

Newmarket-Tay Power Distribution Ltd
Schedule of RSVA Variance Accounts
For the Period 1-1-2013 to 12-31-2017

| USoA Account # | Account Description | Prior Balance As at December 31st, 2017 | Total Adjustments (Note 2) | Other Adjustments (Note 3) | Other Adjustments (Note 4) | Closing Balance As at December 31st, 2017 |
|----------------|-----------------------------------|--|-------------------------------|-------------------------------|-------------------------------|--|
| 1580 | WMS | (\$2,629,181) | \$5,638 | | | (\$2,623,543) |
| 1580-1 | WMS Interest | (\$53,682) | \$1,388 | | | (\$52,294) |
| 1582 | One Time Charges | \$53,485 | (\$5,638) | | | \$47,847 |
| 1582-1 | One Time Charges Interest | \$2,597 | (\$1,388) | | | \$1,209 |
| 1584 | Transmission Network Principal | (\$476,132) | | | | (\$476,132) |
| 1584-1 | Transmission Network Interest | \$4,144 | | | | \$4,144 |
| 1586 | Transmission Connection Principal | \$426,004 | | | | \$426,004 |
| 1586-1 | Transmission Connection Interest | \$26,947 | | | | \$26,947 |
| 1588 | RSVA Power Principal | \$2,575,040 | (\$1,529,824) | (\$140,429) | \$461,522 | \$1,366,309 |
| 1588-1 | RSVA Power Interest | \$92,065 | (\$47,055) | (\$6,969) | \$1,138 | \$39,179 |
| 1589 | RSVA Global Adjustment Principal | \$1,718,574 | (\$192,634) | (\$362,970) | | \$1,162,970 |
| 1589-1 | RSVA Global Adjustment Interest | \$18,550 | \$21,977 | (\$18,012) | | \$22,515 |

Note 1 Basis of Accounting - Significant Accounting Policies

The Company is licensed and regulated by the Ontario Energy Board (OEB) under the authority of the Ontario Energy Board Act, 1988
Per the Ontario Energy Board Accounting Procedures Handbook (APH) For Electricity Distributors Issued December 2011:

"The accounting procedures and requirements set out in this APH apply to a distributor that prepares its financial accounting records
and reporting on the basis of CICA Handbook Part I – International Financial Reporting Standards.

The Board generally requires regulatory filing and reporting under IFRS, as modified for regulatory purposes by the Board (modified IFRS or MIFRS)".

Note 2 Adjustments - Note this column summarizes the cumulative effect over the period 1-1-2013 to 12-31-2017.

Management identified issues with the split of charge type 148 for the cost of power from the IESO and corrected the balances prior to the audit.

Management identified issues with the unbilled calculations and corrected balances prior to the audit.

Carrying Charges were recalculated as a result of the above adjustments based on the adjusted monthly balances.

Two charge types, 169 and 186, on the IESO invoices that relate to deferral account 1580 were being recorded in account 1582. A correction has been applied for these amounts for the period 1-1-2013 to 12-31-2017.

As per OEB letter "New Charge Types for Recording in Account 4708" dated June 4th, 2015

Note 3 Other Adjustments

Newmarket-Tay Power Distribution Ltd. restated unbilled revenues to actuals prior to the audit. The result was determined to have understated revenues in the 2012 IRM filing, and, therefore overstated 1588 and 1589 deferral accounts to be disposed of. This amount is reflected in the "Other Adjustments" column.

Carrying charges were recalculated as a result of the above adjustments based on the adjusted monthly balances.

General Note: These accounts were excluded from the above schedule.

Note 4 Other Adjustments

Newmarket-Tay Power Distribution Ltd. had included the Non-RPP GA modifier in the GA revenues account, instead of setting up a receivable from the IESO for this amount. This was corrected prior to the audit, and has been reflected in the Other Adjustments column.

In addition, Newmarket-Tay Power Distribution Ltd. had been filing for the GA modifier lost revenues and receiving a credit on the IESO invoice that was being applied to RPP revenues (Charge type 1143). This was corrected prior to the audit, and has been reflected in the Other Adjustments column.

The adjustment is to remove the revenues for the GA modifier credit received for Non-RPP customers that was applied to RPP customers.

As per OEB Letter "Accounting Guidance related to Implementation of Fair Hydro Act, 2017" per section "2. Eligible ("Specified") customers that are not paying RPP prices:" dated October 31, 2017

Carrying Charges were recalculated as a result of the above adjustments based on the adjusted monthly balances.

General Note 1582 One Time Charges

1582 One time charges is shown in the above schedule to demonstrate the classification error between USoA number 1580 and 1582, described in Note 2 above.

