Remediation/Conversion - 13.8 kV to 27.6 kV on Miller Ave	19
Install Two 27.6kV Ccts on 16th Ave from Hwy 404 to Woodbine Ave	20
Distribution Automation Switches / Reclosers	21
Smart Grid - Other	22
Bucket Trucks & RBDs	23
Tools, Shop and Garage Equipment	24

b) Table 2 below provides the prioritized list of projects included in each of the four categories. Table 2 must be assessed in the context of Alectra Utilities' Asset Management Practice and capital Investment Plan Optimization Process for the PRZ. Pursuant to this process, Alectra Utilities evaluates each project in the capital investment plan to pace and prioritize investments based on mandatory requirements, project benefits and risks. The portfolio of projects listed below reflects prudent investments needs and the most cost effective option for ratepayers. All of the listed projects are necessary and produce positive outcomes for ratepayers. The asset management and capital planning process for the PRZ is explained in detail in sections 5.3.1 – Asset Management Process Overview and 5.4.2 – Capital 5 Expenditure Planning Process Overview in PowerStream's DSP as filed in EB-2015-0003, Exhibit G, Tab 2, Schedule 2.

Table-2- Prioritized List of 2019 Projects in PRZ by Investment Category

Projects	Ranking
System Access	
New Residential Subdivision Development - NORTH	1
New Residential Subdivision Development - SOUTH	2
New Subdivision Development - Secondary Service Lateral - SOUTH	3
New Commercial Subdivision Development - SOUTH	4

Road Authority YRRT	5
Bathurst Road Widening	6
Road Authority Expenditure PS North	7
Road Authority Expenditure PS South	8
System Renewal	
4-Circuit Pole Storm Hardening	11
Cable Replacement Projects	12
Unforeseen Projects Initiated by PowerStream	13
Cable Injection - (V01) - Yonge - Steeles - Bathurst - Center	14
Cable Injection - (V37) - Langstaff and Weston	16
Cable Replacement – (V08) - Steeles Ave and New Westminster	17
Rear Lot Supply Remediation - Royal Orchard - North	18
Radial Supply Remediation/Conversion - 13.8 kV to 27.6 kV on Miller Ave	19
System Service	
Barrie TS Upgrade Feeders and Metering	10
Install two additional 27.6 kV Ccts on Hwy 7 from Jane St to Weston Rd	15
Install Two 27.6kV Ccts on 16th Ave from Hwy 404 to Woodbine Ave	20
Distribution Automation Switches / Reclosers	21
General Plant	
CIS Modifications (Regulatory Enhancements)	9
Smart Grid - Other	22
Bucket Trucks & RBDs	23
Tools, Shop and Garage Equipment	24

BOMA-6

Reference(s): Attachment 31

Please provide:

Table 3 on p. 8 shows the contributed capital at 50% of the Gross Capital for the Y2 section of the project, but a higher percentage, more than 60%, for the H2 section. What accounts for the different percentage capital contributions for the Y2 and H2 work?

Please explain fully.

Response:

The apportionment of costs for relocating public utilities within a municipal road allowance is determined in accordance with the Public Service Works on Highways Act ("PSWHA"). The PSWHA specifies that a road authority and an electricity distribution company may agree upon the apportionment of the cost of labour. In the absence of an agreement such costs shall be apportioned equally and all other costs of the work shall be borne by the electricity distribution company. Under the PSWHA, the "cost of labour" is a defined term that includes wages paid to workers as well as other elements, such as the cost of using mechanical labour-saving equipment in the work. Typically, for road widening projects, the "cost of labour" that is shared between the road authority and the electricity distribution company accounts for 30 to 40% of the total project cost. As a result, in the absence of an agreement, the costs of a typical road widening project would be allocated 30-40% to the road authority and 60-70% to the electricity distribution company.

As permitted under the PSWHA, Alectra Utilities and the York Region Rapid Transit Corporation ("YRRTC") agreed on different apportionment of the cost responsibility for different portions of the relocation project based on the incremental costs of certain requests made by the YRRTC. At the request of the YRRTC, Alectra Utilities was required for specific portions of the YRRT project to relocate some sections underground, install concrete poles with specifications beyond existing standards and relocate assets at different spacing requirements. Alectra Utilities and YRRTC agreed to reflect these incremental relocation costs by having YRRTC bear greater portions of these relocation costs.

BOMA-7

Reference(s): Attachment 31, Table 3

Table 3 shows 2018/2019 forecast In-service Capital Additions for the YRRT Project Y2 and H2 Sections. For each of Y2.1, Y2.2, H2 West and H2 East, please show:

a) The total in-service additions for 2018 and 2019 that are from capital expenditures in 2018, or earlier years (for 2019) and 2017, or earlier years for 2018.

b) Please provide the capital expenditures forecast for sections Y2.1, Y2.2, H2 East and H2 West for 2018 in EB-2017-0024, and the actual capital expenditure completed in 2018 to date. Please provide the forecast capital expenditure budgets for each of the four project sections noted above for 2019. Reconcile total with 2019 capital budget of $13,272,246 (Table 106, in Exhibit 2, Tab 3, Schedule 10, p 11).

c) Please provide which of its relocation construction projects must begin in 2018 and 2019. When did Alectra learn what the requirements for 2018 and 2019 would be for each of Y2.1, Y2.2, H2 West, and H2 East?

d) When did Alectra become aware of the size of the proposed 2018 relocation project budget? Please provide a copy of Alectra's presentation of the YRRT project in EB-2017-0024.

e) Does Alectra intend to true up any underspends in 2018 or 2019 in the event that YRRT expenditures are less than forecast? If not, why not?

f) Given that YRRT is clearly a mandatory project, which must be completed in 2018 and 2019, and that PowerStream has known about the need to implement the project for some years, why has PowerStream not included the project in its base budget? Please explain fully.

Please explain fully.

Response:

a) Table 1 below provides the YRRT project capital in-service additions for 2018 from capital expenditures in 2018 and earlier. Table 2 below provides the YRRT project capital in-service additions for 2019 from capital expenditures in 2019 and earlier.

Table 1 – Capital In-Service Additions for 2018 from Capital Expenditures in 2018 and Earlier

YRRT ($000)	2015 Actual CAPEX (Net)	2016 Actual CAPEX (Net)	2017 Actual CAPEX (Net)	2018 Forecasted CAPEX (Net)	TOTAL 2018 Additions (Net)
H2 E	1	3	3,421	1,671	5,096
H2 W	-	-	77	1,930	2,007
Y2.1	-	-	1,715	1,285	3,000
Y2.2	-	-	3,311	(671)	2,640
Total	**1**	**3**	**8,524**	**4,215**	**12,743**

Table 2 – Capital In-Service Additions for 2019 from Capital Expenditures in 2019 and Earlier

YRRT ($000)	2015 Actual Capex (Net)	2016 Actual Capex (Net)	2017 Actual Capex (Net)	2018 Forecasted Capex (Net)	2019 Forecasted Capex (Net)	TOTAL 2019 Additions (Net)
H2 E	-	1	110	100	28	239
H2 W	-	-	286	2,790	302	3,378
Y2.1	31	507	3,641	11,120	1,101	16,400
Y2.2	42	251	1,185	1,048	168	2,694
Total	**73**	**759**	**5,222**	**15,058**	**1,599**	**22,711**

b) Please refer to Alectra Utilities' response to Interrogatory AMPCO-2 for a breakdown of the capital expenditure by year and phase of the YRRT project. Please refer to Alectra Utilities' response to Interrogatory PRZ-Staff-60 for an explanation of the YRRT in-service capital addition schedule.

c) Table 3 provides the construction start year for phases in 2018 and 2019.

Table 3 – Construction Start Schedule in 2018 and 2019 for the YRRT Project by Phase

Construction Start	H2 E	H2 W	Y2.1	Y2.2
2018	Phase 3.2	Phase 3.1	Stage 4	Stage 8
	Phase 5	Phase 3.2	Stage 7	
		Phase 4.2		
		Phase 5.1 (Temp)		
		Phase 5.2		
2019	Final Transfers and Pole Removals	5.1 (Permanent Poles)	Stage 1 (Permanent Poles)	Final Transfers and Pole Removals
		Final Transfers and Pole Removals	Stage 2 (Permanent Poles)	
			Final Transfers and Pole Removals	

For Phase 5.1 of H2, Alectra Utilities was required to install temporary poles in order to meet YRRTC timelines and permit work during land acquisition issues from YRRTC. Once the land acquisition matters are resolved in 2019, Alectra Utilities is required to install poles in the permanent location.

For Stage 1 and Stage 4 of Y2, Alectra Utilities is required to relocate poles as temporary poles were implemented at the request of YRRTC due to watermain relocation issues and in order to meet YRRTC timelines.

Alectra Utilities became aware of the requirement to relocate assets for 2018 and 2019 for the H2 and Y2 portions of the YRRT project from the YRRTC in 2016. However, Alectra Utilities was required to modify the sequence and order of the work by the YRRTC to coordinate with transit contractors and other utilities. As a result of the schedule and work changes requested by YRRTC, Alectra Utilities needed to adjust the in-service schedule for the YRRT project.

d) Please refer to Alectra Utilities' response to Interrogatory PRZ-Staff-60 for an explanation of the changes to the YRRT project in-service schedule and work scope as a result of the YRRTC.

e) The true-up of the ICM project will be in accordance with the Ontario Energy Board's ("OEB") ICM policy. Section 7.4 of the *Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, dated September 18, 2014, states that "*At the time of the next cost of service or Custom IR application, a distributor will need to file calculations showing the actual ACM/ICM amounts to be incorporated into the test year rate base. At that time, the Board will make a determination on the treatment of any difference between forecasted and actual capital spending under the ACM/ICM, if applicable, and the amounts recovered through ACM/ICM rate riders and what should have been recovered in the historical period during the preceding Price Cap IR plan term. Where there is a material difference between what was collected based on the approved ACM/ICM rate riders and what should have been recovered as the revenue requirement for the approved ACM/ICM project(s), based on actual amounts, the Board may direct that over- or under-collection be refunded or recovered from the distributor's ratepayers.*"

f) On May 22, 2015, Alectra Utilities predecessor, PowerStream submitted its rate application and Distribution System Plan ("DSP"). Information included in the DSP was accurate as of 2014. YRRTC did not identify the project in 2014 and, hence, the YRRT project was not included in the base capital. However, subsequent to filing of the application, PowerStream was made aware of the need for extensive enhancements to the transportation infrastructure and expansion on several Rapid Transit corridors. These were brought to the attention of the OEB during the Custom IR proceedings and, as a result, the OEB noted the following in its decision:

> *PowerStream suggested that any reduction to its capital spending program was inappropriate, but that a reduction of $23.22 million was feasible, except that an additional $20.00 million may be needed for York Region Rapid Transit project (EB-2015-003, Page 14)*

BOMA-8

Reference(s): Attachment 31, Figure 1, p 3 – Status Report

Please provide copies of the Project Implementation Plans for each of Yonge Street (Y2.1, Y2.2, Y3.2 2014-18) and Highway 7 West – Vaughan (see p. 3 of 8).

Response:

Alectra Utilities provides the project planning schedules for each for Yonge Street (Y2.1, Y2.2) and Highway 7 West (H2E, H2W). Please refer to attached files BOMA-8_Attach 1_Project Plan Y2.1, BOMA-8_Attach 2_Project Plan Y2.2, BOMA-8_Attach 3_Project Plan H2-E and BOMA-8_Attach 4_Project Plan H2-W.

Please note that the Y3.2 section is not in Alectra Utilities' service territory and hence not included in the scope of the Alectra Utilities' YRRT project.

BOMA-8 ATTACHMENT 1
PROJECT PLAN Y2.11

1

ID		Task Mode	Task Name	Location	Baseline Start	Baseline Finish	Predecesso	Comments	Baseline Duration	Resource Names	Duration	Actual Start	Actual Finish	% Complete
1			VIVA - Y2.1		NA	NA			0 days?		154 days?	Mon 16-11-21	NA	99%
2			Stage 1 - 33 poles	South Limit to Scott Dr. (Westside	NA	NA			0 days		154 days?	Mon 16-11-21	NA	99%
48			Stage 3	Carville Rd to Weldrick Rd	NA	NA			0 days?		174 days	Wed 17-03-15	NA	68%
49			Garden and Yonge Connector		NA	NA			0 days?		30 days	Mon 17-04-17	Fri 17-05-26	100%
50			Ductbank Installation	West side of Yonge St., South of Ga	NA	NA			0 days		5 days	Mon 17-04-24	Fri 17-04-28	100%
51			Underground Road Crossing	Garden Ave.	NA	NA			0 days		4 days	Mon 17-04-17	Thu 17-04-20	100%
52			Ductbank Installation	South on Garden Ave. heading Wes	NA	NA			0 days		9 days	Mon 17-05-01	Thu 17-05-11	100%
53			Underground Road Crossing	Yonge St.	NA	NA			0 days		8 days	Mon 17-04-17	Wed 17-04-26	100%
54			Ductbank Installation	East side of Yonge St., North of Yon	NA	NA			0 days		9 days	Wed 17-05-03	Mon 17-05-15	100%
55			Cable Pull		NA	NA			0 days		3 days	Wed 17-05-24	Fri 17-05-26	100%
56			Manhole Splice	East side of Yonge St., North of Yon	NA	NA			0 days		3 days	Wed 17-05-24	Fri 17-05-26	100%
57			High Tech Rd.		NA	NA			0 days?		26 days?	Wed 17-05-17	NA	94%
58			Underground Road Crossing	Yonge St. Road Crossing - Southern	NA	NA			0 days		3 days	Mon 17-05-29	Wed 17-05-31	100%
59			Ductbank Installation	East side of Yonge St., South of High	NA	NA			0 days		8 days	Wed 17-05-17	Fri 17-05-26	100%
60			Underground Road Crossing	High Tech Rd.	NA	NA			0 days		3 days	Thu 17-06-01	Mon 17-06-05	100%
61			Ductbank Installation	North of High Tech Rd.	NA	NA			0 days		11 days	Mon 17-06-12	Mon 17-06-26	100%
62			Underground Road Crossing	Yonge St. Road Crossing - Northern	NA	NA			0 days?		4 days	Sat 17-06-03	Wed 17-06-07	100%
63			Manhole Installation	High Tech Rd.	NA	NA			0 days?		2 days	Tue 17-06-27	Wed 17-06-28	100%
64			Cable Pull		NA	NA			0 days?			NA	NA	0%
65			Manhole Splice	East on High Tech Rd. - North Side	NA	NA			0 days?			NA	NA	0%
66			Carrville Rd.		NA	NA			0 days?		43 days	Mon 17-05-15	Wed 17-09-27	100%
67			Ductbank Installation - Roadway	Heading West on Carrville Rd.	NA	NA			0 days		10 days	Mon 17-05-15	Fri 17-05-26	100%
68			Ductbank Installation	West side of Yonge St., South of Ca	NA	NA			0 days		13 days	Mon 17-05-29	Wed 17-06-14	100%
69			Underground Road Crossing	Carrville Rd.	NA	NA			0 days?		7 days	Thu 17-06-15	Fri 17-06-23	100%
70			Ductbank Installation	West side of Yonge St., North of Ca	NA	NA			0 days?		10 days	Mon 17-09-11	Fri 17-09-22	100%
71			Cable Pull		NA	NA			0 days?		3 days	Mon 17-09-25	Wed 17-09-27	100%
72			Carrville Rd. - Temporary Overhead		NA	NA			0 days?		11 days	Wed 17-03-15	NA	89%
73			Pole Installation	2 North of Carrville and 1 South of (	NA	NA			0 days?		7 days	Mon 17-05-15	Tue 17-05-23	100%
74			Break and Tie		NA	NA			0 days?		4 days	Tue 17-05-23	Fri 17-05-26	100%
75			Stage 4	Weldrick to Hopkins	Mon 17-10-30	Thu 18-05-31			159 days		385 days?	Wed 17-03-15	NA	88%
76			Civil	177 days	Mon 18-02-19	Tue 18-10-23			0 days?		199 days?	Mon 17-07-17	NA	96%
77			Harding Blvd to Major Mackenzie Dr W	75 days	Mon 18-02-19	Fri 18-06-01		Includes 5 days to prove and rope duct	0 days?		123 days?	Mon 18-01-29	Wed 18-07-18	100%
78			Yongehurst Rd to Harding Blvd	65 days	Mon 18-03-12	Fri 18-06-08		Includes 5 days to prove and rope duct	0 days?		1 day?	Mon 18-02-12	NA	0%
79			Baif Blvd to Yongehurst Rd	89 days	Mon 18-02-19	Thu 18-06-21		Includes 5 days to prove and rope duct	0 days?		134 days?	Mon 18-03-05	Thu 18-09-06	100%
80			Yonge St bore shot (north)	6 days	Mon 18-04-23	Mon 18-04-30			0 days?		4 days	Tue 18-04-24	Fri 18-04-27	100%
81			Yonge St bore shot (south)	5 days	Mon 18-04-23	Fri 18-04-27			0 days?		5 days	Wed 18-04-18	Tue 18-04-24	100%
82			Break & Tie	55 days	Wed 18-08-08	Tue 18-10-23			0 days?		258 days?	NA	NA	0%
83			Hopkins St at MH U10058	11 days	Tue 18-09-18	Tue 18-10-02			0 days?		1 day?	NA	NA	0%
84			Switching to isolate 36M5 and 36M6 circuits	1 day	Tue 18-09-18	Tue 18-09-18			0 days?		1 day?	NA	NA	0%
85			Breakout existing structure on Hopkins St	5 days	Wed 18-09-19	Tue 18-09-25			0 days?		1 day?	NA	NA	0%
86			Pull back 6-1000, 1-250 and re-route into MH U10058	5 days	Wed 18-09-26	Tue 18-10-02			0 days?		1 day?	NA	NA	0%
87			Harding Blvd at SWGR R23SP3066	9 days	Wed 18-08-08	Mon 18-08-20			0 days?		258 days?	NA	NA	0%
88			Switching to isolate 27M6, 27M1 circuits	1 day	Wed 18-08-08	Wed 18-08-08	77		0 days?		1 day?	NA	NA	0%
89			Breakout existing structure on Harding Blvd	5 days	Thu 18-08-09	Wed 18-08-15			0 days?		1 day?	NA	NA	0%
90			Pull back 3-750 and re-route into SWGR R23SP3066	3 days	Thu 18-08-16	Mon 18-08-20			0 days?		1 day?	NA	NA	0%
91			South of Baif Blvd	26 days	Tue 18-09-18	Tue 18-10-23			0 days?		1 day?	NA	NA	0%
92			Switching to isolate 36M5 and 36M6 circuits	1 day	Tue 18-09-18	Tue 18-09-18			0 days?		1 day?	NA	NA	0%
93			Breakout existing structure south of Baif Blvd	5 days	Wed 18-10-03	Tue 18-10-09			0 days?		1 day?	NA	NA	0%
94			Remove existing 6-1000 from breakout to MH 16U3	5 days	Wed 18-10-10	Tue 18-10-16			0 days?		1 day?	NA	NA	0%
95			Tie-in new-to-old structure, prove & rope ducts	5 days	Wed 18-10-17	Tue 18-10-23			0 days?		1 day?	NA	NA	0%
96			Cable Pulling	263 days	Mon 17-10-30	Wed 18-10-31			0 days?		385 days?	Wed 17-03-15	NA	40%
97			Feeder	108 days	Mon 18-06-04	Wed 18-10-31			0 days?		385 days?	Wed 17-03-15	NA	67%
98			3-1000, 1-350 from MH U10051 to SWGR R23SP3066	3 days	Mon 18-06-04	Wed 18-06-06		Switchgear at SW Harding Blvd...	0 days?		1 day?	Tue 18-09-11	Tue 18-09-11	100%
99			3-1000, 1-350 from MH U10051 to SWGR R23SP3067	3 days	Thu 18-06-07	Mon 18-06-11		Manhole at SW Hopkins St...	0 days?		2 days?	Wed 18-08-29	Thu 18-08-30	100%
100			3-1000, 1-350 from MH U10051 to Riser R23SA3062	3 days	Tue 18-06-12	Thu 18-06-14		Manhole at SW Hopkins St...	0 days?		1 day?	Tue 18-09-04	Tue 18-09-04	100%
101			3-1000, 1-350 from MH U10051 to MH U10050	3 days	Fri 18-06-15	Tue 18-06-19		Manhole 51 at SW Hopkins St...	0 days?		1 day?	Wed 18-09-05	Wed 18-09-05	100%
102			3-1000, 1-350 from SWGR R23SP3066 to SWGR R23SP30(	3 days	Mon 18-06-11	Wed 18-06-13		Switchgear 3066 at SW Harding Blvd...	0 days?		1 day?	NA	NA	0%
103			3-1000, 1-350 from SWGR R23SP3065 to SWGR R23SP30(	3 days	Mon 18-06-25	Wed 18-06-27		Switchgear 3065 at SW May Ave...	0 days?		1 day?	NA	NA	0%
104			3-1000, 1-350 from SWGR R23SP3064 to MH U10055	3 days	Fri 18-06-22	Tue 18-06-26		Switchgear at NW Yongehurst Rd...	0 days?		1 day?	Tue 18-08-28	Tue 18-08-28	100%
105			3-1000, 1-350 from MH U10055 to SWGR R23SP3046	3 days	Wed 18-06-27	Fri 18-06-29		Manhole north of Weldrick Rd W...	0 days?		1 day?	NA	NA	0%
106			6-1000, 2-350 from MH U10058 to MH U10057	6 days	Mon 18-07-16	Mon 18-07-23		Manhole 58 at SW Hopkins St...	0 days?		4 days?	Fri 18-08-24	Wed 18-08-29	100%
107			6-1000, 2-350 from MH U10057 to MH U10056	6 days	Tue 18-07-24	Tue 18-07-31		Manhole 57 at SW Harding Blvd...	0 days?		1 day?	NA	NA	0%
108			6-1000, 2-250 from MH U10056 to MH U10054	6 days	Wed 18-08-01	Wed 18-08-08		Manhole 56 north of Yongehurst Rd...	0 days		1 day?	NA	NA	0%
109			6-1000, 2-250 from MH U10054 to MH U10060	6 days	Thu 18-08-09	Thu 18-08-16		Manhole 54 north of Weldrick Rd W...	0 days		2 days?	Tue 18-09-11	Wed 18-09-12	100%
110			6-1000, 2-250 from MH U10060 to MH 16U3	6 days	Wed 18-10-24	Wed 18-10-31		Manhole 60 at SW Baif Blvd...	0 days		1 day?	NA	NA	0%
111			Distribution	21 days	Fri 18-06-15	Fri 18-07-13			0 days		382 days?	Wed 17-03-15	NA	19%
112			3-1/0 from SWGR R23SP3067 to TX 16T296	1 day	Fri 18-06-15	Fri 18-06-15		Switchgear at SW Major Mackenzie Dr.	0 days		1 day?	NA	NA	0%
113			2-1/0 from TX R23TP3056 to Splice Pit #6	1 day	Mon 18-06-18	Mon 18-06-18		Transformer at NW Harding Blvd...	0 days		1 day?	Thu 18-09-06	Thu 18-09-06	100%
114			1-1/0 from Splice Pit #6 to TX R23TP3057	1 day	Tue 18-06-19	Tue 18-06-19		Splice pit #6 at SW Hopkins St...	0 days		1 day?	Fri 18-09-07	Fri 18-09-07	100%
115			1-1/0 from Splice Pit #6 to TX R16TP3102	1 day	Wed 18-06-20	Wed 18-06-20		Splice pit #6 at SW Hopkins St...	0 days		1 day?	Thu 18-09-06	Thu 18-09-06	100%
116			1-1/0 from TX R23TP3057 to SWGR R23SP3067	1 day	Wed 18-06-20	Wed 18-06-20		Transformer at SW Major Mackenzie D	0 days		1 day?	Thu 18-09-06	Thu 18-09-06	100%
117			3-1/0 from SWGR R23SP3066 to Splice Pit #5	1 day	Thu 18-06-21	Thu 18-06-21		Switchgear at SW Harding Blvd...	0 days		1 day?	NA	NA	0%
118			3-1/0 from Splice Pit #5 to TX R23TP3032	1 day	Fri 18-06-22	Fri 18-06-22		Splice pit #5 south of Harding Blvd...	0 days		1 day?	NA	NA	0%
119			3-1/0 from SWGR R23SP3065 to Riser R23FA3061	1 day	Thu 18-06-28	Thu 18-06-28		Switchgear at SW May Ave...	0 days		1 day?	NA	NA	0%
120			1-1/0 from SWGR R23SP3065 to TX R23TP3054	1 day	Fri 18-06-29	Fri 18-06-29		Switchgear at SW May Ave...	0 days		1 day?	NA	NA	0%
121			3-1/0 from SWGR R23SP3065 to TX 23TP1000	1 day	Mon 18-07-02	Mon 18-07-02		Switchgear at SW May Ave...	0 days		1 day?	NA	NA	0%
122			1-1/0 from TX R23TP3054 to TX R23TP3052	1 day	Tue 18-07-03	Tue 18-07-03		Transformer 3054 south of May Ave...	0 days		1 day?	NA	NA	0%
123			1-1/0 from TX R23TP3052 to SWGR R23SP3064	1 day	Mon 18-07-02	Mon 18-07-02		Transformer at NW Yongehurst Rd...	0 days		1 day?	NA	NA	0%
124			1-1/0 from SWGR R23SP3064 to Riser R23FA3060	1 day	Tue 18-07-03	Tue 18-07-03		Feeds west on Yongehurst Rd	0 days		1 day?	NA	NA	0%
125			3-1/0 from SWGR R23SP3064 to TX R23TP3001	1 day	Wed 18-07-04	Wed 18-07-04			0 days		1 day?	NA	NA	0%
126			3-1/0 from SWGR R23SP3064 to Riser R23FA3059	1 day	Thu 18-07-05	Thu 18-07-05		Feeds TX R16TT1007	0 days		1 day?	NA	NA	0%
127			3-1/0 from SWGR R23SP3064 to TX R23TV3051	1 day	Fri 18-07-06	Fri 18-07-06			0 days		1 day?	NA	NA	0%
128			3-1/0 from SWGR R23TV3051 to TX R23TP3050	1 day	Mon 18-07-09	Mon 18-07-09			0 days		1 day?	NA	NA	0%
129			3-1/0 from SWGR R23TV3050 to Riser R23FA3058	1 day	Tue 18-07-10	Tue 18-07-10		Feeds west on Weldrick Rd W	0 days		1 day?	NA	NA	0%
130			3-1/0 from Riser XXXX to TX R23TV3049	1 day	Wed 18-07-11	Wed 18-07-11		Riser on Weldrick Rd W	0 days		1 day?	NA	NA	0%
131			3-1/0 from SWGR R23SP3046 to TX R23TV3048	1 day	Thu 18-07-12	Thu 18-07-12			0 days		1 day?	NA	NA	0%
132			3-1/0 from SWGR R23SP3046 to TX R23TP3047	1 day	Fri 18-07-13	Fri 18-07-13			0 days		1 day?	NA	NA	0%
133			Secondary	177 days	Mon 17-10-30	Tue 18-07-03			0 days		375 days?	Wed 17-03-15	NA	25%
134			1-3/0 from TX R23TP3056 to SWGR R23SP3066	1 day	Mon 18-06-25	Mon 18-06-25		Transformer at NW Harding Blvd...	0 days		1 day?	NA	NA	0%
135			5-3/0 from TX R23TP3057 to East Side Customers	3 days	Mon 17-10-30	Wed 17-11-01		Transformer at SW Major Mackenzie D	0 days		1 day?	Wed 18-08-29	Wed 18-08-29	100%
136			1-3/0 from TX R23TP3054 to SWGR R23SP3065	1 day	Mon 18-07-02	Mon 18-07-02		Transformer south of May Ave...	0 days		1 day?	NA	NA	0%
137			1-3/0 from TX R23TP3052 to SWGR R23SP3064	1 day	Tue 18-07-03	Tue 18-07-03		Transformer at NW Yongehurst Rd...	0 days		1 day?	NA	NA	0%
138			Stage 5	High Tech to Bantry	Tue 17-06-06	Mon 17-08-28			60 days		60 days	Tue 17-06-06	NA	44%
139			Stage 5 - 40h/w	88 days?	Fri 17-07-28	Tue 17-11-28			0 days		540 days?	Tue 17-06-06	NA	44%
140			Cable Order (assumed)	60 days	Mon 17-07-31	Fri 17-10-20			60 days	Civil Contractor	16 days	Thu 17-11-02	Thu 17-11-23	100%
141			JUT Civil Completion (assumed)	45 days	Fri 17-07-28	Thu 17-09-28			45 days	Civil Contractor	68 days	Wed 17-08-09	Fri 17-11-10	100%
142			Switching for 27M10	1 day	Mon 17-10-09	Mon 17-10-09			1 day	Civil Contractor	0 days	Tue 17-11-28	Tue 17-11-28	100%
143			Final Transfers and Pole Removals		NA	NA		135 days	0 days?		135 days?	Wed 19-01-02	NA	40%
144			5.1 (Permanent Poles)		NA	NA		135 days	0 days?		135 days?	NA	NA	0%
145			Final Transfers and Pole Removals		NA	NA		135 days	0 days?		135 days?	Wed 19-01-02	NA	40%
146			5.1 (Permanent Poles)		NA	NA		135 days	0 days?		135 days?	NA	NA	0%
147														
148			Breakout @ Beresford (assumed)	10 days	Tue 17-10-10	Mon 17-10-23	4		10 days	Civil Contractor	7 days?	Mon 18-01-15	Tue 18-01-23	100%
149			Breakout @ Bantry (assumed)		NA	NA		To be done in conjunction with stage 6	0 days	Transpower and Power Stream 3-man crew	43 days	Tue 18-02-06	Thu 18-04-05	100%
150			3-1000MCM cable pull - 15U45 to U10031 to 15SCX249	5 days	Tue 17-10-24	Mon 17-10-30	5		5 days	Civil Contractor	2 days	Thu 17-11-30	Sun 17-12-03	100%
151			3-1000MCM cable pull - 15SCX249 to 15SC248		NA	NA		To be done in conjunction with stage 6	0 days	K-Line	4 days	Tue 18-02-20	Fri 18-02-23	100%
152			3-1/0 Al cable pull - Beresford to 15T481	1 day	Tue 17-10-24	Tue 17-10-24	6		1 day		1 day?	Tue 17-11-14	Tue 17-11-14	100%
153			3-1/0 Al cable pull - 15T481 to splice pit	1 day	Wed 17-10-25	Wed 17-10-25	10		1 day		1 day?	Wed 17-11-15	Wed 17-11-15	100%
154			3-1/0 AL cable pull - splice pit to High Tech	1 day	Thu 17-10-26	Thu 17-10-26	11		1 day		1 day?	Wed 17-11-15	Wed 17-11-15	100%
155			Manhole 15U45	5 days	Tue 17-10-31	Mon 17-11-06			5 days		39 days?	Thu 17-12-21	Wed 18-02-21	100%
156			Racking & 3-1000MCM splices	5 days	Tue 17-10-31	Mon 17-11-06	8		5 days		39 days?	Thu 17-12-21	Wed 18-02-21	100%
157			Manhole U10031	5 days	Tue 17-10-31	Mon 17-11-06			12 days		4 days	Tue 17-08-22	Fri 17-08-25	100%
158			Racking & 3-1000MCM splices	5 days	Tue 17-10-31	Mon 17-11-06	8		14 days		2 days?	Tue 18-01-30	Wed 18-01-31	100%
159			15SCX249 @ Beresford	8 days	Mon 17-10-30	Wed 17-11-08			3 days		33 days?	Mon 18-01-15	Wed 18-02-28	100%
160			Isolate switchgear	1 day	Tue 17-11-07	Tue 17-11-07	14		1 day		14 days?	Mon 18-01-15	Thu 18-02-01	100%
161			3-1000MCM terminations	2 days	Tue 17-11-07	Wed 17-11-08	14		1 day		3 days?	Tue 18-01-30	Thu 18-02-01	100%
162			3-1000MCM terminations		NA	NA		To be done in conjunction with stage 6	0 days		2 days	Tue 18-02-27	Wed 18-02-28	100%
163			Re-energize switchgear	1 day	Wed 17-11-08	Wed 17-11-08	19FF		0 days		1 day?	Thu 18-02-01	Thu 18-02-01	100%
164			1-PH Tx Relocations	14 days	Thu 17-11-09	Tue 17-11-28		Generation required	0 days		13 days	Wed 17-09-20	Thu 17-09-28	100%
165			15T210	6 days	Thu 17-11-09	Thu 17-11-16			0 days		1 day?	Wed 17-09-20	Wed 17-09-20	100%
166			Isolate/remove tx, setup generator	1 day	Thu 17-11-09	Thu 17-11-09	21		0 days		1 day?	Wed 17-09-20	Wed 17-09-20	100%
167			Pull back primary & secondary cables	1 day	Thu 17-11-09	Thu 17-11-09	24FF		0 days		1 day?	Wed 17-09-20	Wed 17-09-20	100%
168			Remove old base, install new (assumed)	3 days	Fri 17-11-10	Tue 17-11-14	25	JUT Contractor	0 days		1 day?	Wed 17-09-20	Wed 17-09-20	100%
169			2-1/0 Al terminations	1 day	Wed 17-11-15	Wed 17-11-15	26		0 days		1 day?	Wed 17-09-20	Wed 17-09-20	100%
170			Secondary service re-route, splices	2 days	Wed 17-11-15	Thu 17-11-16	27SS		0 days		1 day?	Wed 17-09-20	Wed 17-09-20	100%
171			Disconnect generator, re-energize tx	1 day	Thu 17-11-16	Thu 17-11-16	28FF		0 days		1 day?	Wed 17-09-20	Wed 17-09-20	100%
172			15T209	6 days	Wed 17-11-15	Wed 17-11-22			0 days		1 day?	Fri 17-09-22	Fri 17-09-22	100%
173			Isolate/remove tx, setup generator	1 day	Wed 17-11-15	Wed 17-11-15	26		0 days		1 day?	Fri 17-09-22	Fri 17-09-22	100%
174			Pull back primary & secondary cables	1 day	Wed 17-11-15	Wed 17-11-15	31FF		0 days		1 day?	Fri 17-09-22	Fri 17-09-22	100%
175			Remove old base, install new (assumed)	3 days	Thu 17-11-16	Mon 17-11-20	32	JUT Contractor	0 days		1 day?	Fri 17-09-22	Fri 17-09-22	100%
176			2-1/0 Al terminations	1 day	Tue 17-11-21	Tue 17-11-21	33		0 days		1 day?	Fri 17-09-22	Fri 17-09-22	100%
177			Secondary service re-route, splices	2 days	Tue 17-11-21	Wed 17-11-22	34SS		0 days		1 day?	Fri 17-09-22	Fri 17-09-22	100%
178			Disconnect generator, re-energize tx	1 day	Wed 17-11-22	Wed 17-11-22	35FF		0 days		1 day?	Fri 17-09-22	Fri 17-09-22	100%
179			15T208	6 days	Tue 17-11-21	Tue 17-11-28			0 days		1 day?	Thu 17-09-28	Thu 17-09-28	100%
180			Isolate/remove tx, setup generator	1 day	Tue 17-11-21	Tue 17-11-21	33		0 days		1 day?	Thu 17-09-28	Thu 17-09-28	100%
181			Pull back primary & secondary cables	1 day	Tue 17-11-21	Tue 17-11-21	38FF		0 days		1 day?	Thu 17-09-28	Thu 17-09-28	100%
182			Remove old base, install new (assumed)	3 days	Wed 17-11-22	Fri 17-11-24	39	JUT Contractor	0 days		1 day?	Thu 17-09-28	Thu 17-09-28	100%
183			2-1/0 Al terminations	1 day	Mon 17-11-27	Mon 17-11-27	40		0 days		1 day?	Thu 17-09-28	Thu 17-09-28	100%
184			Secondary service re-route, splices	2 days	Mon 17-11-27	Tue 17-11-28	41SS		0 days		1 day?	Thu 17-09-28	Thu 17-09-28	100%
185			Disconnect generator, re-energize tx	1 day	Tue 17-11-28	Tue 17-11-28	42FF		0 days		1 day?	Thu 17-09-28	Thu 17-09-28	100%
186			1/0 Al splices	3 days	Wed 17-10-25	Fri 17-10-27			0 days		4 days?	Mon 18-01-15	Thu 18-01-18	100%
187			Breakout @ Beresford	1 day	Wed 17-10-25	Wed 17-10-25	10		0 days		4 days?	Mon 18-01-15	Thu 18-01-18	100%
188														
189			15T481 - Outage	1 day	Sun 17-10-22	Sun 17-10-22			0 days		3 days?	Mon 18-01-08	Wed 18-01-10	100%
190			Isolate tx	1 day	Mon 17-10-23	Mon 17-10-23			0 days		3 days?	Mon 18-01-08	Wed 18-01-10	100%
191			6-1/0 Al terminations	1 day	Mon 17-10-23	Mon 17-10-23			0 days		1 day?	Tue 18-01-09	Tue 18-01-09	100%
192			Re-energize tx	1 day	Mon 17-10-23	Mon 17-10-23			0 days		1 day?	Wed 18-01-10	Wed 18-01-10	100%
193			15T369 - Outage	1 day	Sun 17-10-29	Sun 17-10-29			0 days		1 day?	Fri 17-11-10	Fri 17-11-10	100%
194			3-1/0 terminations	1 day	Mon 17-10-30	Mon 17-10-30			0 days		1 day?	Fri 17-11-10	Fri 17-11-10	100%
195			Stage 6	Bantry to 16th	Wed 17-03-15	Mon 18-01-29			223 days		223 days	Wed 17-08-09	NA	86%
196			Stage 6 - 40h/w	185 days	Mon 17-07-31	Tue 18-04-24			0 days		214 days?	Wed 17-08-09	NA	86%
197			Cable Order (assumed)	60 days	Mon 17-07-31	Fri 17-10-20			60 days	Civil Contractor	38 days	Wed 17-11-01	Sun 17-12-31	100%
198			JUT Civil Completion (assumed)	95 days	Tue 17-08-08	Mon 17-12-18			45 days	Civil Contractor	110 days	Wed 17-08-09	Wed 18-01-17	100%
199			Switching for 27M1, M6, M3, M10	1 day	Mon 18-02-12	Mon 18-02-12			1 day	Civil Contractor	1 day	Mon 18-03-19	Mon 18-03-19	100%
200			Breakout @ Bantry South Side (assumed)	10 days	Tue 18-02-13	Mon 18-02-26	4	To be done in conjunction with stage 5	10 days	K-Line	9 days	Tue 18-02-06	Fri 18-02-16	100%
201			Breakout @ Bantry North Side (assumed)	10 days	Tue 18-02-13	Mon 18-02-26	4		10 days	Civil Contractor	14 days	Mon 18-03-19	Thu 18-04-05	100%
202			Breakout @ 15SC257 (assumed)	10 days	Tue 18-02-27	Mon 18-03-12	5		10 days	K-Line	10 days	Fri 18-04-20	Thu 18-05-03	100%
203			Breakout @ N. Heights (assumed)	5 days	Tue 18-02-27	Mon 18-03-05	5		5 days	K-Line	27 days	Wed 18-04-18	Thu 18-05-24	100%
204														

ID		Task Mode	Task Name	Location	Baseline Start	Baseline Finish	Predecesso	Comments	Baseline Duration	Resource Names	Duration	Actual Start	Actual Finish	% Complete
205			3-1000MCM cable pull - 15SCX249 to 15SC248 (27M10)	1 day	Tue 18-02-27	Tue 18-02-27	5	To be done in conjunction with stage 5	1 day	Civil Contractor	4 days	Tue 18-02-20	Fri 18-02-23	100%
206			3-1000MCM cable pull - MH to MH (27M1)	1 day	Wed 18-02-28	Wed 18-02-28	10		1 day	K-Line	2 days	Mon 18-01-29	Tue 18-01-30	100%
207			3-1000MCM cable pull - 15SC247 to MH (27M3)	1 day	Tue 18-02-27	Tue 18-02-27	6		1 day	Civil Contractor	1 day	Tue 18-03-27	Tue 18-03-27	100%
208			3-1000MCM cable pull - MH to MH (27M6)	1 day	Wed 18-02-28	Wed 18-02-28	12		1 day	Civil Contractor	2 days	Thu 18-02-01	Fri 18-02-02	100%
209			3-1000MCM cable pull - MH to 15SC257 (27M3)	1 day	Tue 18-03-13	Tue 18-03-13	7		1 day	Civil Contractor	0 days	Fri 18-04-20	Fri 18-04-20	100%
210			6-1000MCM cable pull - MH to MH (27M1, M6)	2 days	Wed 18-03-14	Thu 18-03-15	14		2 days	K-Line	2 days	Mon 18-02-12	Tue 18-02-13	100%
211			6-1000MCM cable pull - MH to P33679, P34011 (temp)	2 days	Fri 18-03-16	Mon 18-03-19	15		2 days	K-Line	2 days	Mon 18-03-19	Tue 18-03-20	100%
212			3-1000MCM cable pull - 15SC257 to MH (27M3)	1 day	Tue 18-03-20	Tue 18-03-20	16		1 day	Civil Contractor	2 days	Thu 18-04-26	Fri 18-04-27	100%
213			3-1000MCM cable pull - MH to P34002 (temp)	1 day	Wed 18-03-21	Wed 18-03-21	17		1 day	Civil Contractor	1 day	Wed 18-03-21	Wed 18-03-21	100%
214			6-1000MCM cable pull - MH to MH (27M1, M6)	1 day	NA	NA		To be done in conjunction with stage 7	1 day	K-Line	3 days	NA	NA	0%
215			6-1000MCM cable pull - MH to MH (27M1, M6)	1 day	NA	NA		To be done in conjunction with stage 7	1 day	Civil Contractor	42 days	NA	NA	0%
216			3-1000MCM cable pull - MH to MH (27M3)	1 day	NA	NA		To be done in conjunction with stage 7	1 day	Civil Contractor	2 days	NA	NA	0%
217			3-1/0 Al cable pull - 15SC247 to splice pit	1 day	Thu 18-03-22	Thu 18-03-22	18		1 day	K-Line	1 day	Tue 18-04-03	Tue 18-04-03	100%
218			3-1/0 Al cable pull - Splice pit to splice pit (Dalemount)	1 day	Fri 18-03-23	Fri 18-03-23	22		1 day	Civil Contractor	1 day	Wed 18-04-04	Wed 18-04-04	100%
219			3-1/0 Al cable pull - Splice pit to splice pit (N. Heights)	1 day	Mon 18-03-26	Mon 18-03-26	23		1 day	K-Line	1 day	Mon 18-04-23	Mon 18-04-23	100%
220			3-1/0 Al cable pull - 15SC257 to splice pit	1 day	Tue 18-03-27	Tue 18-03-27	24		1 day		1 day?	Fri 18-04-20	Fri 18-04-20	100%
221			15SC248	5 days	Wed 18-02-28	Tue 18-03-06			5 days		2 days?	Wed 18-05-02	Thu 18-05-03	100%
222			3-1000MCM terminations	2 days	Wed 18-02-28	Thu 18-03-01	10		5 days		2 days?	Wed 18-05-02	Thu 18-05-03	100%
223			Replace swgr, test & energize	3 days	Fri 18-03-02	Tue 18-03-06	27		5 days		1 day?	Thu 18-05-03	Thu 18-05-03	100%
224			Manhole - Bantry South Side	5 days	Wed 18-03-07	Tue 18-03-13			6 days		1 day?	Mon 18-02-26	Mon 18-02-26	100%
225			Re-route existing cable	2 days	Wed 18-03-07	Thu 18-03-08	28		3 days		1 day?	Mon 18-02-26	Mon 18-02-26	100%
226			Racking & 3-1000MCM splices (27M1)	3 days	Fri 18-03-09	Tue 18-03-13	30		5 days		1 day?	Mon 18-02-26	Mon 18-02-26	100%
227			Manhole - Bantry North Side	5 days	Fri 18-03-09	Thu 18-03-15			4 days		2 days?	Thu 18-03-22	Fri 18-03-23	100%
228			Re-route existing cable	2 days	Fri 18-03-09	Mon 18-03-12	37		5 days		1 day?	Thu 18-03-22	Thu 18-03-22	100%
229			Racking & 3-1000MCM splices (27M6)	3 days	Tue 18-03-13	Thu 18-03-15	33		2 days		1 day?	Fri 18-03-23	Fri 18-03-23	100%
230			15SC247	6 days	Thu 18-03-01	Thu 18-03-08			2 days		3 days?	Wed 18-04-04	Fri 18-04-06	100%
231			3-1000MCM terminations	2 days	Thu 18-03-01	Fri 18-03-02	13		3 days		3 days?	Wed 18-04-04	Fri 18-04-06	100%
232			Replace swgr, test & energize	3 days	Tue 18-03-06	Thu 18-03-08			2 days		3 days?	Wed 18-04-04	Fri 18-04-06	100%
233			Manhole - Dalemount, 1st North	3 days	Fri 18-03-16	Tue 18-03-20			2 days		0 days?	Thu 18-05-03	Thu 18-05-03	100%
234			Racking & 3-1000MCM splices (27M3)	3 days	Fri 18-03-16	Tue 18-03-20	15		2 days		0 days?	Thu 18-05-03	Thu 18-05-03	100%
235			Manhole - Dalemount, 2nd North	5 days	Wed 18-03-21	Tue 18-03-27			2 days		8 days?	Wed 18-02-14	Fri 18-02-23	100%
236			Racking & 6-1000MCM splices (27M1, M6)	5 days	Wed 18-03-21	Tue 18-03-27	15,39		18 days		8 days?	Wed 18-02-14	Fri 18-02-23	100%
237			15SC257	4 days	Wed 18-03-21	Mon 18-03-26			25 days		2 days?	Thu 18-05-03	Fri 18-05-04	100%
238			6-1000MCM terminations	2 days	Wed 18-03-21	Thu 18-03-22	39		1 day		2 days?	Thu 18-05-03	Fri 18-05-04	100%
239			3-1/0 Al terminations	1 day	Fri 18-03-23	Fri 18-03-23	43		0 days		2 days?	Thu 18-05-03	Fri 18-05-04	100%
240			Re-energize swgr	1 day	Mon 18-03-26	Mon 18-03-26	44		0 days		1 day?	Thu 18-05-03	Thu 18-05-03	100%
241			Manhole - N. Heights	5 days	Tue 18-03-20	Mon 18-03-26			0 days		1 day?	Thu 18-03-15	Thu 18-03-15	100%
242			Racking & 6-1000MCM splices (27M1, M6)	5 days	Tue 18-03-20	Mon 18-03-26	16		0 days		1 day?	Thu 18-03-15	Thu 18-03-15	100%
243			Pole P33679	2 days	Tue 18-03-27	Wed 18-03-28		Temp	0 days		1 day?	Wed 18-03-21	Wed 18-03-21	100%
244			3-1000MCM terminations	2 days	Tue 18-03-27	Wed 18-03-28	47		0 days		1 day?	Wed 18-03-21	Wed 18-03-21	100%
245			Pole P34011	2 days	Thu 18-03-29	Fri 18-03-30		Temp	0 days		1 day?	Fri 18-03-23	Fri 18-03-23	100%
246			3-1000MCM terminations	2 days	Thu 18-03-29	Fri 18-03-30			0 days		1 day?	Fri 18-03-23	Fri 18-03-23	100%
247			Manhole - 9185 Yonge, 1st North	3 days	Tue 18-03-27	Thu 18-03-29			0 days		1 day?	Thu 18-05-03	Thu 18-05-03	100%
248			Racking & 3-1000MCM splices (27M3)	3 days	Tue 18-03-27	Thu 18-03-29	18,47		0 days		1 day?	Thu 18-05-03	Thu 18-05-03	100%
249			Manhole - 9185 Yonge, 2nd North	2 days	Mon 17-12-11	Wed 17-12-13			0 days		1 day?	Fri 18-03-09	Fri 18-03-09	100%
250			Partial Racking	2 days	Mon 17-12-11	Wed 17-12-13	57SF		0 days		1 day?	Fri 18-03-09	Fri 18-03-09	100%
251			Pole P34002	2 days	Fri 18-03-30	Mon 18-04-02			0 days		1 day?	Tue 18-03-20	Tue 18-03-20	100%
252			3-1000MCM terminations	2 days	Fri 18-03-30	Mon 18-04-02	51		0 days		1 day?	Tue 18-03-20	Tue 18-03-20	100%
253			Manhole - 16th Ave, 1st North	2 days	Wed 17-12-13	Fri 17-12-15			0 days		1 day?	Mon 18-06-11	Mon 18-06-11	100%
254			Partial Racking	2 days	Wed 17-12-13	Fri 17-12-15	59SF		0 days		1 day?	Mon 18-06-11	Mon 18-06-11	100%
255			Manhole - 16th Ave, 2nd North	2 days	Fri 17-12-15	Mon 17-12-18			0 days		2 days?	Mon 18-06-11	Tue 18-06-12	100%
256			Partial Racking	2 days	Fri 17-12-15	Mon 17-12-18	3FF		0 days		2 days?	Mon 18-06-11	Tue 18-06-12	100%
257			1-PH Tx Relocations	18 days	Fri 18-03-30	Tue 18-04-24			0 days		12 days?	Tue 17-11-14	Wed 17-11-29	100%
258			15T190	6 days	Fri 18-03-30	Fri 18-04-06			0 days		1 day?	Tue 17-11-14	Tue 17-11-14	100%
259			Isolate/remove tx, setup generator	1 day	Fri 18-03-30	Fri 18-03-30	51		0 days		1 day?	Tue 17-11-14	Tue 17-11-14	100%
260			Pull back primary & secondary cables	1 day	Fri 18-03-30	Fri 18-03-30	62FF		0 days		1 day?	Tue 17-11-14	Tue 17-11-14	100%
261			Remove old base, install new (assumed)	3 days	Mon 18-04-02	Wed 18-04-04	63	JUT Contractor	0 days		1 day?	Tue 17-11-14	Tue 17-11-14	100%
262			2-1/0 Al terminations	1 day	Thu 18-04-05	Thu 18-04-05	64		0 days		1 day?	Tue 17-11-14	Tue 17-11-14	100%
263			Secondary service re-route, splices	2 days	Thu 18-04-05	Fri 18-04-06	65SS		0 days		1 day?	Tue 17-11-14	Tue 17-11-14	100%
264			Disconnect generator, re-energize tx	1 day	Fri 18-04-06	Fri 18-04-06	66FF		0 days		1 day?	Tue 17-11-14	Tue 17-11-14	100%
265			15T191	6 days	Mon 18-04-09	Mon 18-04-16			0 days		1 day?	Mon 17-11-27	Mon 17-11-27	100%
266			Isolate/remove tx, setup generator	1 day	Mon 18-04-09	Mon 18-04-09	67		0 days		1 day?	Mon 17-11-27	Mon 17-11-27	100%
267			Pull back primary & secondary cables	1 day	Mon 18-04-09	Mon 18-04-09	69FF		0 days		1 day?	Mon 17-11-27	Mon 17-11-27	100%
268			Remove old base, install new (assumed)	3 days	Tue 18-04-10	Thu 18-04-12	70	JUT Contractor	0 days		1 day?	Mon 17-11-27	Mon 17-11-27	100%
269			2-1/0 Al terminations	1 day	Fri 18-04-13	Fri 18-04-13	71		0 days		1 day?	Mon 17-11-27	Mon 17-11-27	100%
270			Secondary service re-route, splices	2 days	Fri 18-04-13	Mon 18-04-16			0 days		1 day?	Mon 17-11-27	Mon 17-11-27	100%
271			Disconnect generator, re-energize tx	1 day	Mon 18-04-16	Mon 18-04-16	73FF		0 days		1 day?	Mon 17-11-27	Mon 17-11-27	100%
272			15T192	6 days	Tue 18-04-17	Tue 18-04-24			0 days		1 day?	Wed 17-11-29	Wed 17-11-29	100%
273			Isolate/remove tx, setup generator	1 day	Tue 18-04-17	Tue 18-04-17	74		0 days		1 day?	Wed 17-11-29	Wed 17-11-29	100%
274			Pull back primary & secondary cables	1 day	Tue 18-04-17	Tue 18-04-17			0 days		1 day?	Wed 17-11-29	Wed 17-11-29	100%
275			Remove old base, install new (assumed)	3 days	Wed 18-04-18	Fri 18-04-20		JUT Contractor	0 days		0 days?	Wed 17-11-29	Wed 17-11-29	100%
276			2-1/0 Al terminations	1 day	Mon 18-04-23	Mon 18-04-23			0 days		1 day?	Wed 17-11-29	Wed 17-11-29	100%
277			Secondary service re-route, splices	2 days	Mon 18-04-23	Tue 18-04-24			0 days		1 day?	Wed 17-11-29	Wed 17-11-29	100%
278			Disconnect generator, re-energize tx	1 day	Tue 18-04-24	Tue 18-04-24			0 days		1 day?	Wed 17-11-29	Wed 17-11-29	100%
279			1/0 Al splices/terminations	37 days	Tue 18-02-06	Wed 18-03-28			0 days		26 days?	Thu 18-04-19	Thu 18-05-24	100%
280			Terminations @ 15SC247	1 day	Mon 18-03-05	Mon 18-03-05	36		0 days		1 day?	Thu 18-05-03	Thu 18-05-03	100%
281			1. Splice pit @ N. Heights	1 day	Wed 18-03-28	Wed 18-03-28			0 days		1 day?	Thu 18-04-19	Thu 18-04-19	100%
282			2. Splice pit @ N. Heights	1 day	Tue 18-02-06	Tue 18-02-06			0 days		6 days?	Thu 18-05-17	Thu 18-05-24	100%
283			15T378 - Outage	1 day	Sun 17-10-22	Sun 17-10-22			0 days		1 day?	Thu 18-05-17	Thu 18-05-17	100%
284			Isolate tx	1 day	Sun 18-02-04	Sun 18-02-04			0 days		1 day	Thu 18-05-17	Thu 18-05-17	100%
285			6-1/0 Al terminations	1 day	Mon 18-02-05	Mon 18-02-05			0 days		1 day?	Thu 18-05-17	Thu 18-05-17	100%
286			Re-energize tx	1 day	Mon 18-02-05	Mon 18-02-05			0 days		1 day?	Thu 18-05-17	Thu 18-05-17	100%
287			Stage 7	16th to Weldrick	Mon 17-10-30	Thu 18-05-31			94 days		94 days	Mon 17-07-10	NA	50%
288			16th Ave to Weldrick Rd E		Fri 17-10-06	Thu 18-02-15			0 days		114 days	Fri 18-03-23	Wed 18-08-29	100%
289			Yonge St road crossing @ Observatory Ln		NA	Thu 18-02-15			0 days		13 days	Tue 18-07-03	Thu 18-07-19	100%
290			Electrical Construction		Thu 18-02-15	Thu 18-05-31			0 days			NA	NA	0%
291			Cable Pulling		NA	NA			0 days?		89 days	NA	NA	0%
292			Feeder		NA	NA			0 days?		299 days	Mon 17-07-10	NA	3%
293			3-1000, 1-350 from MH U10044 to MH U10042		NA	NA			0 days?		3 days	NA	NA	0%
294			3-1000, 1-350 from MH U10043 to SWGR R16SP3065		NA	NA	293		0 days?		3 days	NA	NA	0%
295			3-1000, 1-350 from MH U10043 to MH U10042		NA	NA	294		0 days?		3 days	NA	NA	0%
296			3-1000, 1-350 from SWGR R16SP3065 to SWGR R23SP3046		NA	NA	295		0 days?		3 days	NA	NA	0%
297			3-1000, 1-350 from SWGR R16SP3065 to MH U10041		NA	NA	296		0 days?		3 days	NA	NA	0%
298			3-1000, 1-350 from MH U10042 to MH U10041		NA	NA	297		0 days?		3 days	NA	NA	0%
299			3-1000, 1-350 from MH U10042 to MH U10040		NA	NA	298		0 days?		3 days	NA	NA	0%
300			6-1000, 2-350 from MH U10041 to MH U10039		NA	NA	299		0 days?		6 days	NA	NA	0%
301			6-1000, 2-350 from MH U10039 to MH U10037		NA	NA			0 days?		6 days	NA	NA	0%
302			3-1000, 1-350 from MH U10040 to MH U10038		NA	NA			0 days?		3 days	NA	NA	0%
303			Distribution		NA	NA			0 days?		1 day	Fri 18-09-07	Fri 18-09-07	100%
304			2-1/0 from TX R16TP3091 to Splice Pit #2		NA	NA			0 days?		1 day	Fri 18-09-07	Fri 18-09-07	100%
305			Stage 8	Weldrick to Major MacKenzie	Mon 17-11-06	Thu 18-05-31			215 days		215 days	Mon 17-11-06	NA	97%
306			Civil		NA	NA			0 days?		194 days	Mon 17-11-06	Sat 18-08-11	100%
307			Clarissa Dr to Harding Blvd E		NA	NA			0 days?		119 days	Mon 17-12-11	Fri 18-06-08	100%
308			Elmwood Ave to Harding Blvd E		NA	NA			0 days?		130 days	Sun 18-02-11	Sat 18-08-11	100%
309			Clarissa Ave to Weldrick Rd E		NA	NA			0 days?		187 days	Mon 17-11-06	Wed 18-08-01	100%
310			Yonge St crossing at Elmwood Ave		NA	NA			0 days?		11 days	Sat 18-02-03	Wed 18-06-20	100%
311			Break & Tie		NA	NA			0 days?		11 days	NA	NA	0%
312			Switching to isolate 27M2 circuit		NA	NA			0 days?		1 day	NA	NA	0%
313			Breakout existing structure on Weldrick Ave E		NA	NA	312		0 days?		5 days	NA	NA	0%
314			Pull back 3-750, 1-250 and re-route into MH U10046		NA	NA	313		0 days?		5 days	NA	NA	0%
315			Cable Pulling		NA	NA			0 days?		65 days	Thu 18-06-14	NA	86%
316			Feeder		NA	NA			0 days?		51 days	Thu 18-06-14	Thu 18-08-23	100%
317			3-1000, 1-350 from MH U10050 to riser R16SA3105		NA	NA	308		0 days?		1 day	Mon 18-08-13	Mon 18-08-13	100%
318			3-1000, 1-350 from MH U10050 to SWGR R16SP3104		NA	NA	317		0 days?		0 days	Tue 18-07-24	Tue 18-07-24	100%
319			3-1000, 1-350 from MH U10050 to MH U10049		NA	NA	318		0 days?		0 days	Wed 18-06-20	Wed 18-06-20	100%
320			3-1000, 1-350 from MH U10049 to MH U10048		NA	NA	307		0 days?		1 day	Mon 18-07-23	Mon 18-07-23	100%
321			3-1000, 1-350 from SWGR R16SP3104 to MH U10047		NA	NA	320		0 days?		1 day	Wed 18-08-01	Wed 18-08-01	100%
322			3-1000, 1-350 from MH U10047 to SWGR R16SP3103		NA	NA	321		0 days?		1 day	Tue 18-08-21	Tue 18-08-21	100%
323			3-1000, 1-350 from MH U10047 to MH U10045		NA	NA	322		0 days?		0 days	Thu 18-06-14	Thu 18-06-14	100%
324			3-1000, 1-350 from MH U10045 to MH U10043		NA	NA	309		0 days?		1 day	Tue 18-08-14	Tue 18-08-14	100%
325			3-1000, 1-350 from MH U10045 to MH U10044		NA	NA	324		0 days?		0 days	Tue 18-08-14	Tue 18-08-14	100%
326			3-1000, 1-350 from SWGR R16SP3094 to MH U10046		NA	NA	325		0 days?		1 day	Thu 18-08-23	Thu 18-08-23	100%
327			3-1000, 1-350 from SWGR R16SP3094 to MH U10043		NA	NA	326		0 days?		0 days	Tue 18-08-14	Tue 18-08-14	100%
328			Distribution		NA	NA			0 days?		37 days	Tue 18-07-24	NA	75%
329			1-1/0 from TX R16TP3102 to TX R16PTP3101		NA	NA	326		0 days?		1 day	Tue 18-07-24	Tue 18-07-24	100%
330			1-1/0 from TX R16TP3101 to SWGR R16SP3104		NA	NA	329		0 days?		0 days	Tue 18-07-24	Tue 18-07-24	100%
331			3-1/0 from SWGR R16SP3104 to R16TP3107		NA	NA	330		0 days?		1 day	Wed 18-09-12	Wed 18-09-12	100%
332			3-1/0 from SWGR R16SP3104 to 16T472		NA	NA	331		0 days?		1 day	Wed 18-08-22	Wed 18-08-22	100%
333			3-1/0 from SWGR R16SP3104 to riser R16FA3106		NA	NA	332		0 days?		0 days	Wed 18-08-22	Wed 18-08-22	100%
334			3-1/0 from SWGR R16SP3103 to TX 16T486		NA	NA	333		0 days?		1 day	Wed 18-09-12	Wed 18-09-12	100%
335			3-1/0 from SWGR R16SP3103 to TX 16T462		NA	NA	334		0 days?		0 days	Wed 18-09-12	Wed 18-09-12	100%
336			1-1/0 from SWGR R16SP3103 to TX R16TP3100		NA	NA	335		0 days?		0 days	Mon 18-08-20	Mon 18-08-20	100%
337			1-1/0 from TX R16TP3100 to R16TP3095		NA	NA	336		0 days?		0 days	Mon 18-08-20	Mon 18-08-20	100%
338			1-1/0 from TX R16TP3095 to Splice pit #2		NA	NA	337		0 days?		1 day	Fri 18-09-07	Fri 18-09-07	100%
339			3-1/0 from SWGR R16SP3094 to Splice pit #2		NA	NA	338		0 days?		1 day	Fri 18-09-07	Fri 18-09-07	100%
340			3-1/0 from SWGR R16SP3094 to Splice Pit #1		NA	NA	339		0 days?		1 day	NA	NA	0%
341			3-1/0 from SWGR R16SP3094 to Ex Tx 16T139		NA	NA	340		0 days?		1 day	NA	NA	0%
342														
343			**Stage 1 (Permanent Poles)**		Wed 19-01-02	Fri 19-05-31			0 days			NA	NA	0%
344			**Stage 2 (Permanent Poles)**		Wed 19-01-02	Fri 19-05-31			0 days			NA	NA	0%
345			**Final Transfers and Pole Removals**		Wed 19-01-02	Fri 19-05-31			0 days			NA	NA	0%
346														
347			Stage 1 - Conflicts		NA	NA			0 days?			NA	NA	0%
361			Stage 2 - Conflicts		NA	NA			0 days?			NA	NA	0%
377			Stage 3 - Conflicts		NA	NA			0 days?			NA	NA	0%
393			Stage 4 - Conflicts		NA	NA			0 days?			NA	NA	0%
410			Stage 5 - Conflicts		NA	NA			0 days?			NA	NA	0%
435			Stage 6 - Conflicts		NA	NA			0 days?			NA	NA	0%
468			Stage 7 - Conflicts		NA	NA			0 days?			NA	NA	0%
483			Stage 8 - Conflicts		NA	NA			0 days?			NA	NA	0%

BOMA-8 ATTACHMENT 2
PROJECT PLAN Y2.2

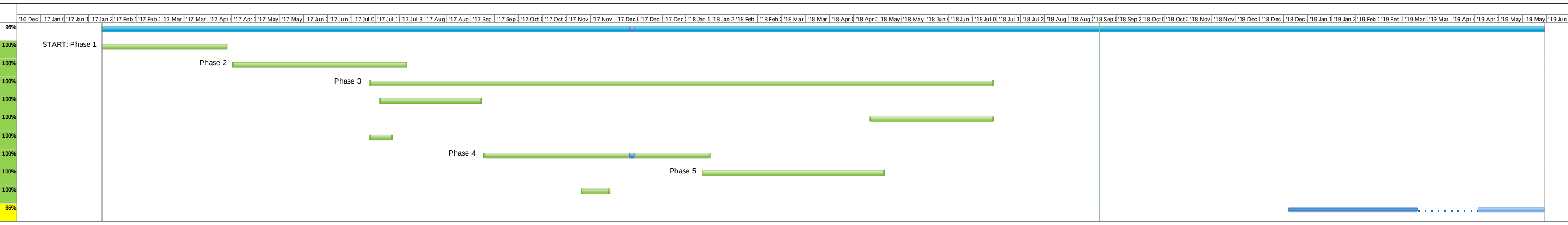
Y2.2 Gantt Chart -Septmber 12 2018

ID		Task Mode	Task Name	Baseline Duration	Baseline Start	Baseline Finish	Predecessors	Resource Names	Comments	Location	Duration	Actual Start	Actual Finish	% Complete	Construction Comments
1			VIVA Y2.2	132 days	Mon 16-06-20	Sun 17-02-05				Yonge St from Crosby to Gamble	441 days	Mon 16-06-20	NA	77%	
2			Stage 1	48 days	Mon 16-06-27	Sun 16-09-11				Crosby to Industrial	49 days	Tue 16-09-06	NA	98%	
3			Outage 1	17 days	Mon 16-06-27	Sun 16-07-24				P10355 to P48215	3 days	Tue 16-09-06	Sun 16-09-11	100%	
4			Pole Installation	6 days	Mon 16-06-27	Tue 16-07-05			3 poles, based on 2 days per pole		1 day	Sun 16-09-11	Sun 16-09-11	100%	Poles had to be installed during the outage on Sunday, September 11, 2016
5			Service trench at P48213	2 days	Wed 16-07-06	Thu 16-07-07	4				1 day	Thu 16-09-08	Thu 16-09-08	100%	
6			Service trench at P48214	2 days	Mon 16-07-11	Tue 16-07-12	5				1 day	Wed 16-09-07	Wed 16-09-07	100%	
7			Service trench at P48215	2 days	Wed 16-07-13	Thu 16-07-14	6				1 day	Tue 16-09-06	Tue 16-09-06	100%	
8			Outage for service transfers	1 day	Sun 16-07-24	Sun 16-07-24					1 day	Sun 16-09-11	Sun 16-09-11	100%	
9			Outage 2	13 days	Mon 16-07-04	Sun 16-07-24				P48216 to P48219	11 days	Thu 16-09-08	Tue 16-09-27	100%	
10			Pole installation	8 days	Wed 16-07-06	Tue 16-07-19	4		4 poles, based on 2 days per pole		11 days	Sun 16-09-11	Mon 16-09-26	100%	P48216 was installed, framed and condutor transferred on Sunday, September 11, 2016
11			Service trench at P48216	2 days	Wed 16-07-20	Thu 16-07-21	10				1 day	Thu 16-09-08	Thu 16-09-08	100%	
12			Leveldale service trench & road crossing at P48218	10 days	Mon 16-07-04	Tue 16-07-19	10FF				6 days	Mon 16-09-19	Tue 16-09-27	100%	Outage for service transfer completed Monday, September 26, 2016
13			Outage for service transfer at P48216	1 day	Sun 16-07-24	Sun 16-07-24					1 day	Sun 16-09-11	Sun 16-09-11	100%	
14			Outage 3	20 days	Wed 16-07-20	Sun 16-08-21				P48220 to P48225	41 days	Tue 16-09-20	Tue 16-11-29	100%	
15			Pole installation	12 days	Wed 16-07-20	Mon 16-08-08	10		6 poles, based on 2 days per pole		6 days	Tue 16-09-20	Wed 16-10-05	100%	
16			Service trench at P48225 (Esso)	4 days	Tue 16-08-09	Mon 16-08-15	15				4 days	Mon 16-11-07	Fri 16-11-11	100%	
17			Outage for service transfer at P48225 (Esso)	1 day	Sun 16-08-21	Sun 16-08-21					3 days	Thu 16-11-24	Tue 16-11-29	100%	Outage on Thursday, November 24, 2016. Generator installed. Energized new transformer Tuesday, November 24, 2016
18			Outage 4	22 days	Tue 16-08-09	Sun 16-09-11				P48226 to P48229	26 days	Mon 16-09-12	NA	94%	
19			Pole installation	8 days	Tue 16-08-09	Sun 16-08-21	15		4 poles, based on 2 days per pole		11 days	Wed 16-10-05	Tue 16-10-25	100%	Only 2 poles installed P48226 & P48228. Poles for Trayborn to be installed at a later date as part of Trayborn design.
20			Service trench for P48226	2 days	Mon 16-08-22	Tue 16-08-23	19				2 days	Wed 16-10-05	Thu 16-10-06	100%	
21			Service trench for P48228	1 day	Wed 16-08-24	Wed 16-08-24	20				1 day	Mon 16-10-10	Mon 16-10-10	100%	
22			Outage for service transfer at P48226	1 day	Sun 16-08-28	Sun 16-08-28					1 day	Thu 16-10-06	Thu 16-10-06	100%	
23			Outage for service transfer at P48228	1 day	Sun 16-09-11	Sun 16-09-11					1 day	NA	NA	0%	
24			Stage 2	52 days	Mon 16-06-20	Sun 16-09-11				Industrial to Elgin Mills	111 days	Mon 16-06-20	Sun 17-01-08	100%	
25			Stage 2A	14 days	Mon 16-08-22	Sun 16-09-11				Oxford/Industrial Intersection	28 days	Thu 16-11-10	Sun 17-01-08	100%	
26			Pole installation	14 days	Mon 16-08-22	Sun 16-09-11	19		7 poles, based on 2 days per pole		6 days	Thu 16-11-10	Mon 16-11-21	100%	Re-design for stage 2B from UG to OH. Six (6) additional poles were installed for a total of 13 poles.
27			Service trench for P52825	0 days?	NA	NA					7 days	Thu 16-12-01	Tue 16-12-13	100%	
28			Service trench for P52825 (Goodyear)	0 days?	NA	NA					4 days	Tue 17-01-03	Fri 17-01-06	100%	
29			Outage for service transfer at P52825	0 days?	NA	NA					1 day	Mon 16-12-19	Mon 16-12-19	100%	
30			Outage for service transfer at P52825 (Goodyear)	0 days?	NA	NA					1 day	Sun 17-01-08	Sun 17-01-08	100%	
31			Service transfer at 17T249	1 day	Sun 16-09-11	Sun 16-09-11					1 day	Thu 16-12-01	Thu 16-12-01	100%	
32			Stage 2B	52 days	Mon 16-06-20	Sun 16-09-11				to North of Elgin Mills	34 days	Mon 16-06-20	Tue 16-08-16	100%	
33			Main trench from Industrial to Elgin Mills	20 days	Mon 16-06-20	Thu 16-07-21			Based on 10m per day		20 days	Mon 16-06-20	Thu 16-07-21	100%	Re-design for stage 2B, no longer UG. The crossing of Elgin Mills OH was combined into stage 2A design.
34			Switchgear installation	3 days	Sun 16-07-24	Tue 16-07-26	33				3 days	Mon 16-07-25	Wed 16-07-27	100%	To be completed as part of stage 5
35			1-phase transformer installation	1 day	Wed 16-07-27	Wed 16-07-27	34				1 day	Thu 16-07-28	Thu 16-07-28	100%	To be completed as part of stage 5
36			Feeder cable pull	3 days	Thu 16-07-28	Tue 16-08-02	35				3 days	Mon 16-08-01	Wed 16-08-03	100%	To be completed as part of stage 5
37			Distribution cable pull	1 day	Wed 16-08-03	Wed 16-08-03	36				1 day	Thu 16-08-04	Thu 16-08-04	100%	To be completed as part of stage 5
38			Terminations at switchgear	6 days	Thu 16-08-04	Mon 16-08-15	37				6 days	Mon 16-08-08	Tue 16-08-16	100%	To be completed as part of stage 5
39			Stage 2C	11 days	Tue 16-07-26	Sun 16-08-14				Oxford	8 days	Mon 16-10-31	Sat 16-11-12	100%	
40			Pole installation	6 days	Tue 16-07-26	Wed 16-08-03	46		3 poles, based on 2 days per pole		2 days	Mon 16-10-31	Tue 16-11-01	100%	
41			Service trench at P48235	2 days	Thu 16-08-04	Mon 16-08-08	40				1 day	Wed 16-11-02	Wed 16-11-02	100%	
42			Service trench at P48237	2 days	Tue 16-08-09	Wed 16-08-10	41				1 day	Wed 16-11-02	Wed 16-11-02	100%	
43			Outage for service transfer at P48235	1 day	Sun 16-08-07	Sun 16-08-07					1 day	Sat 16-11-12	Sat 16-11-12	100%	
44			Outage for service transfer at P48228	1 day	Sun 16-08-14	Sun 16-08-14					1 day	Sat 16-11-12	Sat 16-11-12	100%	
45			Stage 2D	13 days	Mon 16-07-18	Sun 16-08-07				Industrial	5 days	Thu 16-10-13	Sun 16-10-23	100%	
46			Pole installation	6 days	Mon 16-07-18	Mon 16-07-25			3 poles, based on 2 days per pole		3 days	Thu 16-10-13	Tue 16-10-18	100%	
47			Service trench for P48238	2 days	Tue 16-07-26	Wed 16-07-27	46				1 day	Thu 16-10-20	Thu 16-10-20	100%	
48			Outage for service transfer at P48238	1 day	Sun 16-08-07	Sun 16-08-07					1 day	Sun 16-10-23	Sun 16-10-23	100%	
49			Stage 4	85 days	Mon 16-09-05	Sun 17-02-05				Naughton to Nottingham	54 days	Tue 16-10-11	Sun 17-01-22	100%	
50			Pole installation	68 days	Mon 16-09-05	Wed 17-01-04			34 poles, based on 2 days per pole		14 days	Tue 16-10-11	Wed 16-11-02	100%	
51			Service trench for P48254	3 days	Thu 16-12-22	Wed 17-01-04	50FF				3 days	Wed 16-11-23	Mon 16-11-28	100%	
52			Service trench for P48261	2 days	Tue 16-12-20	Thu 16-12-22	51SF				1 day	Thu 16-11-24	Fri 16-11-25	100%	
53			Service trench for P48262	2 days	Thu 16-12-15	Tue 16-12-20	52SF				3 days	Tue 16-11-22	Thu 16-11-24	100%	
54			Service trench for P48263	2 days	Tue 16-12-13	Thu 16-12-15	53SF				3 days	Thu 16-11-17	Tue 16-11-22	100%	
55			Service trench for P48264	2 days	Thu 16-12-08	Tue 16-12-13	54SF				3 days	Tue 16-11-15	Thu 16-11-17	100%	
56			Service trench for P48268	1 day	Wed 16-12-07	Thu 16-12-08	55SF				2 days	Mon 16-11-14	Tue 16-11-15	100%	
57			Service trench for P48270	3 days	Thu 16-12-01	Wed 16-12-07	56SF				4 days	Tue 16-11-08	Mon 16-11-14	100%	
58			Service trench for P48274	5 days	Wed 16-11-23	Thu 16-12-01	57SF				6 days	Mon 16-10-31	Tue 16-11-08	100%	
59			Outage for service transfer at P48254	1 day	Sun 17-02-05	Sun 17-02-05					1 day	Tue 16-11-29	Tue 16-11-29	100%	
60			Outage for service transfer at P48261	1 day	Sun 17-01-29	Sun 17-01-29					1 day	Sun 16-11-27	Sun 16-11-27	100%	
61			Outage for service transfer at P48262	1 day	Sun 17-01-22	Sun 17-01-22					1 day	Sun 17-01-22	Sun 17-01-22	100%	
62			Outage for service transfer at P48263	1 day	Sun 17-01-15	Sun 17-01-15					1 day	Sun 17-01-15	Sun 17-01-15	100%	
63			Outage for service transfer at P48264	1 day	Sun 17-01-08	Sun 17-01-08					1 day	Sun 17-01-08	Sun 17-01-08	100%	
64			Outage for service transfer at P48268	1 day	Sun 16-12-18	Sun 16-12-18					1 day	Sun 16-12-18	Sun 16-12-18	100%	
65			Outage for service transfer at P48270	1 day	Sun 16-12-11	Sun 16-12-11					1 day	Sun 16-12-11	Sun 16-12-11	100%	
66			Outage for service transfer at P48274	1 day	Sun 16-12-04	Sun 16-12-04					1 day	Sun 16-12-04	Sun 16-12-04	100%	
67			Stage 5	131 days	Mon 17-05-22	Wed 18-01-03					131 days	NA	NA	0%	
68			Stage 5 - 40h/w	176 days	Mon 17-05-22	Mon 18-01-22				Start at Elgin Mills Rd E	176 days	Tue 17-06-27	Thu 18-04-12	100%	
69			Cable Order (assumed)	60 days	Mon 17-05-29	Fri 17-08-18					36 days	Mon 17-10-02	Thu 17-11-30	100%	
70			JUT Civil Completion (assumed)	85 days	Mon 17-05-22	Thu 17-12-21				End at Bernard Ave	126 days	Tue 17-06-27	Wed 18-01-31	100%	
71			Switching for 27M4 and 27M1	1 day	Mon 18-01-01	Mon 18-01-01				At Bernard Ave	47 days	Tue 18-01-23	Thu 18-04-12	100%	
72			Breakout @ Elgin Mills (assumed)	4 days	Tue 18-01-02	Fri 18-01-05	4			End at Naughton Dr.	22 days	Tue 18-01-23	Wed 18-02-28	100%	
73			Breakout @ Bernard (assumed)	10 days	Tue 18-01-02	Mon 18-01-15	4			At Naughton Dr.	4 days	Mon 18-02-05	Fri 18-02-09	100%	
74			Breakout North of Bernard (assumed)	10 days	Tue 18-01-02	Mon 18-01-15	4			P17 to swgr at Elgin Mills	8 days	Mon 18-04-02	Thu 18-04-12	100%	
75			P52858 @ Elgin Mills	4 days	Mon 17-08-21	Thu 17-08-24				P16 to 20+220	27 days	Wed 18-01-10	Mon 18-02-26	100%	
76			1000MCM riser & switches	2 days	Mon 17-08-21	Tue 17-08-22	2			Swgr at Elgin Mills to swgr at Bernard Ave	2 days	Wed 18-01-10	Thu 18-01-11	100%	
77			Terminations	2 days	Wed 17-08-23	Thu 17-08-24	9			Swgr at Elgin Mills to manhole at Naughton D	1 day	Mon 18-02-26	Mon 18-02-26	100%	
78			P52829 North of Elgin Mills	4 days	Wed 17-08-23	Mon 17-08-28				Elgin Mills	26 days	Thu 18-01-11	Mon 18-02-26	100%	
79			1000MCM riser and switches	2 days	Wed 17-08-23	Thu 17-08-24	9			Elgin Mills	1 day	Thu 18-01-11	Thu 18-01-11	100%	
80			Terminations	2 days	Fri 17-08-25	Mon 17-08-28	10				1 day	Mon 18-02-26	Mon 18-02-26	100%	
81			R18SP3045 @ Elgin Mills	100 days	Fri 17-08-25	Thu 18-01-11					7 days	Fri 18-02-16	Wed 18-02-28	100%	
82			3-1000MCM terminations from P52828	1 day	Mon 17-09-18	Mon 17-09-18	3			At Elgin Mills	1 day	Thu 18-02-22	Fri 18-02-23	100%	
83			3-1000MCM terminations from P52829	1 day	Fri 17-08-25	Fri 17-08-25	12			R18SP3045	0 days	Fri 18-02-16	Fri 18-02-16	100%	
84			3-1000MCM terminations from 17S287	1 day	Mon 18-01-08	Mon 18-01-08	5				3 days	Mon 18-02-19	Wed 18-02-21	100%	
85			Test, commission & energize R18SP3045	2 days	Wed 18-01-10	Thu 18-01-11	17,23			Manhole south of Bernard Ave, Manhole at N	1 day	Wed 18-02-28	Wed 18-02-28	100%	
86			R18TP3047 @ Elgin Mills	100 days	Fri 17-08-25	Thu 18-01-11				Relocate 1000MCM Cu cable to R18SP3045	16 days	Tue 18-02-27	Mon 18-03-26	100%	
87			1/0 Elbows	1 day	Fri 17-08-25	Fri 17-08-25	12			R18SP3052	1 day	Tue 18-02-27	Tue 18-02-27	100%	
88			Energization	1 day	Thu 18-01-11	Thu 18-01-11	18FF				1 day	Mon 18-03-26	Mon 18-03-26	100%	
89			Manhole 17U2	2 days	Mon 18-01-08	Tue 18-01-09				Tx 17T370 to existing Tx 18T33 (R18TP3048).	1 day	Thu 18-02-22	Thu 18-02-22	100%	
90			Racking & 3-1000MCM splices	2 days	Mon 18-01-08	Tue 18-01-09	5			Pull new 3x1/0 Al Cable to R18TV3051	1 day	Thu 18-02-22	Thu 18-02-22	100%	
91			3-1/0 Al splices @ Elgin Mills	1 day	Mon 18-01-08	Mon 18-01-08				Pull new 3x1/0 Al cable to R18TV3054	2 days	Tue 18-02-27	Wed 18-02-28	100%	
92			3-1/0 Splices	1 day	Mon 18-01-08	Mon 18-01-08	5			R18TP3049	2 days	Tue 18-02-27	Wed 18-02-28	100%	
93			Splices	11 days	Wed 17-10-18	Wed 17-11-01				R18TP3050	17 days?	Thu 18-02-22	Thu 18-03-22	100%	
94			3-1/0 Al @ 10909 Yonge	2 days	Wed 17-10-18	Thu 17-10-19	54				0 days?	Thu 18-02-22	Thu 18-02-22	100%	
95			3-1/0 Al @ 10909 Yonge	2 days	Fri 17-10-20	Mon 17-10-23	27				1 day?	Thu 18-03-22	Thu 18-03-22	100%	
96			3-1/0 Al @ Bernard	2 days	Tue 17-10-24	Wed 17-10-25	28				1 day?	Thu 18-03-15	Thu 18-03-15	100%	
97			3-1/0 Al N/O U10022	2 days	Tue 17-10-31	Wed 17-11-01	56				1 day?	Thu 18-03-22	Thu 18-03-22	100%	
98			Manhole U10020	5 days	Wed 18-01-10	Tue 18-01-16					1 day?	Thu 18-02-15	Thu 18-02-15	100%	
99			6-1000MCM splices & racking	5 days	Wed 18-01-10	Tue 18-01-16	23				1 day?	Thu 18-02-15	Thu 18-02-15	100%	
100			R18SP3052 @ Bernard	5 days	Tue 18-01-16	Mon 18-01-22					18 days?	Mon 18-02-05	Tue 18-03-06	100%	
101			3-1000MCM terminations from R18SP3045	1 day	Tue 18-01-16	Tue 18-01-16	6				1 day?	Mon 18-02-05	Mon 18-02-05	100%	
102			3-1000MCM terminations from U10022	1 day	Wed 18-01-17	Wed 18-01-17	34				17 days?	Tue 18-02-06	Tue 18-03-06	100%	
103			3-1000MCM terminations frm 18SC37	1 day	Thu 18-01-18	Thu 18-01-18	35				1 day?	Wed 18-02-07	Wed 18-02-07	100%	
104			1-1/0 termination to R18TP3053	1 day	Thu 18-01-18	Thu 18-01-18	36FF				1 day?	Thu 18-02-08	Thu 18-02-08	100%	
105			Test, commission & energize R18SP3045	2 days	Fri 18-01-19	Mon 18-01-22	36				0 days?	Thu 18-02-08	Thu 18-02-08	100%	
106			R18TP3053 @ Bernard	5 days	Tue 18-01-16	Mon 18-01-22					1 day?	Mon 18-03-26	Mon 18-03-26	100%	
107			1/0 Elbows	1 day	Tue 18-01-16	Tue 18-01-16	34FF				1 day?	Mon 18-03-26	Mon 18-03-26	100%	
108			Energization	1 day	Mon 18-01-22	Mon 18-01-22	38FF				1 day?	Mon 18-03-26	Mon 18-03-26	100%	
109			Manhole U10021	4 days	Tue 18-01-16	Fri 18-01-19					0 days?	Fri 17-12-15	Fri 17-12-15	100%	
110			3-1000MCM splices & racking	4 days	Tue 18-01-16	Fri 18-01-19	6				0 days?	Fri 17-12-15	Fri 17-12-15	100%	
111			Manhole U10022	5 days	Tue 18-01-16	Mon 18-01-22					1 day?	Mon 17-12-11	Mon 17-12-11	100%	
112			6-1000MCM splices & racking	5 days	Tue 18-01-16	Mon 18-01-22	7				1 day?	Mon 17-12-11	Mon 17-12-11	100%	
113			Customer Transfers	21 days	Mon 17-10-02	Mon 17-10-30					12 days?	Sun 18-03-04	Thu 18-03-22	100%	
114			R18TP3048	3 days	Mon 17-10-02	Wed 17-10-04					0 days?	Sun 18-03-04	Sun 18-03-04	100%	
115			6-1/0 Al splices & outage	3 days	Mon 17-10-02	Wed 17-10-04					0 days?	Sun 18-03-04	Sun 18-03-04	100%	
116			R18TP3049	3 days	Thu 17-10-05	Mon 17-10-09					0 days?	Sun 18-03-11	Sun 18-03-11	100%	
117			6-1/0 Al elbows & outage	3 days	Thu 17-10-05	Mon 17-10-09	48				0 days?	Sun 18-03-11	Sun 18-03-11	100%	
118			R18TP3050	3 days	Tue 17-10-10	Thu 17-10-12					0 days?	Sun 18-03-11	Sun 18-03-11	100%	
119			6-1/0 Al elbows & outage	3 days	Tue 17-10-10	Thu 17-10-12	50				0 days?	Sun 18-03-11	Sun 18-03-11	100%	
120			R18TP3051	3 days	Fri 17-10-13	Tue 17-10-17					0 days?	Sun 18-03-18	Sun 18-03-18	100%	
121			6-1/0 Al splices & outage	3 days	Fri 17-10-13	Tue 17-10-17	52				0 days?	Sun 18-03-18	Sun 18-03-18	100%	
122			R18TV3054	3 days	Thu 17-10-26	Mon 17-10-30					1 day?	Thu 18-03-22	Thu 18-03-22	100%	

ID		Task Mode	Task Name	Baseline Duration	Baseline Start	Baseline Finish	Predecessors	Resource Names	Comments	Location	Duration	Actual Start	Actual Finish	% Complete	Construction Comments
123			6-1/0 Al splices & outage	3 days	Thu 17-10-26	Mon 17-10-30	29				1 day?	Thu 18-03-22	Thu 18-03-22	100%	
124			Stage 6	132 days	Wed 17-03-01	Tue 17-10-17					132 days	NA	NA	0%	
125			Stage 6 - (40h/w)	149 days	Wed 17-04-26	Mon 17-11-20					149 days	Mon 17-05-01	Wed 18-01-31	100%	
126			Cable Order	60 days	Wed 17-04-26	Tue 17-07-18					35 days	Wed 17-11-01	Mon 18-01-01	100%	
127			Cable Pulls	10 days	Mon 17-08-21	Fri 17-09-01					37 days	Thu 17-11-09	Fri 18-01-12	100%	
128			JUT Civil Completion (Assumed)	120 days	Thu 17-03-02	Wed 18-02-14				Installation of manhole U10026	125 days	Mon 17-05-01	Mon 17-12-04	100%	
129			Cable Pulls	10 days	Wed 17-10-18	Tue 17-10-31	4			Leonard St to Naughton Dr.	35 days	Thu 17-11-09	Tue 18-01-09	100%	
130			P48276 @ Elgin Mills	2 days	Mon 17-06-05	Tue 17-06-06				P17A to swgr at Leonard St	127 days	Mon 17-06-26	Wed 18-01-31	100%	
131			Pole Installation	2 days	Mon 17-06-05	Tue 17-06-06		OH Lines - DS1		Swgr at Leonard St to P19	1 day	Mon 17-06-26	Mon 17-06-26	100%	
132			P48244 @ Canyon Hill	4 days	Mon 17-09-04	Thu 17-09-07				P48276 at North West corner of Yonge St. and	1 day	Wed 18-01-31	Wed 18-01-31	100%	
133			1000MCM Riser & Switches	2 days	Mon 17-09-04	Tue 17-09-05	3	OH Lines - DS1			1 day	Wed 18-01-31	Wed 18-01-31	100%	
134			Terminations	2 days	Wed 17-09-06	Thu 17-09-07	9	UG Lines - SR1			1 day	Wed 18-01-31	Wed 18-01-31	100%	
135			P48245 @ Canyon Hill	4 days	Mon 17-09-11	Thu 17-09-14					1 day	Wed 18-01-31	Wed 18-01-31	100%	
136			1/0 Riser & Switches	2 days	Mon 17-09-11	Tue 17-09-12	15	OH Lines - DS1			1 day	Wed 18-01-31	Wed 18-01-31	100%	
137			Terminations	2 days	Wed 17-09-13	Thu 17-09-14	12	UG Lines - SR1			1 day	Wed 18-01-31	Wed 18-01-31	100%	
138			Manhole U10026	1 day	Fri 17-09-08	Fri 17-09-08				Swgr at Leonard St to proposed 3ph tx at 107	1 day	Wed 18-01-03	Wed 18-01-03	100%	
139			Racking (Partial)	1 day	Fri 17-09-08	Fri 17-09-08	10	UG Lines - SR1		10794 Yonge St to existing splice pits for 18T4	1 day	Wed 18-01-03	Wed 18-01-03	100%	
140			1/0 Splices S/O Canyon Hill	3 days	Fri 17-09-15	Tue 17-09-19	13	UG Lines - SR1		18T449 and R25TP1026	1 day	Wed 18-01-24	Wed 18-01-24	100%	
141			R25TP3024 Changeover	5 days	Wed 17-09-20	Tue 17-09-26	16	UG Lines - SR1		Swgr at Leonard St to 18T38	0 days	Fri 18-01-19	Fri 18-01-19	100%	
142			Remaining Alectra Work	14 days	Wed 17-11-01	Mon 17-11-20				At swgr and 18T381	50 days?	Tue 17-10-31	Wed 18-01-24	100%	
143			Terminations @ RS25SP3019	5 days	Wed 17-11-01	Tue 17-11-07				10800 Yonge St. for transfer to new tx R25TF	3 days?	Tue 18-01-09	Fri 18-01-12	100%	
144			3-1000MCM from P48276	1 day	Wed 17-11-01	Wed 17-11-01	5	UG Lines - SR1		R25TP1026 and splice at 18T381	1 day	Tue 18-01-09	Tue 18-01-09	100%	
145			1-1/0 to R25TP3018, 1-/10 to R25TP3020, 1-1/0 to R25TP3021	1 day	Thu 17-11-02	Thu 17-11-02	20	UG Lines - SR1		Removal of 11 poles including wires, equipme	1 day	Wed 18-01-10	Wed 18-01-10	100%	
146			3-100MCM from U10026	1 day	Fri 17-11-03	Fri 17-11-03	21	UG Lines - SR1			1 day?	Thu 18-01-11	Thu 18-01-11	100%	
147			3-1/0 to R25TP3022	1 day	Mon 17-11-06	Mon 17-11-06	22	UG Lines - SR1			0 days?	Fri 18-01-12	Fri 18-01-12	100%	
148			3-1/0 to 25T661	1 day	Tue 17-11-07	Tue 17-11-07	23	UG Lines - SR1			0 days?	Fri 18-01-12	Fri 18-01-12	100%	
149			Riser & switches P48276	1 day	Wed 17-11-01	Wed 17-11-01	5	OH Lines - DS1			1 day?	Tue 17-10-31	Tue 17-10-31	100%	
150			Terminations at P48276	2 days	Wed 17-11-01	Thu 17-11-02	5	UG Lines - SR2			1 day?	Tue 17-10-31	Tue 17-10-31	100%	
151			Test, Commission, Energize R25SP3019	2 days	Wed 17-11-08	Thu 17-11-09	24	UG Lines - SR1			0 days?	Fri 18-01-12	Fri 18-01-12	100%	
152			Terminations, Energize R25TP3018	1 day	Fri 17-11-10	Fri 17-11-10	27	UG Lines - SR1			0 days?	Fri 18-01-12	Fri 18-01-12	100%	
153			Outage, Splice, Energize New 1/0 at Splice pit to R25TP3020	1 day	Fri 17-11-10	Fri 17-11-10	27	UG Lines - SR2			1 day?	Wed 18-01-17	Wed 18-01-17	100%	
154			Outage, Splice, Energize New 1/0 at Splice pit to R25TP3021	1 day	Mon 17-11-13	Mon 17-11-13	29	UG Lines - SR1			1 day?	Wed 18-01-17	Wed 18-01-17	100%	
155			Outage, Splice, Energize New 3-1/0 at Splice pit for R25TP3023	1 day	Fri 17-11-10	Fri 17-11-10	27	UG Lines - SR3			1 day?	Wed 18-01-17	Wed 18-01-17	100%	
156			Outage, Terminations, Energize new R25TP3022	3 days	Mon 17-11-13	Wed 17-11-15	29	UG Lines - SR2			0 days?	Fri 18-01-19	Fri 18-01-19	100%	
157			Outage, Splice, Energizenew 3-/10 at Splice pit for 25T661	3 days	Thu 17-11-16	Mon 17-11-20	32	UG Lines - SR2			1 day?	Wed 18-01-24	Wed 18-01-24	100%	
158			Without Generators	13 days	Sun 17-09-17	Wed 17-10-04					1 day?	Wed 18-01-24	Wed 18-01-24	100%	
159			Stage 7	153 days	Wed 16-12-14	Tue 17-09-19					218 days	Mon 16-12-19	NA	87%	
160			Duct bank and road crossing (3) installation, includes 160m south of 19th and 80m north of 19th	45 days	Wed 16-12-14	Fri 17-03-03					45 days	Mon 16-12-19	Tue 17-03-14	100%	
161			Padmount Tx Installation	1 day	Fri 17-09-01	Fri 17-09-01	160			North West corner of Gamble Rd. and Yonge	1 day	NA	NA	0%	
162			Feeder cable pull	2 days	Tue 17-09-12	Wed 17-09-13	138			Swgr to P45A and swgr to P45B	2 days	NA	NA	0%	
163			Line work for P45A and P45B	4 days	Wed 17-09-13	Tue 17-09-19	139				4 days	NA	NA	0%	
164			Stage 8	79 days	Thu 18-01-18	Wed 17-08-09					1 day	NA	NA	0%	
165			Stage 8 - 40h/w	132 days	Tue 17-08-01	Mon 18-02-12				South of Devonsleigh Blvd.	196 days	Tue 18-01-23	Tue 18-08-07	100%	
166			Cable order (assumed)	60 days	Tue 17-08-01	Mon 17-10-23				North of Devonsleigh Blvd.	17 days	Thu 18-03-01	Thu 18-03-29	100%	
167			JUT civil completion (assumed)	64 days	Thu 18-01-18	Thu 17-12-07					105 days	Tue 18-01-23	Tue 18-07-24	100%	
168			Switching for 27M4 and 27M1	1 day	Tue 18-01-02	Tue 18-01-02				Manhole south of Devonsleigh Blvd to swgr a	1 day	Tue 18-08-07	Tue 18-08-07	100%	
169			Breakout and Tie at existing manhole 18U7 (assumed)	10 days	Wed 18-01-03	Tue 18-01-16	4			Swgr at Devonsleigh Blvd to P54 north of 19th Ave	5 days	Tue 18-07-17	Tue 18-07-24	100%	
170			Install new 3-1000MCM cables between 18U7 & R18SP3057 (assumed)	2 days	Tue 18-01-30	Wed 18-01-31	7			11339 Yonge St.	1 day	Fri 18-07-27	Mon 18-07-30	100%	
171			Install new 3-1000MCM cables between 18U7 & 18U10 (assumed)	2 days	Thu 18-02-01	Fri 18-02-02				11339 Yonge St.	2 days	Thu 18-07-26	Fri 18-07-27	100%	
172			Install new 3-1000MCM cables between 18U10 & U10025 (assumed)	2 days	Thu 18-02-01	Fri 18-02-02					2 days	Mon 18-06-18	Tue 18-06-19	100%	
173			Install new 3-1000MCM cables between R18SP3057 & 18U10 (assumed)	2 days	Thu 18-02-01	Fri 18-02-02	8				2 days	Mon 18-06-18	Tue 18-06-19	100%	
174			Install new 3-1000MCM cables between U10025 & P48287 (assumed)	2 days	Mon 18-02-05	Tue 18-02-06	9				3 days	Thu 18-06-14	Tue 18-06-19	100%	
175			Install new 3-1000MCM cables between U10025 & P48289 (assumed)	2 days	Mon 18-02-05	Tue 18-02-06					2 days	Thu 18-06-14	Fri 18-06-15	100%	
176			P48289 N/O 19th	4 days	Fri 17-12-08	Wed 17-12-13					3 days	Thu 18-06-14	Tue 18-06-19	100%	
177			1000MCM riser and switches	2 days	Fri 17-12-08	Mon 17-12-11	3				1 day	Thu 18-06-14	Thu 18-06-14	100%	
178			Terminations	2 days	Tue 17-12-12	Wed 17-12-13	12				3 days	Thu 18-06-14	Tue 18-06-19	100%	
179			P48287 @ 19th	4 days	Mon 18-02-05	Thu 18-02-08					3 days	Fri 18-06-15	Wed 18-06-20	100%	
180			1000MCM riser and switches	2 days	Mon 18-02-05	Tue 18-02-06	10FF			2 Temporary poles at Gamble Creek	3 days	Fri 18-06-15	Wed 18-06-20	100%	
181			Terminations	2 days	Wed 18-02-07	Thu 18-02-08	15				3 days	Fri 18-06-15	Wed 18-06-20	100%	
182			Manhole U10025	34 days	Fri 17-12-08	Mon 18-02-05					4 days?	Mon 18-06-25	Thu 18-06-28	100%	
183			Racking	1 day	Fri 17-12-08	Fri 17-12-08	3				4 days?	Mon 18-06-25	Thu 18-06-28	100%	
184			6-1000MCM splices	1 day	Mon 18-02-05	Mon 18-02-05	9				4 days?	Mon 18-06-25	Thu 18-06-28	100%	
185			R18SP3057 @ Devonsleigh	4 days	Wed 18-02-07	Mon 18-02-12					54 days?	Mon 18-05-07	Tue 18-08-07	100%	
186			Cut & Remove existing cables	1 day	Thu 18-02-08	Thu 18-02-08					1 day	Mon 18-05-07	Mon 18-05-07	100%	
187			3-1/0 Al terminations to R18TP1012	1 day	Thu 18-02-08	Thu 18-02-08	22				3 days?	Tue 18-07-31	Thu 18-08-02	100%	
188			3-1000MCM terminations to manhole 18U7	1 day	Wed 18-02-07	Wed 18-02-07	10				3 days?	Tue 18-07-31	Thu 18-08-02	100%	
189			3-1000MCM terminations to manhole 18U10	1 day	Thu 18-02-08	Thu 18-02-08	22				3 days?	Tue 18-07-31	Thu 18-08-02	100%	
190			Commission, test & energize R18SP3057	2 days	Fri 18-02-09	Mon 18-02-12	23				2 days?	Fri 18-08-03	Tue 18-08-07	100%	
191			Manhole 18U10	4 days	Mon 18-02-05	Thu 18-02-08					32 days?	Mon 18-04-30	Tue 18-07-31	100%	
192			Cut & Remove existing cables	2 days	Mon 18-02-05	Tue 18-02-06					1 day	Mon 18-04-30	Mon 18-04-30	100%	
193			Cleanup, re-racking, grounding	2 days	Mon 18-02-05	Tue 18-02-06	8,9				2 days	Mon 18-07-30	Tue 18-07-31	100%	
194			6-1000MCM splices	2 days	Wed 18-02-07	Thu 18-02-08	26				2 days	Mon 18-07-30	Tue 18-07-31	100%	
195			Manhole 18U9	2 days	Mon 18-02-05	Tue 18-02-06					32 days?	Mon 18-04-30	Mon 18-04-30	100%	
196			Cut & Remove existing cables	2 days	Mon 18-02-05	Tue 18-02-06					1 day	Mon 18-04-30	Mon 18-04-30	100%	
197			Manhole 18U8	2 days	Mon 18-02-05	Tue 18-02-06					32 days?	Mon 18-05-07	Mon 18-05-07	100%	
198			Cut & Remove existing cables	2 days	Mon 18-02-05	Tue 18-02-06					1 day	Mon 18-05-07	Mon 18-05-07	100%	
199			Manhole 18U7	7 days	Mon 18-02-05	Tue 18-02-13					1 day	Mon 18-05-07	Thu 18-08-02	100%	
200			Cut & Remove existing cables	2 days	Mon 18-02-05	Tue 18-02-06					1 day	Mon 18-05-07	Mon 18-05-07	100%	
201			Cleanup, re-racking, grounding	2 days	Mon 18-02-05	Tue 18-02-06	8,9				4 days?	Mon 18-07-30	Thu 18-08-02	100%	
202			6-1000MCM splices	2 days	Wed 18-02-07	Tue 18-02-13	26				4 days?	Mon 18-07-30	Thu 18-08-02	100%	
203			Stage 9	93 days	Wed 17-02-01	Wed 17-07-12				Nottingham to North of Gamble	42 days	Wed 17-02-08	Fri 17-04-21	100%	
204			Pole Installation	66 days	Wed 17-02-01	Thu 17-05-25				19 Poles	24 days	Wed 17-02-08	Tue 17-03-21	100%	
205			Service Trench at P48280	3 days	Mon 17-05-29	Wed 17-05-31	204				6 days	Mon 17-04-03	Tue 17-04-11	100%	
206			Service Trench at P48290	3 days	Thu 17-06-01	Tue 17-06-06	205			11552 Yonge St.	3 days	Tue 17-04-11	Fri 17-04-14	100%	
207			Service Trench at P48294	3 days	Wed 17-06-07	Mon 17-06-12				11570 Yonge St.	5 days	Mon 17-04-10	Fri 17-04-14	100%	
208			Outage for Service Transfer at P48280	1 day	Mon 17-06-19	Mon 17-06-19					1 day	Wed 17-04-12	Wed 17-04-12	100%	
209			Outage for Service Transfer at P48290	1 day	Tue 17-06-27	Tue 17-06-27				11552 Yonge St.	0 days	Sun 17-04-16	Sun 17-04-16	100%	
210			Outage for Service Transfer at P48294	1 day	Mon 17-07-03	Mon 17-07-03				11570 Yonge St.	0 days	Sun 17-04-16	Sun 17-04-16	100%	
211			New pole line energized	1 day	Tue 17-07-04	Tue 17-07-04					0 days	Fri 17-04-21	Fri 17-04-21	100%	
212			Stage 10	8 days	Wed 17-08-02	Tue 17-08-15					8 days	NA	NA	0%	
213			Removal of temporary installation on the east side of Yonge St	2 days	Wed 17-08-02	Thu 17-08-03	178				2 days	NA	NA	0%	
214			Re-build o/h line on the west side of Yonge St	7 days	Thu 17-08-03	Tue 17-08-15	179				7 days	NA	NA	0%	
215			Final Transfers and Pole Removals	108 days	Wed 19-01-02	Fri 19-05-31						NA	NA	0%	

BOMA-8 ATTACHMENT 3
PROJECT PLAN H2-E

ID		Construction Sequence	Task Mode	Notes	Task Name	Rounded Duration	Start	Finish	Predecessors	Location	% Complete
1					H2 EAST - 6 DAYS PER WEEK	718 days	Mon 17-02-06	Fri 19-05-31			96%
2		1			START: Phase 1	63 days	Mon 17-02-06	Wed 17-04-19		Flamingo Rd. to South of Centre St. (Stn. 46+700 - 48+200)	100%
26		2			Phase 2	87 days	Mon 17-04-24	Thu 17-08-03		East of Bathurst St. to New Westminster Ave. (Stn. 64+200 - 65+250)	100%
49		3,4,7			Phase 3	307 days	Thu 17-07-13	Thu 18-07-12		Flamingo Rd. to Summeridge Dr. (Stn. 48+200 - 49+600)	100%
50		4			Phase 3.1	52 days	Wed 17-07-19	Fri 17-09-15		North of Highway 7 to Summeridge Dr	100%
58		7			Phase 3.2	62 days	Wed 18-05-02	Thu 18-07-12		Flamingo Rd. To North of Highway 7	100%
68		3			Phase 3.3	12 days	Thu 17-07-13	Tue 17-07-25		Bathurst-Highway 7 Connector	100%
73		5		SUMMER LOADING RESTRICTIONS	Phase 4	107 days	Mon 17-09-18	Sat 18-01-27		New Westminster Ave. to Concord Rd. (Stn. 63+250 - 64+200)	100%
98		6			Phase 5	91 days	Wed 18-01-24	Wed 18-05-09		Concord St to Dufferin St. (Stn. 62+400 - 63+250)	100%
110					Highway 7 - Bathurst St to Yonge Street	14 days	Tue 17-11-14	Thu 17-11-30			100%
114					Final Transfers and Pole Removals	98 days	Wed 19-01-02	Fri 19-05-31			65%



Project: H2 East Prelim. Gantt C
Date: Thu 18-09-13

Task | Split | Milestone | Summary | Project Summary | Inactive Task | Inactive Milestone | Inactive Summary | Manual Task | Duration-only | Manual Summary Rollup | Manual Summary | Start-only | Finish-only | External Tasks | External Milestone | Deadline | Progress | Manual Progress

BOMA-8 ATTACHMENT 4
PROJECT PLAN H2-W

ID		Constr Seque	Task Mode	Notes	Task Name	Rounded Duration	Start	Finish	Predecessors	Location	% Complete
1					H2 WEST	593 days	Mon 17-02-13	Thu 19-05-30		Green = Phase Complete	80%
2		1			Phase 1 (41 Poles)	184 days	Mon 17-02-13	Wed 17-08-02		Nova Star Dr. to Aberdeen Ave. (Stn. 18+660 - 20+050)	100%
34		2			Phase 2 - 4 Days per Week (34 Poles)	76 days	Mon 17-07-17	Wed 17-11-01		Aberdeen Ave to West of Pine Valley Rd (Stn. 17+900 - 18+660)	100%
57		4			Phase 3 - 5 Days Per Week (U/G), 4 Days Per Week (O/H)	248 days	Wed 18-01-10	Mon 18-10-15		East of Nova Star to West of Highway 400	99%
58		4A		SUMMER L(	Phase 3.1 (Formerly Phase 3A U/G)	226 days	Mon 18-02-05	Mon 18-10-15		East of Weston Road to West of Highway 400	99%
59					Pre-Bore Prep Work	75 days	Mon 18-02-05	Fri 18-05-18			100%
65					Highway 400 Crossing	132 days	Mon 18-05-21	Mon 18-10-15			99%
66					Highway 400 Boreshot	55 days	Mon 18-05-21	Thu 18-07-19			100%
67					Installation of Manhole	3 days	Thu 18-07-26	Mon 18-07-30		Installation of 1 Manhole - Based on 3 days per manhole	100%
68					Installation of Switchgear	6 days	Wed 18-07-25	Wed 18-08-01	67	Installation of 2 Switchgears - Based on 3 days per Switchgear	100%
69					Installation of Single Phase Transformer	1 days	Wed 18-08-01	Wed 18-08-01	68	Installation of 2 -Single Phase Transformers - Based on 2 hrs per transfor	100%
70					Phase 3.1/Highway 400 Crossing Tie-in	5 days	Thu 18-08-02	Thu 18-08-09	69		100%
71					Trenching on East side of Highway 400	13 days	Tue 18-07-24	Mon 18-08-13			100%
72					Cable Pull	13 days	Mon 18-08-13	Mon 18-08-27	71		100%
73					Connections and Terminations	3 days	Mon 18-08-27	Thu 18-08-30	72		95%
74					Energization	1 days	Mon 18-10-15	Mon 18-10-15			0%
75		4B		SUMMER L(	Phase 3.2 (Formely Phase 3A O/H, 3B, 3C - 33 Poles)	86 days	Wed 18-01-10	Thu 18-05-10		Nova Star to Weston, Weston Intersection	100%
89		3,6		SUMMER L(	Phase 4 (14 Poles)	226 days	Wed 17-11-01	Wed 18-09-26		East of Highway 400 to East of Commerce St	88%
90		3			Phase 4.1 - Completed before 400 Crossing	43 days	Wed 17-11-01	Wed 18-01-10			100%
97		6			Phase 4.2 - Completed after 400 Crossing	26 days	Mon 18-08-27	Tue 18-09-25			75%
98					Overhead Work	26 days	Mon 18-08-27	Tue 18-09-25	72		75%
99					Outages & Transfers	1 days	Tue 18-09-25	Wed 18-09-26			0%
100					Outage 1	1 days	Tue 18-09-25	Wed 18-09-26	97		0%
101		N/A		SUMMER L(	Overview of Q2 Retaining Wall Portion	240 days	Wed 17-11-01	Mon 18-10-15			95%
110		5,7			Phase 5 - 4 Days per Week (26 Poles)	129 days	Mon 18-05-14	Thu 18-11-08		East of Islington Ave. to West of Pine Valley (Stn. 16+900 - 17+900)	56%
111		5			Phase 5.1	44 days	Mon 18-05-14	Thu 18-07-12		West of Pine Valley to West of Wigwoss	100%
112					Overhead Work - 14 Poles	44 days	Mon 18-05-14	Thu 18-07-12			100%
113					Hole Vac'ing	10 days	Mon 18-05-14	Thu 18-05-24	75FS+1 day		100%
114					Pole Installations	1 days	Wed 18-05-30	Wed 18-05-30	113SS+5 days		100%
115					Framing	10 days	Wed 18-05-30	Wed 18-06-13	114		100%
116					String Conductor	1 days	Wed 18-06-13	Thu 18-06-14	115		100%
117					Energization	1 days	Mon 18-06-18	Mon 18-06-18			100%
118					Transformer Installations	1 days	Thu 18-06-14	Thu 18-06-14	115		100%
119					Three Phase Riser Installations	3 days	Thu 18-06-14	Wed 18-06-20	118		100%
120					Connections and Terminations	3 days	Wed 18-07-04	Mon 18-07-09	122		100%
121					Phase close-out	3 days	Tue 18-07-10	Thu 18-07-12	120		100%
122					Underground Work	42 days	Fri 18-05-18	Wed 18-07-04			100%
123					Excavations and Installations	35 days	Fri 18-05-18	Tue 18-06-26	113SS+5 days		100%
124					Break and Tie	7 days	Wed 18-06-27	Wed 18-07-04	123		100%
125					Cable Terminations	7 days	Wed 18-06-27	Wed 18-07-04	123		100%
126		7			Phase 5.2	35 days	Mon 18-09-24	Thu 18-11-08		West of Wigwoss to East of Islington	0%
127					Overhead Work - 12 Poles	33 days	Mon 18-09-24	Wed 18-11-07			0%
128					Hole Vac'ing	6 days	Mon 18-09-24	Mon 18-10-01			0%
129					Pole Installations	4 days	Mon 18-10-01	Thu 18-10-04	128		0%
130					Framing	4 days	Thu 18-10-04	Wed 18-10-10	129FF+3 days		0%
131					String Conductor	1 days	Wed 18-10-10	Thu 18-10-11	130		0%
132					Transformer Installation	2 days	Thu 18-10-11	Mon 18-10-15	131	Installation of 1 - 3 Phase Transformer, and 2 -1 Phase Transformers - Based on 2 hrs per single phase, and 4 hours per three phase Transformer	0%
133					Installation of Three Phase Riser	4 days	Mon 18-10-15	Thu 18-10-18	132	Installation of 9 - 3 Phase Risers - Based on 4 hrs per riser	0%
134					Guying Installation	3 days	Mon 18-10-22	Wed 18-10-24	133		0%
135					Connections and Terminations	10 days	Wed 18-10-24	Wed 18-11-07	134		0%
136					Underground Work	27 days	Mon 18-10-08	Tue 18-11-06			0%
137					Excavations and Installations	25 days	Mon 18-10-08	Fri 18-11-02			0%
138					Break and Tie	1 days	Mon 18-11-05	Mon 18-11-05	137		0%
139					Cable Terminations	1 days	Mon 18-11-05	Tue 18-11-06	138		0%
140					Outages & Transfers	4 days	Mon 18-11-05	Thu 18-11-08			0%
145					H2-E Neutral Raise	14 days	Tue 17-11-14	Thu 17-11-30			100%
147					5.1 (Permanent Poles)	108 days	Wed 19-01-02	Thu 19-05-30			0%
148					Final Transfers and Pole Removals	108 days	Wed 19-01-02	Thu 19-05-30			0%

BOMA-9

Reference(s): Attachment 31, Figure 1, p 3 – Status Report

Figure 1 – Project Summary for Funded YRRT Projects 2010-2020 shows in row 5 (Project Completion) column 2 (Yonge Street), that the Y2.1 and Y2.2 were completed and closed out in 2018. However, Table 1, p 6 shows that Y2.1 and Y2.2 work will need to be completed in 2019.

Please reconcile these two statements.

Response:

Figure 1 – Project Summary for Funded YRRT Projects 2010-2020 includes preliminary project schedules developed before the start of the YRRT project construction. Project construction has been delayed at the direction of the York Region Rapid Transit Corporation ("YRRTC") due to changes to the sequencing and phasing of the work to accommodate YRRTC contractors. As a result of the delays in the YRRT project, Alectra Utilities must complete the relocation of assets as part of both the Y2 and H2 projects in 2019. Figure 1 was submitted to illustrate the interdependencies of the various YRRT project phases and identify key stakeholders, procurement and legal arrangement, governance as well as the delivery agent structure. Table 1 on Page 6 of Attachment 31 provides the most up to date schedule of the Y2 component of the project and identifies that the Y2.1 and Y2.2. sections are expected to be completed in 2019.

BOMA-10

Reference(s): Attachment 31, Figure 1, p 3 – Status Report

Under Table 1, there is the statement:

"The Y2.1 and Y2.2 project is being constructed under a Design – Build project structure. There are uncertainties in regards to the timelines, final road alignment, resource allocation as well as the technical challenges as the majority of work is underground. The Y2.1 and Y2.2 began in 2018 and will continue in 2019."

Please indicate amounts of the expenditures that were approved by the Board for YRRT projects for 2018, which have been spent to date, forecast to be spent by year end 2018, and forecast for 2019.

Please provide a current schedule for the completion of projects Y2.1, Y2.2, H2 West and H2 East.

Response:

The decision of EB-2017-0024, the Ontario Energy Board approved ICM funding of $11.24MM for 2018 in-service additions for the YRRT project. Please refer to Alectra Utilities' response to AMPCO-2 for YRRT project expenditures to date, forecast for year-end 2018 and forecast for 2019. Alectra Utilities is on schedule to complete the YRRT project (Y2.1, Y2.2, H2 West and H2 East) in 2019. Please refer to Table-1 for construction completion schedule.

Table-1 - Construction Completion Schedule for the YRRT Project

Construction Completion	H2 E	H2 W	Y2.1	Y2.2
2018	Phase 3	Phase 3.1 & 3.2	Stage 4	Stage 8
	Phase 4	Phase 4.1 & 4.2	Stage 5	
	Phase 5	Phase 5.1 (Temp	Stage 6	
		Phase 5.2	Stage 7	
			Stage 8	
2019	Final Transfers and Pole Removals	5.1 (Permanent Poles)	Stage 1 (Permanent Poles)	Final Transfers and Pole Removals
		Final Transfers and Pole Removals	Stage 2 (Permanent Poles)	
			Final Transfers and Pole Removals	

BOMA-11

Reference(s): Attachment 31, Figure 1, p 3 – Status Report

Figure 1 – 2010-2020 shows in row 5 (Project Completion) and column 3 that H2 West and H2 East will be completed and closed out by the end of 2019. However, Table 2, Detailed Work for H2 East does not.

Please comment on the omission.

Response:

Table 2 was provided in the YRRT business case in Attachment 31 to provide: a detailed breakout of the scope of work for H2 by phase/stage; a work description; and a quantity, type and measure of the assets to be relocated.

In comparison to Figure 1 referenced in the interrogatory above, Table 2 does not contain information related to project schedule.

BOMA-12

Reference(s): Attachment 31, Figure 1, p 3 – Status Report

Please break down the proposed YRRT capital expenditures for 2019 (and 2018) for each component of the YRRT project Y2.1, Y2.2, H2 West, H2 East, and confirm which of the capital expenditures for H2 components approved by Alectra in this case will be placed in-service in 2018, 2019, or 2020.

Response:

Please refer to Alectra Utilities' response to Interrogatory PRZ-AMPCO-2 for the proposed YRRT capital expenditures for 2018 and 2019 for each of the components of the YRRT projects. The in-service additions for each of the YRRT components are provided in Alectra Utilities' response to Interrogatory PRZ-Staff-60.

BOMA-13

Reference(s): Attachment 32

Please provide the calculations underpinning the 2019 ICM Revenue Requirement by Project for each of the three projects.

Response:

The calculation of ICM revenue requirement by project is provided in the following attachments and summarized in Table 1, below:

- BOMA-13_Attach 1_ICM Model PRZ_Barrie TS
- BOMA-13_Attach 2_ICM Model PRZ_Bathurst
- BOMA-13_Attach 3_ICM Model PRZ_YRRT

Table 1 – Incremental Revenue Requirement by ICM Project – PowerStream RZ

Project Description	Return on Rate base	Amortization	Incremental Grossed Up PILs	Total Revenue Requirement
Road Authority YRRT Yonge St	$746,257	$308,753	($107,351)	$947,659
Bathurst Ave from Hwy 7 to Teston Road	$309,248	$127,947	($44,486)	$392,709
System Access				**$1,340,368**
Barrie TS Upgrade- Metering and Feeder Relocation	$117,262	$63,000	($12,064)	$168,198
System Service				**$168,198**
Total Incremental Revenue Requirement				**$1,508,566**

BOMA-14

Reference(s): Attachment 31, Barrie TS, p. 1 of 6

When is HONI proposing to commence construction of the Barrie TS Station? What is the status of project design work, tendering?

Response:

Hydro One is proposing to commence construction at the Barrie TS in April 2019. Hydro One has provided a draft layout for the proposed upgraded Barrie TS. Alectra Utilities is currently finalizing the detailed designs of the egress feeder relocations. To complete the feeder and metering work, Alectra Utilities plans to utilize a combination of internal resources and external resources that have already been contracted. Please also see Alectra Utilities' response to Interrogatory PRZ-Staff-63 for additional information pertaining to the current status of the Barrie TS project.

BOMA-15

Reference(s): Attachment 31, Barrie TS, p. 1 of 6

Please provide a copy of HONI's implementation plan for the project.

Response:

Hydro One has not provided Alectra Utilities with an implementation plan for the project. Please refer to the Barrie TS Upgrade Feeder and Wholesale Metering Relocation project business case in Attachment 3, on page 3 of 6, which references i) the Hand Off letter from the IESO to HONI on December 2015; ii) the IESO regional planning website; iii) HONI's 2017-2018 Transmission Rate Application (EB-2016-0160). Please also refer to Alectra Utilities' response to Interrogatory BOMA-17 which references the IESO Barrie/Innisfil Local Advisory Council meeting minutes from the June 7th 2018 meeting where Hydro One provided an update indicating that the upgrade is proceeding on plan and on schedule.

BOMA-16

Reference(s): Attachment 31, Barrie TS, p. 1 of 6

Who is the other distribution company served by the Station with whom PowerStream's work must be coordinated? Have the two utilities reached agreement on the required collaboration? Please provide copy of an executed agreement.

Response:

The other distribution company served by the Barrie TS is Hydro One**.** It is proposing two egress feeders to supply InnPower, a downstream distributor. No formal agreement has been executed between Alectra Utilities and Hydro One. Alectra Utilities has been working with Hydro One to coordinate the Barrie TS and transmission connection renewal. The scope of the feeder relocation at Barrie TS relates to work that is specific to: i) relocating Alectra Utilities' feeder egresses to match the new breaker line-up; ii) relocating the Alectra Utilities feeder 23M24 from Midhurst TS; and iii) installing new wholesale metering that is compliant with Measurement Canada regulations and the IESO market rules.

BOMA-17

Reference(s): Attachment 31, Barrie TS, p. 1 of 6

Has HONI ordered the power transformer for the station? If so, please provide a copy of the procurement letter.

Response:

Alectra Utilities has not been involved with nor does it have any knowledge of the power transformer procurement process at Hydro One for the Barrie TS.

Alectra Utilities was provided an update by Hydro One at the IESO Barrie/Innisfil Local Advisory Council Meeting on June 7th 2017. At this meeting Hydro One indicated that the Barrie TS upgrade is proceeding on plan and on schedule. Construction at the station is on schedule to start in 2019 with the relocation of Alectra Utilities' feeder to take place in 2019. The IESO Barrie/Innisfil Local Advisory Council meeting minutes from the June 7th 2017 meeting can be found on the IESO GTA and Central Ontario Regional and Community Engagement website at the following link:
http://www.ieso.ca/en/get-involved/regional-planning/gta-and-central-ontario/barrie-innisfil-engagement.

Please refer to Alectra Utilities' response to Interrogatory BOMA-15 for additional information related to the Barrie TS upgrade.

BOMA-18

Reference(s): Attachment 31, Barrie TS, p. 1 of 6

Did the regional planning group consider any non-wires alternatives to the rebuild project? What were they, and why were they rejected?

Response:

On December 7, 2015, the IESO issued a letter to Hydro One for the purpose of requesting that Hydro One develop a project to replace the existing Barrie TS and the E3/4B transmission line with new 230 kV infrastructure. The details of the letter can be found on the IESO regional planning site[1]. The above mentioned line and infrastructure was identified through the Integrated Regional Resource Planning Process (the “IRRP Process”) as requiring urgent need to replace the infrastructure nearing its end of life and to provide supply capacity in the Barrie/Innisfil sub-region.

The letter indicated that a wires option was determined to be the only feasible means to address the urgent needs; the hand off process was consistent with the Board’s regional planning process. The letter further explained that the Barrie/Innisfil Working Group completed the first phase of the IRRP Process to review options to address near-term needs with consideration of future needs and concluded that non-wires alternatives are not viable options. The Working Group noted that it would continue to develop the medium and long-term plan in parallel.

The Barrie/Innisfil Sub-Region Integrated Regional Resource Plan[2] did examine alternatives for meeting near and medium term needs as presented on Page 39 of the report. Conservation was considered as part of the planning forecast, which includes the local peak demand impact of the provincial conservation targets. In addition, the regional planning group evaluated the feasibility of local generation but determined that this alternative solution would not be feasible to meet the end-of-life issues at Barrie TS.

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[1] http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/barrie-innisfil/barrie-innisfil_ieso-letter-to-hydroone-20151207.pdf?la=en

[2]http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/barrie-innisfil/barrie-innisfil-irrp.pdf?la=en

BOMA-19

Reference(s): Attachment 31, Barrie TS, p. 1 of 6

Please provide a blown-up (larger print) version of the map on p. 5 of 8 in Attachment 31. The present version is unreadable.

Response:

Please see BOMA-19_Attach 1_vivaNextRouteMap.

BOMA-19 ATTACHMENT 1
VIVANEXT ROUTE MAP

vivanext
be moved

* Subject to change
Map not to scale
Rev. 11 / 2017

vivanext.com

BOMA-20

Reference(s): Attachment 31 – Bathurst Street Road Widening from Highway 7 to Teston Road

When did Alectra first become aware that the Bathurst Street widening would be required north of Highway 7 to Teston Road? Please provide an excerpt from the document that informed them of such need.

Response:

Alectra Utilities' predecessor, PowerStream, first became aware that York Region was interested in road widening Bathurst Street in 2011. At that time, the scope of the Bathurst Street project was to widen the road from Highway 7 to Major Mackenzie. Please refer to the attached file, BOMA-20_Attach 1_20122013UtilityRelocation for York Region's notice that relocations were initially required in 2013.

In 2012, PowerStream was informed that the Bathurst Street project was to be deferred to a later date as York Region was considering the York Region Rapid Transit initiative. In 2015, York Region advised PowerStream that the Bathurst Street project was to increase in scope to end at Teston Road. Further, PowerStream was advised that it would proceed in coordination with the YRRT project, in order to minimize disturbance to commuters.

BOMA-20 ATTACHMENT 1
2012/2013 UTILITY RELOCATION

2012 2013 Utility Relocation Priorities for Major Capital Road Projects

Project Number	Program Year	Municipality	Project Description	Tender Date	Property Acquisition	Utility	Required Relocation Date	Relocation, Detailed Design and Additional Comments
9953 / 9708 / 9701	2011	Aurora, Richmond Hill	Bloomington Road (Bathurst Street to Hwy. 404)	December 2011	December 2011	Bell	June 2012	* Hydro One work is completed
						Hydro	June 2012	
						Gas	June 2012	
						CATV	June 2012	
						Other		* Tender package is currently being finalized. * Operational Constraints will be required.
8387	2011	Markham	9th Line Jog-Elimination at Elgin Mills Road	March 2012	March 2012	Bell	ASAP	* Design is 90% completed
						Hydro	ASAP	
						Gas	ASAP	
						CATV	ASAP	
						Other		* ORC property acquisition is the major delay
8388	2011	Markham	9th Line Jog-Elimination at Major Mackenzie Drive	March 2012	March 2012	Bell	ASAP	* Design is 90% completed
						Hydro	ASAP	
						Gas	ASAP	
						CATV	ASAP	
						Other		* ORC property acquisition is the major delay
8066	2011	Markham	9th Line (Major Mackenzie Drive to Hoover Park)	March 2012	March 2012	Bell	ASAP	* Design is 90% completed
						Hydro	ASAP	

2012 2013 Utility Relocation Priorities for Major Capital Road Projects

Project Number	Program Year	Municipality	Project Description	Tender Date	Property Acquisition	Utility	Required Relocation Date	Relocation, Detailed Design and Additional Comments
						Gas	ASAP	
						CATV	ASAP	
						Other		* ORC property acquisition is the major delay
8066	2012	Whitchurch-Stouffville	9th Line (Hoover Park to Main St. & Jog-Elimination)	March 2012	March 2012	Bell	ASAP	* Design is 90% completed
						Hydro	ASAP	
						Gas	ASAP	
						CATV	ASAP	
						Other		* ORC property acquisition is the major delay * House demolitions to start in Q1 & Q 2 of 2012 * Hydro One to complete relocations by Q 3 2012
8562	2014	East Gwillimbury	2nd Concession (Green Lane to Queensville Sdrd.)	September 2013	February 2013	Bell	June 2013	* Pursuing 30% design (December 2011)
						Hydro	June 2013	
						Gas	June 2013	
						CATV	June 2013	
						Other		* Hydro One relocations to be identified ASAP (December 2011 Target)
9667	2011	Markham	Warden Avenue (16th Ave. to Major Mackenzie Dr.)	February 2012	Completed in 2009	Bell	February 2012	* Completed
						Hydro	February 2012	* Completed
						Gas	February 2012	* In progress

2012 2013 Utility Relocation Priorities for Major Capital Road Projects

Project Number	Program Year	Municipality	Project Description	Tender Date	Property Acquisition	Utility	Required Relocation Date	Relocation, Detailed Design and Additional Comments
						CATV	February 2012	* In progress
						Other		
8394	2012	Vaughan	Teston Road Box Culvert, east of Pine Valley Drive	March 2012	December 2011	Bell	December 2011	* Pursuing 90% design (November 2011)
						Hydro	December 2011	
						Gas	December 2011	
						CATV	December 2011	
						Other		* Project may be deferred, pending York Region's 2012 budget approval.
9818	2013	Markham	Highway 7 (Verclaire Gate to Scibberras Rd.)	December 2012	Completed	Bell	September 2012	* Pursuing 60% design (January 2012)
						Hydro	September 2012	
						Gas	September 2012	
						CATV	September 2012	
						Other		
8139 / 8415	2014	RH / Vaughan	Bathurst Street (Hwy. 7 to Major Mackenzie Dr,)	November 2013	February 2012	Bell	September 2013	* Pursuing 30% design (January 2012)
						Hydro	September 2013	
						Gas	September 2013	

2012 2013 Utility Relocation Priorities for Major Capital Road Projects

Project Number	Program Year	Municipality	Project Description	Tender Date	Property Acquisition	Utility	Required Relocation Date	Relocation, Detailed Design and Additional Comments
						CATV	September 2013	
						Other		
9988	2013	Whitchurch-Stouffville	Vivian Road (Hwy. 48 to York-Durham Line)	March 2012	Completed	Bell	April 2012	* Some work to be done with road work
						Hydro	April 2012	* Some work to be done with road work
						Gas	April 2012	* Some work to be done with road work
						CATV	April 2012	* Some work to be done with road work
						Other		* Design is complete. Tree clearing contract will be issued by December 2011. * Hydro One will be starting relocation work in February 2012
9710	2014	Aurora	St. John's Sdrd. (Bayview Ave. to Woodbine Ave.)	February 2014	February 2013	Bell	June 2013	* ESR Amendment filing in February 2012
						Hydro	June 2013	* 30% design expected in April 2012
						Gas	June 2013	
						CATV	June 2013	
						Other		
9988	2012	East Gwillimbury	Bathurst Street (Green Lane to Yonge Street) **Section 1 - Bridge crossing to Yonge Street)**	February 2013	December 2012	Bell	Spring 2013	* Other sections to be completed in late 2014
						Hydro	Spring 2013	* Pursuing 60% design (November 2011)
						Gas	Spring 2013	
						CATV	Spring 2013	

2012 2013 Utility Relocation Priorities for Major Capital Road Projects

Project Number	Program Year	Municipality	Project Description	Tender Date	Property Acquisition	Utility	Required Relocation Date	Relocation, Detailed Design and Additional Comments
						Other		* Hydro One design work to start in Summer 2012.
Various	2014	Vaughan	Major Mackenzie Dr. (Islington Avenue to Weston Road)	February 2014	December 2013	Bell	April 2013	* Pursuing 30% design (January 2012)
						Hydro	April 2013	
						Gas	April 2013	
						CATV	April 2013	
						Other		
9677	2013	Vaughan	Keele Street (Steeles Avenue to Hwy. 7)	June 2013	March 2013	Bell	June 2013	* ESR to be filed in November 2011
						Hydro	June 2013	* Pursuing 30% design (December 2011)
						Gas	June 2013	
						CATV	June 2013	
						Other		
8418	2015	Newmarket / Aurora	Leslie Street (Mulock Dr. to Wellington St.)	February 2015	June 2013	Bell	October 2013	* Project timing will be accelerated
						Hydro	October 2013	* ESR approval expected in December 2011
						Gas	October 2013	* Pursuing 30% design (February 2012)
						CATV	October 2013	
						Other		

BOMA-21

Reference(s): Attachment 31 – Bathurst Street Road Widening from Highway 7 to Teston Road

Please confirm that the Bathurst Street widening is not part of the YRRT project.

Response:

Alectra Utilities confirms that the Bathurst Street widening project is not part of the YRRT project.

BOMA-22

Reference(s): Attachment 31 – Bathurst Street Road Widening from Highway 7 to Teston Road

When were the most recent Bathurst Street widenings south of Highway 7?

Response:

Alectra Utilities is not aware of the last time that there was road widening activity south of Highway 7. Alectra Utilities confirms that it is not aware of any such project in the last ten years.

BOMA-23

Reference(s): Attachment 31 – Bathurst Street Road Widening from Highway 7 to Teston Road

When will the road widening work on Bathurst begin, relative to municipal/transit authority's implementation plan for the road widening?

Response:

Alectra Utilities will begin the asset relocation on Bathurst Street in 2019. The multi-year project to relocate assets will be fully complete in 2020. Once Alectra Utilities has completed pole relocations, third parties that have assets attached on the original overhead systems must also relocate assets before Alectra Utilities can remove the original poles that are in conflict, i.e., that are in obstruction of the road widening.

Alectra Utilities was initially informed by York Region that the Bathurst Street road construction was to occur in 2020/2021. The posted timeline on the York Region website presently states that construction will begin in 2023. However, Alectra Utilities has been informed by York Region that the Bathurst Street project may be rescheduled back to original timeline of 2020/2021. Further, Alectra Utilities received correspondence from York Region that funds for the utility relocation on Bathurst Street have been budgeted for 2019 and 2020. Alectra Utilities has been requested to relocate assets that are in conflict in 2019 and 2020.

BOMA-24

Reference(s): Exhibit 2, Tab 4, Schedule 11, p. 5, Table 145

Please provide the year to date capex on the transformer replacement "project", and latest 2018 year end forecast.

Response:

The July 2018 year-to-date capital expenditure for the PCB & Leaking Transformer Project is $4.2MM with a year-end forecast capital expenditure of $8.4MM.

BOMA-25

Reference(s): Exhibit 2, Tab 4, Schedule 11, p. 5, Table 145

Please provide forecast versus actual capex for years 2014 through 2017, inclusive, for the project.

Response:

Alectra Utilities understands BOMA's reference to the "project" to be a reference to the Replacement of Leaking Transformer project.

For greater clarity, the Transformer Replacement category in Table 145 includes capital expenditures for both the Transformer Replacement Project as well as the ongoing Transformer Replacement Program budget. The response provided below provides the budget and actual capital expenditures for the project portion only. The Transformer Replacement Project budget versus actual capital expenditures from 2014 through 2017 is provided in Table 1 below. Prior to Alectra Utilities establishing the multi-year project to address the backlog of leaking or PCB transformers in 2017, for budgeting purposes, Enersource combined all transformer replacements. Hence, it is not possible to provide historical budgets from 2014-2016 for transformer replacements. Table 1 below provides the capital budget for all transformer replacements for legacy Enersource for 2014-2016. The 2017 budget is for the project component only.

Table 1 – Transformer Replacement Project Budget vs. Actual Expenditures

Transformer Replacement Project	2014 ($000)	2015 ($000)	2016 ($000)	2017 ($000)
Budget Capital Expenditure	$ 2,500	$ 5,590	$ 7,125	$ 8,440
Actual Capital Expenditure	$ 5,624	$ 5,471	$ 6,973	$ 7,817
Variance	-$ 3,124	$ 119	$ 152	$ 623

BOMA-26

Reference(s): Exhibit 2, Tab 4, Schedule 11, p. 5, Table 145

How many transformers currently:

a) Are there in total (poles top, pad mounted, etc.)?

b) Are leaking oil?

c) Of these, how many contain PCB infused oil?

d) Have PCB infused oil but are not leaking?

Response:

a) The total number of transformers in the Enersource RZ is 25,329.

b) Please refer to Attachment 46 – Replacement of Leaking Transformers, Table 2.

c) Please refer to Attachment 46 – Replacement of Leaking Transformers, Table 2.

d) Please refer to Attachment 46 – Replacement of Leaking Transformers, Table 2.

BOMA-27

Reference(s): Exhibit 2, Tab 4, Schedule 11, p. 6

"The [customer] engagement shows that almost all customer groups supported the ICM projects reflected in the application at the investment levels proposed and even higher".

Please provide detailed data on those customer groups that did not support the proposed investments, and the reasons for their refusal to support them.

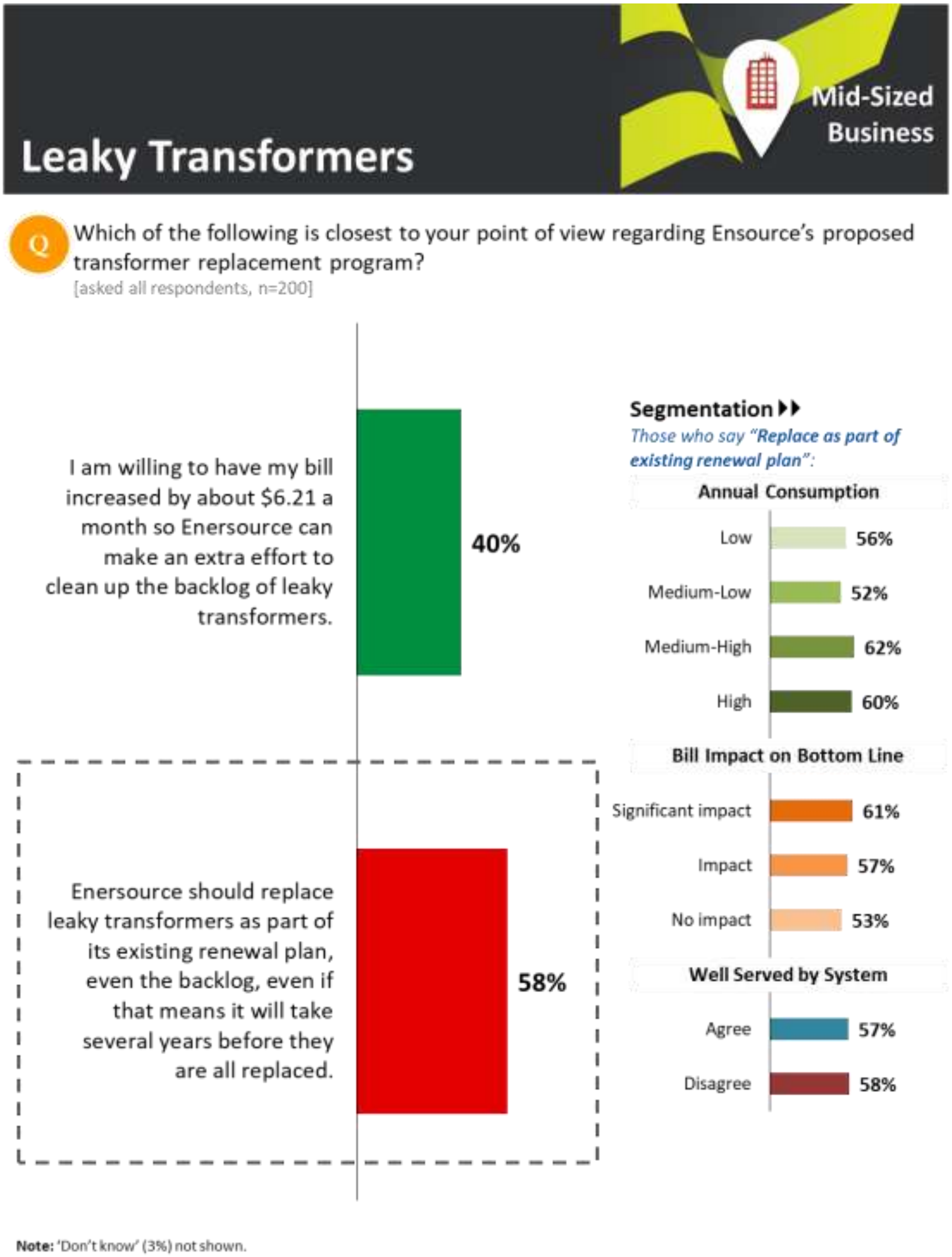
Response:

In the Enersource RZ, the two customer groups that did not support the ICM projects reflected in the application at the investment levels proposed and even higher were GS>50kW and Large Use customers.

The majority of GS>50kW and Large Use customers felt that Alectra Utilities should replace leaky transformers as part of its existing renewal plan, rather than what is currently being proposed.

Among GS>50kW customers, those who felt that Alectra Utilities should stick with its existing renewal plan are more likely to be impacted by the cost of their electricity bill. Additionally, the support for spending more to replace leaking transformers is higher amongst customers who feel they are “well served by the electricity system in Ontario”.

Table 1 – ICM Project Feedback Enersource RZ - GS>50kW Customers



While initial support for the replacement of leaking transformers among GS>50kW customers was 40%, overall support for the proposed rate increase was 56%.

Six of nine Large Use customers in the Enersource RZ felt that the utility should replace leaky transformers as part of its existing renewal plan (see Appendix 1.0, Enersource Rate Zone 2019 ICM Application Consultation, Page 93), yet 7 of 9 of these customers felt that the overall proposed rate increase is reasonable (see Appendix 1.0, Enersource Rate Zone 2019 ICM Application Consultation, Page 95).

At least a plurality of customers in all Enersource RZ rate classes (Residential: 56%, Small Business: 45%, Mid-Market: 48%, Large Use: 4 of 9) supported either the full replacement of the Rometown overhead system, or its replacement with an underground system. Both options were explained to exceed the proposed monthly increase.

In the PowerStream RZ, a plurality in all rate classes supported the proposed Bathurst Road Widening investments, with a nearly equal percentage of residential customers supporting replacement with an underground system at an increased cost. Again, a majority of customers in all rate classes in the PowerStream RZ supported the proposed rate increase.

BOMA-28

Reference(s): Exhibit 2, Tab 4, Schedule 11, p. 9

"Alectra Utilities initially contemplated that it would undertake only a partial replacement of the Rometown overhead system. However, based on feedback from customers above, and as provided in the Innovative Report, Alectra Utilities has determined that it will proceed with the full replacement of poles in the Rometown project at a cost of $3.2MM."

What was it, specifically, about the customer feedback that led to change a partial replacement of poles to a full replacement?

Response:

At least a plurality of customers in all Enersource RZ rate classes (Residential: 56%, Small Business: 45%, Mid-Market: 48%, Large Use: 4 of 9) supported either the full replacement of the Rometown overhead system, or replacement with an underground system, both options were explained to exceed the proposed monthly increase. Additionally, a majority of customers in all Enersource RZ rate classes believe that Alectra Utilities should invest in renewal now, rather than defer to the future (see 2019 ICM Customer Engagement Report, Page 5).

BOMA-28.1

Reference(s): Exhibit 2, Tab 4, Schedule 11, p. 14
Attachment 46 – Rometown Area Overhead System Rebuild $3.2 Million

According to the Innovative study:

- **only 3 of 9 large users voted for full replacement**
- **49% of mid-market customers preferred to run-to-failure or partial replacement**
- **48% of small businesses preferred run-to-failure or partial replacement**
- **36% of residential preferred run-to-failure or partial replacement**

a) Please confirm the above numbers.

b) Please confirm that Alectra's decision to expand its Rometown project to full replacement increases the estimated cost from $1.85 million to $3.2 million, an increase of approximately 70%.

Response:

a) Yes, the numbers quoted from the Enersource RZ as they relate to the Rometown Area Overhead System Rebuild are accurate.

b) Yes, the estimated cost of a partial overhead renewal in Rometown is $1.85MM and the cost to renew the entire overhead system in the area is $3.2MM. This is identified in Attachment 46, ICM Business Cases Enersource RZ.

BOMA-29

Reference(s): Attachment 46

How many poles in the proposed Rometown project area are in poor or very poor condition?

Response:

Please refer to page 3 of Attachment 46 - Rometown Area Overhead System Rebuild Project, which states that, based on the 2016 Asset Condition Assessment, 68 out of 198 poles (34.3%) are in poor condition. The 2016 Asset Condition Assessment was completed based on asset data as of December 31, 2015. In 2016, the legacy Enersource continued with pole testing and tested poles in the Rometown area. Based on the poles tested, 10 additional poles failed the resistograph test and were identified for replacement. The 78 poles identified for urgent replacement in the Rometown Area are the aggregate of poles with poor condition from the asset condition assessment and the poles that failed pole testing.

BOMA-30

Reference(s): Attachment 46

How many poles in Enersource are in poor or very poor condition?

Response:

As per the 2016 Kinectrics Asset Condition Assessment results included in section 2.2.3.8 of the Enersource 2018-2022 DSP (EB-2017-0024, Attachment 50), there are 2,289 poles in poor or very poor condition.

BOMA-31

Reference(s): Attachment 46

How many poles are there in total in the Rometown project area?

Response:

As indicated in Attachment 46 – Rometown Area Overhead System Rebuild at p. 3 of 6, there are 198 poles in the Rometown project area.

BOMA-32

Reference(s): Attachment 46

How many transformers are leaking oil, or contain PCBs, but not leaking oil?

Response:

In relation to the Rometown Area Overhead System Rebuild Project, please see Attachment 46 – Rometown Area Overhead System Rebuild Project Summary, p. 3 of 6. In relation to the Replacement of Leaking Transformers Project please refer to Alectra Utilities' response to Interrogatory BOMA-26.

BOMA-33

Reference(s): Attachment 46

What is the area in square kilometres of the Rometown project? Where are its dimensions?

Response:

Based on our GIS data, the Rometown project area is approximately $0.51km^2$. This is based on the following lengths for the project boundaries: West (Dixie Road) 659.1m, South (Orchard Haven Ridge and Lincolnshire Blvd) 959.9m, East (Lincolnshire Blvd) 489m and North (South Service Road and Boxwood Way) 899m.

BOMA-34

Reference(s): Attachment 46

How long are each of the boundaries of the area as shown on the graph on p. 5? Assuming the blue dots (poles) outline streets, what is the average length of a street in the area?

Response:

Please refer to Alectra Utilities' response to Interrogatory BOMA-33 to obtain boundary lengths in meters. The average length of a street is 643m.

BOMA-35

Reference(s): Attachment 46 – Replacement of Leaking Transformers

How many retail transformers contain oil? How many were leaking oil, including those that contained PCBs? In other words, what is the breakdown of the 1,221 (as at January 1, 2018)?

Response:

Alectra Utilities understands that the questions relate to distribution transformers. All 1,221 transformers within the remaining backlog of the Leaking Transformer Replacement Project scope contain oil. Please refer to Attachment 46 – Replacement of Leaking Transformers, Table 2 for the breakdown.

BOMA-36

Reference(s): Attachment 46 – Replacement of Leaking Transformers

Please provide the details of the work which will cost $4.5050 million, and the $2.950 million (together $7.5 million) to replace the 1,221 damaged transformers, shown on p 4 of 6.

Response:

For clarification, Table 3 of the Project Summary for the Replacement of Leaking Transformers Project in Attachment 46 specifies that the $7.5MM budget for 2019 is comprised of $4.55MM for materials and $2.95MM for Labour and Trucking. This budget will support the complete replacement of 571 leaking/PCB transformers in 2019. Please refer to Alectra Utilities' response to Interrogatory ERZ-Staff-90 for a detailed explanation of the 2019 scope of the multi-year project. Please refer to Table 1 below for details.

Table 1 - Capital Expenditure Budget for 2019 Leaking Transformer Replacement Project

Type	PCB Transformers	Non PCB leaking	Total Transformers	Capital Budget for Materials ($000)	Capital Budget for Labour & Truck ($000)
1P Padmount	41	62	103	$ 430	$ 590
3P Padmount	2	4	6	$ 120	$ 60
Polemount	7	311	318	$ 1,100	$ 1,140
Vault Type	31	113	144	$ 2,900	$ 1,160
Total	**81**	**490**	**571**	**$ 4,550**	**$ 2,950**

BOMA-37

Reference(s): Attachment 46 – Replacement of Leaking Transformers

Please describe the different components of the project in more detail.

Response:

Please refer to Alectra Utilities' response Interrogatory ERZ-Staff-90 for a detailed description of the different components of the Leaking Transformer replacement project.

BOMA-38

Reference(s): Attachment 48

Please provide a prioritized list of all the projects on p. 1 and 2 and, separately, a prioritized list of projects within each of the four categories of project.

Response:

Table 1 below provides a prioritized list for all of the projects listed in Attachment 48. The table does not include programs as the request is for a prioritized list of capital projects. Table 2 has the projects prioritized within each of the four categories. Tables 1 and 2 must be assessed in the context of Alectra Utilities' Asset Management Practice and Capital Investment Plan Optimization process for the ERZ. Pursuant to this process, Alectra Utilities evaluates each ERZ project in the capital investment plan to pace and prioritize investments based on business values, objectives and risks. The portfolio of projects presented below reflects Alectra Utilities' prudent investment needs and the most cost effective options for addressing those needs for ratepayers. All of the projects listed below are necessary and produce positive outcomes for ratepayers. The capital project selection, prioritization, and pacing process used in the ERZ is explained in detail in sections 3.2.3.2 - Selection of Projects, 3.2.3.3 - Prioritization of Projects, and 3.2.3.4 - Pacing of Investments In the Alectra Utilities (ERZ) Distribution System Plan as filed in EB-2017-0024, Attachment 50, pages 303-313.

Table 1: 2019 Project List Ranking - Enersource RZ

Project Name	Rank
PCB & Leaking Transformer Replacement Project	1
New Connections – Residential	2
New Connections - Industrial/Commercial	3
Smart Meter in New Condo - New IMS	4
Roads	5
CIS Modifications (Regulatory Enhancements)	6
LRT	7
Substation - Rockwood MS - Equipment	8
Substation - Rockwood MS – Civil Construction	9
OH Rebuild - The Credit Woodlands	10
Overhead System Replacement – Rometown	11
Subdivision Rebuild - Cedarglen Gate - Section 1	12
Subdivision Rebuild - Main Feeder renewal at Folkway Dr.	13
Subdivision Rebuild - Traders - Section 3	14
Subdivision Rebuild - Malton - Section 4	15
Subdivision - Tamar & Copenhagen	16
Substation-Webb MS	17
Subdivision Rebuild - Ellengale - Section 5	18
Subdivision - Clarkson - Section 4	19
Subdivision Rebuild - Baldwin Rd/ ROW	20
Subdivision Rebuild - Golden Orchard/ Grassfire	21
Substation-Dixie - Londonderry to CN Tracks	22
Smart Grid – Other	23
Substation-Shawson - Dixie to Luke	24
Subtransmission-Webb MS - Feeder Egress - Section 1	25
Subtransmission-Centreview - Mavis to Duke	26
Bucket Trucks & RBDs	27
Tools, Shop and Garage Equipment	28

Table 2: Priority Ranking of 2019 ERZ Projects by Category

System Access	
Project Name	**Rank**
New Connections – Residential	2
New Connections - Industrial/Commercial	3
Smart Meter in New Condo - New IMS	4
Roads	5
LRT	7
System Renewal	
Project Name	**Rank**
PCB & Leaking Transformer Replacement Project	1
OH Rebuild - The Credit Woodlands	10
Overhead System replacement – Rometown	11
Subdivision Rebuild - Cedarglen Gate - Section 1	12
Subdivision Rebuild - Main Feeder renewal at Folkway Dr.	13
Subdivision Rebuild - Traders - Section 3	14
Subdivision Rebuild - Malton - Section 4	15
Subdivision - Tamar & Copenhagen	16
Subdivision Rebuild - Ellengale - Section 5	18
Subdivision - Clarkson - Section 4	19
Subdivision Rebuild - Baldwin Rd/ ROW	20
Subdivision Rebuild - Golden Orchard/ Grassfire	21
Substation-Dixie - Londonderry to CN Tracks	22
Substation-Shawson - Dixie to Luke	24
System Service	
Project Name	**Rank**
Substation-Rockwood MS - Equipment	8
Substation-Rockwood MS - Civil Construction	9
Substation - Webb MS	17
Subtransmission - Webb MS - Feeder Egress - Section 1	25
Subtransmission - Centreview - Mavis to Duke	26
General Plant	
Project Name	**Rank**
CIS Modifications (Regulatory Enhancements)	6
Smart Grid - Other	23
Bucket Trucks & RBDs	27
Tools, Shop and Garage Equipment	28

BOMA-39

Reference(s): Exhibit 2, Tab 4, Schedule 7 – Capitalization Policy – Deferral Account Disposition – Table 132 - Enersource

BOMA finds the Alectra terminology, especially the word "refund" confusing. Please confirm whether $1,247,499 in Table 132 is proposed to be collected from customers, or paid to customers (our emphasis).

Response:

Alectra Utilities confirms that the amount of $1,247,499 in Table 132 is proposed to be paid to customers, i.e., refunded.

BOMA-40

Reference(s): Exhibit 2, Tab 4, Schedule 7 – Capitalization Policy – Deferral Account Disposition – Table 132 - Enersource

In EB-2017-0024 (p 80), the Board stated:

"It [the change in capitalization policy in 2007] simply moves some costs from OM&A to capital for Enersource RZ and Horizon RZ; and vice versa for Brampton RZ" (our emphasis).

However, Table 132 shows an increase of $1,866,041 in OM&A impact for Enersource.

a) Please reconcile the two presentations, and the increase in OM&A with the increase in capital in rate base (Table 135).

b) Please explain how the change in capitalization policy can lead to both an increase in OM&A and an increase in rate base.

c) Please provide the detailed justification for the change in OM&A, shown in Table 133, with reference to the clauses of the IFRS 3 and 10, that support those specific changes in direct labour, benefits or material handling costs, and fleet costs. Please also show each element (in detail) of the PowerStream capitalization policy that justifies each of those changes in OM&A.

Response:

a) Tables 132 to 135 in Exhibit 2, Tab 4, Schedule 7, present the net revenue requirement impact of the change in capitalization policy for the Enersource RZ. Table 132 presents the four items that impact revenue requirement as a result of the change in the capitalization policy: OM&A, Depreciation, PILs and Return on Capital. The reduction in OM&A as a result of the change in the capitalization policy results in an increase in revenue requirement. This is partially offset by depreciation, PILs and Return on Capital.

b) In Alectra Utilities' response to Interrogatory CCC-12 and Technical Conference Undertaking JT.Staff-7 in Alectra Utilities' 2018 Electricity Distribution Rate ("EDR") Application (EB-2017-0024), Alectra Utilities identified that the impact of the change to the capitalization policy is projected to provide for more capitalization of costs for the Enersource and Horizon Utilities rate zones and less capitalization of costs for the Brampton rate zone.

The net impact of the capitalization policy change includes the following items:

- The actual impact on OM&A expenditures in each year following the change in capitalization policy until rebasing;
- The actual impact on depreciation expense over the life of the underlying assets as a result of the increase/decrease in capitalization costs;
- The impact on income tax or PILs for the amount paid to taxation authorities; and
- The annual return on the cumulative impact from the annual change in capitalization.

The increase in capitalized costs for the Enersource and Horizon Utilities rate zones results in a corresponding reduction in OM&A expenditures and an increase in depreciation expense over the life of the underlying assets. The decrease in capitalized costs for the Brampton rate zone results in a corresponding increase in OM&A expenditures and a decrease in depreciation expense over the life of the underlying assets. The net impact of the reduction in OM&A and increase in depreciation expense is an increase to pre-tax net income. This will attract higher income taxes paid to taxation authorities, not reflected in base rates for each of the rate zones. Further, the total impact is offset by the annual return on the cumulative capital that can only be added to a distributor’s rate base at rebasing.

c) The accounting treatment related to the capitalization policy is in alignment with IAS 16 *Property Plant and Equipment* (“PPE”) and IAS 38 *Intangible Assets* which prescribe which costs are to be capitalized and which costs are to be expensed for PPE and intangible assets acquired, self-constructed or internally developed. As provided in Exhibit 2, Tab 2, Schedule 7, page 1, IFRS 10 *Consolidated Financial Statements*, states that uniform accounting policies have to be adopted for like transactions in a group of companies. Further, IFRS 3 Business Combinations prescribes that the accounting policies of the parties to the merger should align to the acquirer’s policy. IFRS 3 provides guidance on identifying the acquirer by assessing the relative voting rights in the combined entity after the merger; the acquirer being the combining entity whose owners, as a group, receive the largest portion of voting rights in the combined entity. For the predecessor companies that formed Alectra Utilities, PowerStream is the acquirer in accordance with IFRS 3 and IFRS 10.

BOMA-41

Reference(s): Exhibit 2, Tab 2, Schedule 7, pp 2-5 – Brampton RZ Capitalization Deferral Account

In EB-2017-0024 (p 80), the Board stated:

"It [the change in capitalization policy in 2007] simply moves some costs from OM&A to capital for Enersource RZ and Horizon RZ; and vice versa for Brampton RZ" (our emphasis).

However Table 67 shows a decrease in OM&A, and (in Table 70) a decrease in capital in rate base.

a) Please reconcile the statement in EB-2017-0024 with the numbers in Tables 67 and 70.

b) Please reconcile the $1,211,711 in Table 67 and the $1,830,532.

c) Please provide a detailed explanation of how the OM&A reductions, shown in Table 68, were arrived at. Please show how they are linked to the PowerStream capitalization policy for the same OM&A categories.

Response:

a) Tables 67 to 70 in Exhibit 2, Tab 2, Schedule 7, present the net revenue requirement impact of the change in capitalization policy for the Brampton RZ. Table 67 presents the four items that impact revenue requirement as a result of the change in the capitalization policy: OM&A, Depreciation, PILs and Return on Capital. The increase in OM&A as a result of the change in the capitalization policy results in a decrease in revenue requirement, which is reflected in the 'Total OM&A Impact' line ($1,830,532). This is partially offset by depreciation, PILs and Return on Capital for a total net revenue requirement impact of ($1,211,711).

b) Please see Alectra Utilities' response to part a)

c) In Alectra Utilities' response to Interrogatory CCC-12 and Technical Conference Undertaking JT.Staff-7 in Alectra Utilities' 2018 Electricity Distribution Rate ("EDR") Application (EB-

2017-0024), Alectra Utilities identified that the impact of the change to the capitalization policy is projected to provide for more capitalization of costs for the Enersource and Horizon Utilities rate zones and less capitalization of costs for the Brampton rate zone. A detailed review of the accounting policies of the predecessor utilities was undertaken, which primarily focused on overhead and indirect costs. The following tasks were completed as part of the detailed review:

1. Review of each utility's legacy accounting policy and rationale;
2. Detailed analysis of each cost category capitalized;
3. Detailed analysis of major differences for each cost category;
4. Recommendation on the accounting policy; and
5. Quantification of the financial impact of the proposed accounting policy.

A summary of the changes is provided below:

Direct labour: The result of this change is more salaries and benefits will be allocated to capital programs relating to network planning, standards, records and customer account set up.

Benefit Costs: The result of this change is that additional benefits such as post-retirement benefits and safety wear are now included in the pool of benefits and therefore allocated to capital projects.

Material Handling Costs: The result of this change is that additional supply chain costs such as the salary and benefits of stores personnel; small tools and depreciation of stores equipment are now allocated to all materials issued out from inventory and therefore allocated to capital projects.

Fleet Costs: The result of this change is that additional fleet and logistics costs such as the salary and benefits of fleet maintenance personnel; small tools and depreciation of fleet are now included in the fleet rate allocated to capital projects.