



## EXHIBIT 4 – OPERATING EXPENSES

2019 Cost of Service

Chapleau Public Utilities Corporation  
EB-2018-0087

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## 4.1 OVERVIEW

### 4.1.1 OVERVIEW

The operating costs found in this exhibit represent expenditures that are required to maintain and operate CPUC's distribution system assets at the targeted levels of performance, to meet customer expectations, ensure public and employee safety and provide quality service. These operating costs are necessary to comply with the Distribution System Code, environmental requirements, and government direction. OM&A expenses consist of, but are not limited to: the required expenditures necessary to maintain and operate CPUC's distribution system assets; the costs associated with metering, billing, and collecting from CPUC's customers; the costs associated with ensuring the safety of all stakeholders; and costs to maintain distribution service quality and reliability.

While preparing its 2018 Bridge and 2019 Test budgets, CPUC took into consideration the bill impacts associated with these OM&A costs. For the several iterations of the budget, the bill impacts were analyzed and the OM&A budget modified to minimize bill impacts to the customers as much as possible. CPUC's Board of Directors has been heavily involved in the determining of the final 2019 proposed budget and its customer engagement activities. In fact, the Board of Directors has met on a weekly or bi-weekly basis to review, revise and ultimately approve the 2019 OM&A budget.

CPUC's 2019 Test Year operating costs are projected to be \$821,163, which represents an increase of \$176,823 from its 2012 Cost of Service or 27.44%. Details are presented in Table 1 - Total OM&A, Depreciation and Income Taxes below. Table 2 - Total OM&A, Depreciation and Income Taxes shows historical and budgeted OM&A costs by major function.

1

**Table 1 - Total OM&A**

	<b>2012 Board Approved</b>	<b>2019</b>	<b>Diff</b>
<i>Operations</i>	\$205,440	\$242,760	\$37,320
<i>Maintenance</i>		\$1,600	\$1,600
<i>Billing and Collecting</i>	\$84,200	\$133,730	\$49,530
<i>Community Relations</i>	\$600	\$0	-\$600
<i>Administrative and General</i>	\$354,100	\$433,375	\$89,578
<b>Total</b>	\$644,340	\$821,778	\$176,623
<b>%Change (year over year)</b>		<b>27.44%</b>	

2

3

**Table 2 - Total OM&A**

	<b>Board Approved</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<i>Operations</i>	\$205,440	\$289,711	\$220,412	\$223,211	\$208,239	\$236,332	\$237,909	\$247,400	\$242,760
<i>Maintenance</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,610
<i>Billing and Collecting</i>	\$84,200	\$95,585	\$115,086	\$135,609	\$129,895	\$121,157	\$121,220	\$135,000	\$133,730
<i>Community Relations</i>	\$600	\$115	\$415	\$415	\$115	\$415	\$415	\$0	\$0
<i>Administrative and General</i>	\$354,100	\$285,195	\$302,558	\$385,438	\$392,316	\$386,133	\$357,042	\$427,004	\$443,063
<b>Total</b>	<b>\$644,340</b>	<b>\$670,607</b>	<b>\$638,471</b>	<b>\$744,673</b>	<b>\$730,565</b>	<b>\$744,037</b>	<b>\$716,586</b>	<b>\$809,404</b>	<b>\$821,163</b>
<i>%Change (year over year)</i>		4.1%	-4.8%	16.6%	-1.9%	1.8%	-3.7%	13.0%	1.5%

4

5 The total cost increased from 2013 to 2014, when our rates came into effect and remained fairly  
6 stable until 2018 when total rates went up by 13%. The increase can be attributed to two major  
7 drivers that impacted both the utility's overall costs. The first driver was the change in  
8 organizational structure from a virtual utility to a conventional utility which caused an increase in  
9 overall staffing costs. The methodology used to allocate corporate cost allocations was based  
10 on a one-way percentage which upon further analysis revealed that the utility had been  
11 benefiting from cost sharing opportunities with its affiliate at the detriment of the affiliate which  
12 ended up shutting its operations and doors on December 31, of 2017.

1 The second driver is related to changes in the managerial staffing. Up until 2016, CPUC operated  
2 with a Manager who supervised both the operations and administrative functions. The  
3 Secretary-Treasurer in question retired in 2016 and has since then been replaced by two  
4 managerial staff, 1) a former senior linesperson, now General Manager who oversees the  
5 operations and 2) a Manager of Finance who oversees the administrative side of the utility such  
6 as regulatory, accounts management, payroll, and all other administrative functions.

7 Billing and Collecting shows an increase of \$50K which most of the increase can be attributed to  
8 going from bi-monthly to monthly billing. Regular costs related to billing are also subject to  
9 inflationary increases such as services, paper, stamps, and salaries. <sup>1</sup>

10 CPUC is of the opinion that there is a minimum cost required to operate any utility and that its  
11 proposed OM&A reflects this minimum required costs. That said, CPUC will continue to seek  
12 savings and efficiencies to minimize costs increases for its customers going forward. The  
13 proposed OM&A expenses for 2018-2019 are in line with what CPUC expects regular yearly  
14 OM&A costs will be going forward.

15 Specifics regarding year over year variances are presented in Section 4.2.2 of this Exhibit, and a  
16 comparison to an inflationary increase is presented at Section 4.3.2.

### 17 **Inflation Rate and Assumptions**

18 The CPI rate is a measure that can fluctuate significantly from quarter to quarter. Using the most  
19 recent rate does not always reflect the historical trends nor predicted trends; therefore CPUC  
20 typically uses the flat rate of 2% of inflation for budgeting purposes. The Bank of Canada aims  
21 to keep inflation at the 2% midpoint of an inflation-control target range of 1% to 3% and  
22 recently reported CPI median of 2%. Therefore, the utility deems it appropriate to use 2% as an  
23 inflation rate.

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<sup>1</sup> MFR - Brief explanation of test year OM&A levels, cost drivers, significant changes, trends, inflation rate assumed, business environment changes



## Other Assumptions

CPUC employees including Powerline Maintainer are non-unionized employees. (ref: Section 4.4). All non-unionized employees are adjusted on a yearly basis to reflect the inflation factor (ref: Section 4.2.3). As of January 1, 2018, the utility no longer has any affiliates and is no longer a virtual utility <sup>2</sup>(ref: Section 4.4). The utility does not expect any significant changes in its business environment (ref: Business Plan) and expects no growth going forward (ref: Exhibit 3). The utility does not expect to hire any additional employees in the 2018-2022 period and proposes to keep the same corporate structure going forward.

CPUC notes that it does not capitalize administrative burdens. Therefore, there are no increases in OM&A as a result of the MIFRS policy. Appendix 2-D Overhead Expenses is not applicable in CPUC's case.<sup>3 4</sup>

OEB Appendix 2-JA below shows a summary of CPUC Operations, Maintenance and Administrative ("OM&A") costs as required by the OEB's filing guidelines.

**Table 3 – OEB Appendix 2-JA – Summary of Recoverable OM&A Expenses<sup>5</sup>**

	CGAAP	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
<b>Operations</b>	\$205,440	\$289,711	\$220,412	\$223,211	\$208,239	\$236,332	\$237,909	\$247,400	\$242,760
<b>Maintenance</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,610
<b>Sub-Total</b>	<b>\$205,440</b>	<b>\$289,711</b>	<b>\$220,412</b>	<b>\$223,211</b>	<b>\$208,239</b>	<b>\$236,332</b>	<b>\$237,909</b>	<b>\$247,400</b>	<b>\$244,370</b>
<b>%Change (year over year)</b>		41.0%	-23.9%	1.3%	-6.7%	13.5%	0.7%	4.7%	-1.2%
<b>%Change (Test Year vs Last Rebasing Year - Actual)</b>									-15.7%
<b>Billing and Collecting</b>	\$84,200	\$95,585	\$115,086	\$135,609	\$129,895	\$121,157	\$121,220	\$135,000	\$133,730
<b>Community Relations</b>	\$600	\$115	\$415	\$415	\$115	\$415	\$415	\$0	\$0

<sup>2</sup> MFR - Identification of all shared services among affiliates and parent company; identification of the extent to which the applicant is a "virtual utility".

<sup>3</sup> MFR - Identification of change in OM&A in test year in relation to change in capitalized overhead.

<sup>4</sup> MFR - OM&A variance analysis for test year with respect to bridge and historical years; Appendix 2-D

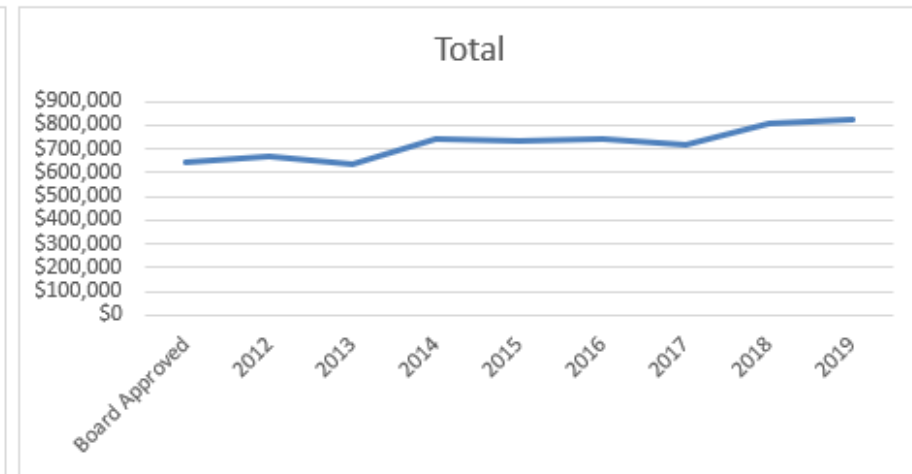
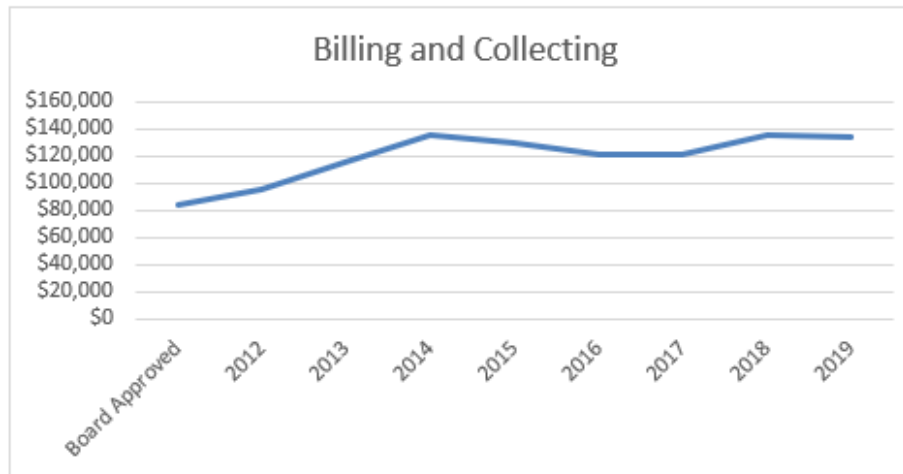
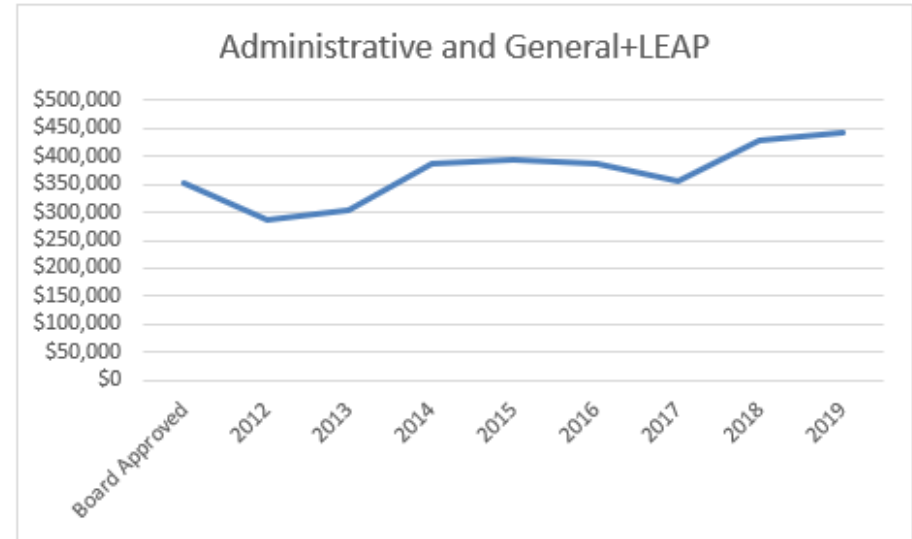
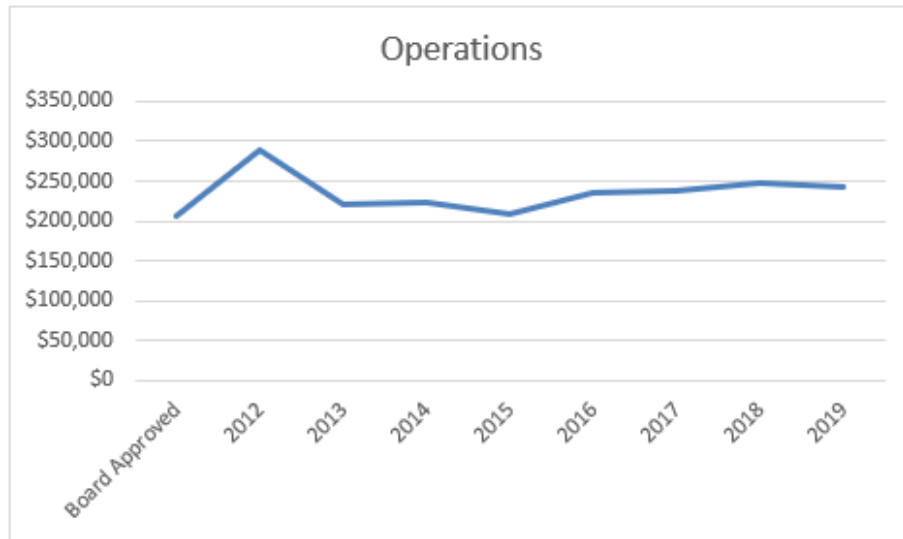
<sup>5</sup> MFR - Summary of recoverable OM&A expenses; Appendix 2-JA

<b>Administrative and General +LEAP</b>	\$354,100	\$285,195	\$302,558	\$385,438	\$392,316	\$386,133	\$357,042	\$427,004	\$443,063
<b>Sub-Total</b>	<b>\$438,900</b>	<b>\$380,896</b>	<b>\$418,059</b>	<b>\$521,463</b>	<b>\$522,325</b>	<b>\$507,705</b>	<b>\$478,677</b>	<b>\$562,004</b>	<b>\$576,793</b>
%Change (year over year)		-13.2%	9.8%	24.7%	0.2%	-2.8%	-5.7%	10.7%	2.6%
%Change (Test Year vs Last Rebasing Year - Actual)									51.4%
<b>Total</b>	<b>\$644,340</b>	<b>\$670,607</b>	<b>\$638,471</b>	<b>\$744,673</b>	<b>\$730,565</b>	<b>\$744,037</b>	<b>\$716,586</b>	<b>\$809,404</b>	<b>\$821,163</b>
%Change (year over year)		4.1%	-4.8%	16.6%	-1.9%	1.8%	-3.7%	13.0%	1.5%

1

	CGAAP	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
<b>Operations</b>	\$205,440	\$289,711	\$220,412	\$223,211	\$208,239	\$236,332	\$237,909	\$247,400	\$242,760
<b>Maintenance</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,610
<b>Billing and Collecting</b>	\$84,200	\$95,585	\$115,086	\$135,609	\$129,895	\$121,157	\$121,220	\$135,000	\$133,730
<b>Community Relations</b>	\$600	\$115	\$415	\$415	\$115	\$415	\$415	\$0	\$0
<b>Administrative and General+LEAP</b>	\$354,100	\$285,195	\$302,558	\$385,438	\$392,316	\$386,133	\$357,042	\$427,004	\$443,063
<b>Total</b>	<b>\$644,340</b>	<b>\$670,607</b>	<b>\$638,471</b>	<b>\$744,673</b>	<b>\$730,565</b>	<b>\$744,037</b>	<b>\$716,586</b>	<b>\$809,404</b>	<b>\$821,163</b>
%Change (year over year)		4.1%	-4.8%	16.6%	-1.9%	1.8%	-3.7%	13.0%	1.5%

2 \*CPUC notes that it has modified appendix 2-JA so that it would fit on this page.



## 4.2 SUMMARY & COST DRIVER TABLES

### 4.2.1 SUMMARY OF COST DRIVERS

In accordance with the OEB's minimum filing requirements, OEB Appendix 2-JB, OM&A Cost Drivers, presented below outlines the key drivers of OM&A costs over the period of 2014 to 2018. An overview of the reasons behind the costs drivers is presented following the table, and detailed explanations are presented in Section 4.2.2-Year over Year Variance Analysis.

1

**Table 4 – OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table<sup>6</sup>**

<i>Reporting Basis</i>	<b>CGAAP</b>	<b>NEWGAAP</b>	<b>NEWGAAP</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>
<b>OM&amp;A</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>OM&amp;A Cost Drivers &gt;\$10,000</b>	\$538,994.71	\$670,607.00	\$638,471.00	\$744,673.00	\$730,565.00	\$744,037.00	\$716,586.00	\$809,404.00
<b>Operation</b>								
<b>5020-Overhead Distribution Lines &amp; Feeders - Operation Labour</b>	\$0		\$13,425			<b>-\$15,186</b>	\$14,393	
<b>5025-Overhead Distribution Lines &amp; Feeders - Operation Supplies and Expenses</b>	\$0	\$19,069	<b>-\$14,106</b>		\$22,237	\$10,150		
<b>5065-Meter Expense</b>	\$0	<b>-\$90,957</b>						
<b>Billing and Collecting</b>								
<b>5310-Meter Reading Expense</b>	\$0	\$12,578						
<b>5335-Bad Debt Expense</b>	\$0		\$23,102	<b>-\$10,871</b>	<b>-\$12,137</b>			
<b>Administration</b>								
<b>5610-Management Salaries and Expenses</b>	\$0				\$27,080	\$21,847	39,378	
<b>5630-Outside Services Employed</b>	\$0	<b>-\$18,883</b>	\$0	\$61,550	<b>-\$33,890</b>	<b>-\$11,678</b>	<b>-\$26,046</b>	
<b>5635-Property Insurance</b>	\$0				<b>-\$10,495</b>			
<b>5645-Employee Pensions and Benefits</b>	\$0					\$10,536	\$10,158	
<b>5655-Regulatory Expenses</b>	\$0	\$12,024	<b>-\$11,584</b>				\$33,581	\$21,522
<b>5665-Miscellaneous General Expenses</b>	\$0		\$94,880	<b>-\$56,604</b>		<b>-\$44,485</b>		
<b>Misc &lt;1000</b>	\$131,612							
<b>Misc &lt;5000</b>	\$0	\$34,031	\$484	-\$8,184	<b>\$20,677</b>	<b>\$1,364</b>	\$21,354	-\$9,763
<b>Closing Balance</b>	\$670,607	\$638,471	\$744,673	\$730,565	\$744,037	\$716,586	\$809,404	\$821,163

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<sup>6</sup> MFR - Recoverable OM&A cost drivers; Appendix 2-JB

CPUC only experienced one expense above the materiality threshold of 50K during the 2012 to 2019 period. The variance in question which occurred in 2014 is highlighted and explained in the below section; however, CPUC felt that, given the size of the utility, variances above 10K were worth explaining.

#### **5020-Overhead Distribution Lines & Feeders - Operation Labour**

##### **2012-2012 BA; Increase of \$11,143**

Maintenance work was performed by Chapleau Energy Services Corporation(CESC). The crew consisting of the Manager and 2 Linemen, when not involved in power-outages and repairs for HONI or CPUC allocate their time to CPUC's new construction and maintenance of their distribution system. Therefore, the maintenance work to be performed depends on the amount of time remaining each year. There were more hours allocated to CPUC than Budgeted for 2012.

##### **2013-2014; Increase of \$13,425**

There was an increase in linemen wages between 2013-2014. This accounts for approximately 8K of the increase. The balance is related to an increase of 1% in allocation from the affiliate CESC to CPUC.

##### **2016-2017; Decrease of \$15,186**

There was a decrease of 17 % related to the allocation of the General Manager's wages from a part operations + part management to management only. The decrease is offset by an increase of 8% in allocation from the affiliate CESC to CPUC.

##### **2017-2018; Increase of \$14,393**

This increase is for the most part due to 1) the allocation of the General Manager's wages from a part operations and part management to management only, 2) a 2% yearly increase in wages to reflect the rate of inflation, and 3) the hiring of a co-op summer student. Going forward, the General Manager's time will be solely allocated to management.

#### **5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses**

KPMG has done a yearly chargeback to allocate depreciation expenses from CESC to CPUC. The yearly chargeback can contribute to the year over year variance.

2012: \$14,090

2013: \$13,167

2014: \$12,823

2015: \$13,167

2016: \$17,606

2017: \$20,807

**2012-2012 BA; Decrease of \$16,834**

Material purchases for the year are charged directly to account 5025. Actual purchases for the last five years range between \$5,447 in 2012 to \$25,288 in 2013, with an average of \$14,200. Budget in 2012 Board Approved was \$18,000 while actual purchases were only \$5,447 for a difference of \$12,553. Truck expenses were overestimated in the 2012 Board Approved budget by \$4,280.

**2012-2013; Increase of \$19,069**

Material purchases for the year are charged directly to account 5025. Actual purchases for 2013 were \$25,288 and for 2012 \$5,447, for a difference of \$19,841.

Other factors include an increase in purchases of supplies as well as a 3% increase in allocation from the affiliate CESC to CPUC. There was also a transfer of \$15,308.57 in supplies used on line maintenance from inventory.

**2013-2014; Decrease of \$14,106**

There was less line maintenance done in 2014, and as such, fewer supplies were used.

**2015-2016; Increase of \$22,237**

A yearly chargeback to allocate depreciation expenses from CESC to CPUC is done every year. The chargeback has been fairly consistent over the years. However, it increased by \$4,359 from 2015 to 2016. The calculation is based on a percentage of the amortization.

There was slightly more line maintenance done in 2016 as supplies purchases went up proportionately.

**2016-2017; Increase of \$10,150**

As with the previous year, a chargeback to account for the depreciation of assets belonging to CESC is done every year from the affiliate (CESC). The chargeback has been

fairly consistent over the years. However, it increased yet again in 2017 based on the percentage of the amortization.

There was slightly less line maintenance done in 2016 as supplies purchases decreased proportionately.

**5065-Meter Expense:**

**2012-2012 BA; Increase of \$90,067 (one-time)**

These costs are one-time related to the implementation of smart meters. They represent Sensus and Harris Computer Systems related costs.

**2012-2013; Decrease of \$90,957**

The reduction is as a result of the normalizing of the previous year's costs related to smart meters.

**5310-Meter Reading Expense**

**2012-2013; Increase of \$12,578**

In 2012 charges from Sensus and Harris Computer Systems were charged to account 5630, Outside Services Employed, for \$25,826. A year-end adjustment, by CPUC to transfer these costs to account 5310 was erroneously made for only \$21,097. The costs recorded in 2013 for Sensus and Harris Computer Systems was \$28,987.

**5315-Customer Billing**

**2012-2012 BA; Increase of \$17,845**

Variance is mostly due to changes to billing software by T & W Systems for \$9,300 and purchases of bills and envelopes for \$3,300 not budgeted in 2012 Cost of Service Application.

**5335-Bad Debt Expense**



**2013-2014; Increase of \$23,102**

**2014-2015; Decrease of \$10,871**

**2015-2016; Decrease of \$12,137**

KPMG's accounting of Bad Debt under IFRS is discussed in detail at 4.6.4 of this Exhibit. CPUC's actual write-offs for 2014 was in the amount of \$4,379.03. 2015's actual write-offs were \$3,811.94, and 2016's actual write-offs were in the amount of \$7,534.11. 2016 was slightly higher as a restaurant went bankrupt.

#### **5610-Management Salaries and Expenses**

**2015-2016; Increase of \$27,080**

The increase in Management Salaries and Expenses is for the most part due to overlap and training in preparation for the General Manager's retirement. This accounted for approximately \$14.5K of the total increase. There was an increase related to the allocation of the General Manager's wages from a part operations and part management to management only. Another contributing factorThe decrease is offset by an increase of 8% in allocation from the affiliate CESC to CPUC.

**2016-2017; Increase of \$21,847**

This increase is due to the Manager of Finance being in place for the entire year rather than a partial year (2016).

**2017-2018; Increase of \$39,378**

This increase is attributable to the affiliate (CESC) no longer benefiting from cost sharing opportunities with its affiliate. The increase is also partly due to a 1.5% increase in salary to account for inflation.

#### **5630-Outside Services Employed**

**2012-2012 BA; Decrease of \$47,802**

Due to the late approval of CPUC's 2012 Cost of Service Rates(January 2013), costs for the Asset Management Plan for \$20,000 did not materialize.

Charges from Sensus and Harris Computer Systems for \$28,000 were charged to account 5310, Meter Reading Expense in 2012 Actual.

**2012-2013; Decrease of \$18,883**

During 2013 Outside Services Employed were lower as CPUC did not require services out of the ordinary.

**2014-2015; Increase of \$61,550**

The following expenses are for work/programs that CPUC does not normally do on an annual basis.

During 2015 CPUC engaged CGC Educational Communications Inc. to develop a customer survey for them at the cost of \$14,100.

Burman Energy was engaged by CPUC to develop their Distribution System Plan (DSP) and also to develop an Investment Strategy. The additional costs in 2015 over 2014 were approximately \$18,000.

Additional consulting costs for the preparation of the 2016 Cost of Service Application were \$9,050. Additional costs incurred by engaging KPMG (auditors) to review and comment on the Investment Strategy prepared by Burman Energy were \$12,475. Additional services by KPMG for the year were \$7,000.

**2015-2016; Decrease of \$33,890**

KPMG posted an accrual entry for accounting fees at the end of 2015 then reversed it at the beginning of 2016.

**2016-2017; Decrease of \$11,678**

CPUC used less outside services in 2017.

**2017-2018; Decrease of \$26,046**

CPUC started working with Tandem Energy Services in early 2017 at which point, CPUC recorded the cost in 5630 - Outside Services. As of 2018, these costs are now allocated to 5655-Regulatory Costs.

**5645-Employee Pensions and Benefits**

**2016-2017; Increase of \$10,536**

As CPUC went from one management position to two management position, the Group insurance costs increased in parallel with the increase in wages.

**2017-2018; Increase of \$10,158**

This increase is attributable to the affiliate (CESC) no longer benefiting from cost sharing opportunities with its affiliate.

**5655-Regulatory Expenses**

**2012-2013; Increase of \$12,024**

Due to the late approval of CPUCs 2012 Cost of Service Application (January 2013), the intervenor's invoice was not received in time to be dealt with in 2012. Invoice received and paid in 2013 for \$11,771.

**2013-2014; Decrease of \$11,584**

The decrease is due to the normalizing of the one-time intervener costs in 2012-2013 (see above).

**2017-2018; Increase of \$33,581**

At the beginning of 2017, CPUC hired Tandem Energy Services to assist the utility with its regulatory requirements CPUC entered in a 4-year contract with Tandem Energy Services for regulatory services assisting the utility in creating a work environment that facilitates the understanding and support of the change. Services include;

- Drafting IRM and Cost of Service application including response to IRs and settlement proposal.
- Representing the utility in settlement conference, oral hearings.
- Financial analysis reporting (Tracking of Benchmarking, ROE, projected income, budget review).
- Update to Conditions of service.
- Assistance with RRR Annual filing.
- Creation of utility specific models to facilitate RRR reporting or Financial Reporting.
- Creation of Business Plan and Customer Outreach Plan.
- Regular updates to the Board of Director
- And provide any other regulatory services as they arise.

**2018-2019; Increase of \$21,522**

This represents the costs related to the Cost of Service application. The total cost of 106K is amortized over a five year period. Further details on Regulatory Costs can be found at Section 4.6.3 of this Exhibit.

**5665-Miscellaneous General Expenses**

**2013-2014; Increase of \$94,880**

**2014-2015; Decrease of \$56,604**

**2016-2017; Decrease of \$44,485**

In working on the variances analysis, it came to CPUCs attention that this account has been used as a catch all for adjustments recommended by the utility's accounting firm (KPMG) post year-end. While CPUC understands and accepts accounting policy choices are the decision of management, and thus, CPUC takes responsibility for errors in journal entries, it does rely and trust the expertise of its accounting firm.

For the sake of transparencies, CPUC highlights the following adjustments since 2012.

2016: KPMG entry - to adjust RSVA power accounts to actual: \$14,420.38

*KPMG explanation- As the records were prepared in the 2016 year on a cash basis there were miscellaneous adjustments that were required to be posted to the income statement. In past years, certain adjustments were posted to the miscellaneous accounts, with offsets posted to correct the account balances. Provided that the adjustments were immaterial, the agreed upon approach was to adjust through the miscellaneous accounts. The net adjustment to the account in the 2016 year end was a debit of \$14,317 which is the sum of a number of adjustments which is immaterial.*

2016: KPMG entry - to adjust acc't to actual (other acc't affected was 3045 Unappropriated Retained Earnings) \$26,308 –

*KPMG explanation- This was a late adjustment posted to the miscellaneous general account after all adjustments has been corrected in the year. As all other accounts had been reconciled to actual the offset had to be posted to an income statement account. See comments above relating to the net adjustment to the miscellaneous account.*

2015: KPMG entry - to adjust the revenue adjustment acc't \$34,636.96

*KPMG explanation- The balance sheet accounts were adjusted to actual and there was a remaining difference based on the movement of the account balances from cash basis to the accrual basis. The adjustment was posted to this account to ensure the net income figure and the balance sheet accounts were accurate. Given that the amount was not material, this account was used as all other account balances were properly stated. Net adjustments were previously posted in account 1565 therefore, certain adjustments were recorded as offsets to these accounts.*

2015: KPMG entry - To reduce HST/OVAT acc'ts \$4,113.84

*KPMG explanation- The amounts were adjusted to actual and as the amount was immaterial the remaining difference when considering what was remaining to be corrected the amounts were adjusted to actual with the remaining difference posted to an expense account.*

2014:KPMG entry - to adjust energy sales acc'ts to actual(with change in billing periods  
re: unbilled revenue \$ 90,339.40

*KPMG explanation- The preliminary 2014 figures were completed using the cash basis of accounting with the unbilled revenues and the payables not recorded. The entries were completed on a combined basis when adjusting the unbilled revenue and accounts payable and related deferral balances. The net income figure for the 2014 year end was appropriately recorded however it is possible that the adjustment for the energy sales was posted to the incorrect account .*

2013: KPMG entry - To write off prior year O/S cheques \$659.51

*KPMG explanation These amounts were stale dated cheques therefore they were written off in the current year. As they were immaterial the amounts were adjusted to the miscellaneous general account.*

Usual costs in this account, which includes bank charges and general administrative expenses such as travel costs, show a fairly steady trend over the historical years.

2012 - \$19785  
2013 - \$24,800  
2014 - \$29,258  
2015 - \$24,230  
2016 - \$19,514  
2017 - \$16,801

#### 4.2.2 YEAR OVER YEAR VARIANCE ANALYSIS

The following section provides explanations of the year over year cost variances and drivers. As explained in the previous Cost Driver section, CPUC only had one increase above the threshold of \$50,000. However, as with the previous section, the utility chose to highlight and explain variances that it considers significant enough to warrant justification. The variances explained include both increases and decreases. For each significant change CPUC has described the reasons and decision that was made to manage the cost increase/decrease and the alternatives.<sup>7</sup>

Table 5 – 2012 Actual vs. 2012 Board Approved- to Table 12 – 2019 Actual vs. 2018 Bridge below show the year over year variances of OM&A expenses for 2012 Board Approved to the 2019 Test Year. A variance analysis of expenses over 10k follow the tables.

**Table 5 – 2012 Actual vs. 2012 Board Approved**

	<b>Board Approved</b>	<b>2012</b>	<b>Var \$</b>	<b>Var %</b>
<i>Operations</i>	\$205,440	\$289,711	\$84,271	41.02%
<i>Maintenance</i>	\$0	\$0	\$0	0.00%
<i>Billing and Collecting</i>	\$84,200	\$95,585	\$11,385	13.52%
<i>Community Relations</i>	\$600	\$115	-\$485	-80.83%
<i>Administrative and General+LEAP</i>	\$354,100	\$285,195	-\$68,905	-19.46%
<b>Total</b>	<b>\$644,340</b>	<b>\$670,607</b>	<b>\$26,267</b>	<b>4.08%</b>

The total OM&A costs in 2012 were \$26,267 greater than the 2012 Board Approved amount. The major reason for the variance between Board Approved and Actual was due to the timing of costs incurred. For example, the utility's rates were approved in January of 2013 and as such, cost related to the application was not incurred until the following year. The utility also underestimated operation costs and billing costs which were never reflected in the application. CPUC also notes that up until the end of 2017, Maintenance work was performed by Chapleau Energy Services Corporation(CESC); when not involved in power-outages and repairs for HONI

<sup>7</sup> MFR - For each significant change within the applicant's control describe business decision that was made to manage the cost increase/decrease and the alternatives

or CPUC, The crew consisting of the Manager and 2 Linemen allocated their time to CPUC's new construction and maintenance of their distribution system. Therefore, the maintenance work to be performed depends on the amount of time remaining each year. There were more hours allocated to CPUC in 2012 than Budgeted.

**Table 6 – 2013 Actual vs. 2012 Actual**

	2012	2013	Var \$	Var %
<i>Operations</i>	\$289,711	\$220,412	-\$69,299	-23.92%
<i>Maintenance</i>	\$0	\$0	\$0	
<i>Billing and Collecting</i>	\$95,585	\$115,086	\$19,500	20.40%
<i>Community Relations</i>	\$115	\$415	\$300	260.87%
<i>Administrative and General+LEAP</i>	\$285,195	\$302,558	\$17,363	6.09%
<b>Total</b>	<b>\$670,607</b>	<b>\$638,471</b>	<b>-\$32,136</b>	<b>-4.79%</b>

The total OM&A costs in 2013 were \$32,136 lower than 2012 Actual. As explained the variance analysis for 2012 Board Approved vs. 2012 Actuals, many of the costs that had been budgeted for in the Test Year were incurred in 2013. The allocation of the overall OM&A was slightly different than CPUC originally budgeted for in its last Cost of Service. Operations in 2013 Actuals were slightly higher than Board Approved, as were Billing and Collecting costs. Administrative Costs were slightly lower. The overall variance between 2012 Board Approved and 2013 Actuals is only approximately \$2,000.

**Table 7 – 2014 Actual vs. 2013 Actual**

	2013	2014	Var \$	Var %
<i>Operations</i>	\$220,412	\$223,211	\$2,799	1.27%
<i>Maintenance</i>	\$0	\$0	\$0	0.00%
<i>Billing and Collecting</i>	\$115,086	\$135,609	\$20,524	17.83%
<i>Community Relations</i>	\$415	\$415	\$0	0.00%
<i>Administrative and General+LEAP</i>	\$302,558	\$385,438	\$82,880	27.39%
<b>Total</b>	<b>\$638,471</b>	<b>\$744,673</b>	<b>\$106,202</b>	<b>16.63%</b>

The total OM&A costs in 2014 were considerably higher than the 2013 Actuals. The major component of the increase was an adjustment made at the recommendation of KPMG. This one-time entry to account 5665 was to adjust for the change in CPUC's billing cycle changing from the 15th to the 1st of the month. The rationale for the adjustment was to account to adjust

unbilled revenue because unbilled revenue in 2014 was much less as compared to 2013. The bad debt expenses reported in account 5335-Bad Debt do not reflect the actual bad debt but rather the difference in the provision for bad debt and the actual bad debt. CPUC's accounting treatment of bad debt is discussed in detail in section 4.6.3.4 of this exhibit.

**Table 8 - 2015 Actual vs. 2014 Actual**

	2014	2015	Var \$	Var %
<i>Operations</i>	\$223,211	\$208,239	-\$14,971	-6.71%
<i>Maintenance</i>	\$0	\$0	\$0	0.00%
<i>Billing and Collecting</i>	\$135,609	\$129,895	-\$5,714	-4.21%
<i>Community Relations</i>	\$415	\$115	-\$300	-72.29%
<i>Administrative and General+LEAP</i>	\$385,438	\$392,316	\$6,877	1.78%
<b>Total</b>	<b>\$744,673</b>	<b>\$730,565</b>	<b>-\$14,108</b>	<b>-1.89%</b>

The total OM&A expenses in 2015 were \$14,108 less than the 2014 Actual amount. The main contributor to the variance was a decrease of 37,014 5020-Overhead Distribution Lines & Feeders - Operation Labour. As with all other years up to 2018, maintenance work was performed by the affiliate company's staff consisting of the Manager and 2 Linemen; when not involved in non-utility related activities, their time was allocated to the system renewal and maintenance of the distribution system. Therefore, the maintenance work to be performed depends on the amount of time remaining each year. In 2015, fewer hours allocated to CPUC than Budgeted. All other major functions show minimal variances, all well under the materiality threshold.

**Table 9 - 2016 Actual vs. 2015 Actual**

	2015	2016	Var \$	Var %
<i>Operations</i>	\$208,239	\$236,332	\$28,093	13.49%
<i>Maintenance</i>	\$0	\$0	\$0	0.00%
<i>Billing and Collecting</i>	\$129,895	\$121,157	-\$8,738	-6.73%
<i>Community Relations</i>	\$115	\$415	\$300	260.87%
<i>Administrative and General+LEAP</i>	\$392,316	\$386,133	-\$6,183	-1.58%
<b>Total</b>	<b>\$730,565</b>	<b>\$744,037</b>	<b>\$13,472</b>	<b>1.84%</b>



The total OM&A expenses in 2016 were \$13,472 greater than 2015 Actual.

The main contributor to the increase of \$13,472 is once again related to 5020-Overhead Distribution Lines & Feeders - Operation Labour. As with all other years up to 2018, maintenance work was performed by an affiliate company's staff consisting of the Manager and 2 Linemen; when not involved non-utility related activities, their time was allocated to the system renewal and maintenance of the distribution system. Therefore, the maintenance work to be performed depends on the amount of time allocated each year. In 2016, more hours were allocated to CPUC than in 2015. All other major functions show minimal variances, all well under the materiality threshold.

**Table 10 - 2017 Actual vs. 2016 Actual**

	2016	2017	Var \$	Var %
<i>Operations</i>	\$236,332	\$237,909	\$1,577	0.67%
<i>Maintenance</i>	\$0	\$0	\$0	0.00%
<i>Billing and Collecting</i>	\$121,157	\$121,220	\$63	0.05%
<i>Community Relations</i>	\$415	\$415	\$0	0.00%
<i>Administrative and General+LEAP</i>	\$386,133	\$357,042	-\$29,091	-7.53%
<b>Total</b>	<b>\$744,037</b>	<b>\$716,586</b>	<b>-\$27,451</b>	<b>-3.69%</b>

The total OM&A expenses in 2017 are \$27,451 less than 2016 Actual.

Expenses related to Operations, as well as Billing and Collecting, remained fairly steady between 2016 and 2017. The majority of the variance happened in the Administrative and General costs. The variance in Administrative and General Costs can be attributed to four specific reasons: 1) an increase of \$33,00 in 5630-Outside Services due to entering in a 4-year contract with Tandem Energy Services; 2) an increase in 5610-Management Salaries as the General Manager's time was allocated solely to this management account. 3) an increase in 5610-Management Salaries related to the addition of a 2<sup>nd</sup> managerial position (Manager of Finance) 4) a decrease in 5665-Miscellaneous General Expense offsets the increase.

**Table 11 - 2018 Bridge vs. 2017 Actual**

	2017	2018	Var \$	Var %
<i>Operations</i>	\$237,909	\$247,400	\$9,491	3.99%
<i>Maintenance</i>	\$0	\$0	\$0	
<i>Billing and Collecting</i>	\$121,220	\$135,000	\$13,780	11.37%
<i>Community Relations</i>	\$415	\$0	-\$415	-100.00%
<i>Administrative and General+LEAP</i>	\$357,042	\$427,004	\$69,962	19.59%
<b>Total</b>	<b>\$716,586</b>	<b>\$809,404</b>	<b>\$92,818</b>	<b>12.95%</b>

The total OM&A expenses in 2018 are projected to be \$92,818 greater than 2017 Actual.

The majority of the increase in OM&A is due to the change in corporate structure. 100% of administrative salaries and functions are now included in OM&A as are the salaries for the two management positions (5610-Management Salaries and Expenses) and the office personnel (5315-Customer Billing).

Because in this case the change in structure was caused primarily because the affiliate that was providing resources to the utility was ceasing operations, the cost sharing opportunities that CPUC enjoyed under the previous structure also ceased. The topic of non-utility related revenue offset is discussed in Exhibit 3 but to facilitate the understanding of cost trends, the relevant section of Exhibit 3 is replicated below.

Since Hydro One's closest office is 2 hours away, CPUC and Hydro One originally had an agreement that CPUC would perform capital and even office work on behalf of Hydro One for Hydro One customers whose property lay outside of CPUC's service area. At some point in the last ten years, Hydro One unionized employees complained that CPUC employees were taking work away from Hydro One employees. As a result, Hydro One started to discontinue using CPUC to tend to local service calls. The work taken away related to new and re-connections locates, check reads as well as small capital work. Until 2013 CPUC accepted bill payments from Hydro One customers in its office, but this service also stopped in 2013. The only service which remained was addressing trouble-calls. In late 2016 Hydro One unionized employees once again complained about CPUC doing trouble calls on behalf of Hydro One, and as a result, this service

was also discontinued. There is still a remaining verbal agreement that CPUC will tend to 911 calls if needed, but most often, Hydro One will address the issues themselves. The topic of compensation, as well as a detailed breakdown of historical costs (2012-2017) vs 2018 (new structure), is presented in Section 4.4.

**Table 12 – 2019 Actual vs. 2018 Bridge**

	2018	2019	Var \$	Var %
<i>Operations</i>	\$247,400	\$242,760	-\$4,640	-1.88%
<i>Maintenance</i>	\$0	\$1,610	\$1,610	100.00%
<i>Billing and Collecting</i>	\$135,000	\$133,730	-\$1,270	-0.94%
<i>Community Relations</i>	\$0	\$0	\$0	0.00%
<i>Administrative and General+LEAP</i>	\$427,004	\$443,063	\$16,059	3.76%
<b>Total</b>	<b>\$809,404</b>	<b>\$821,163</b>	<b>\$11,759</b>	<b>1.45%</b>

The total increase from 2018 to 2019 in the amount of \$11,759 in for the most part attributable to the increase in Administrative and General costs of \$16,059 is for the most part due to new regulatory requirements (i.e. the requirement to produce a Distribution System Plan) and provisions for a costlier proceeding (i.e. the cost of an oral hearing, the cost of a community meeting, the cost of two interveners instead of one), should it be required. (Details are discussed in Section 4.6.3).

Most other costs have been curtailed to reflect a rate of inflation of 2% only.

The costs related to operation and maintenance and community relations remain stable with variances well below the materiality threshold.

# 1 Cost per Customer

2 OEB Appendix 2-L Employee Costs at Table 13 – OEB Appendix 2-L Recoverable OM&A Cost per  
3 Customer and FTE below shows an OM&A cost per customer of \$679 in 2019 in comparison to  
4 \$524 in the 2012. CPUC is aware of the significant impact this application has on its customer  
5 however, the utility feels that the costs presented in this application reflect the minimum costs  
6 required to operate a utility. In CPUC's view, the necessarily high cost of serving such a small  
7 customer base in such a remote area has been recognized by the provincial government in the  
8 extension of DRP funding towards CPUC's customers. That said, CPUC will continue to look for  
9 ways of finding efficiencies to help reduce costs for its customers.

10

11 **Table 13 – OEB Appendix 2-L Recoverable OM&A Cost per Customer and FTE<sup>8</sup>**

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Number of Customers</b>	1,281	1,226	1,224	1,222	1,227	1,221	1,221	1,209
<b>Total Recoverable OM&amp;A</b>	670,607	638,471	744,673	730,565	744,037	716,586	809,404	821,163
<b>OM&amp;A cost per customer</b>	524	521	609	598	606	587	663	679
<b>Number of FTEs</b>	5	5	5	5	5	5	5	5
<b>Customers/FTEs</b>	256	245	245	244	245	244	244	242
<b>OM&amp;A Cost per FTE</b>	134,121	127,694	148,935	146,113	148,807	143,317	161,881	164,233
	2012	2013	2014	2015	2016	2017	2018	2019
<b>OM&amp;A Costs</b>								
<b>O&amp;M</b>	\$289,711.10	\$220,412.01	\$223,210.54	\$208,239.31	\$236,332.09	\$237,909.06	\$247,400.00	\$244,370.00
<b>Admin Expenses</b>	\$380,895.82	\$418,058.85	\$521,462.73	\$522,325.49	\$507,704.50	\$478,676.77	\$562,004.00	\$576,793.00
<b>Total Recoverable OM&amp;A from Appendix 2-JB<sup>5</sup></b>	\$670,606.92	\$638,470.86	\$744,673.27	\$730,564.80	\$744,036.59	\$716,585.83	\$809,404.00	\$821,163.00
<b>Number of Customers<sup>2,4</sup></b>	1,281	1,226	1,224	1,222	1,227	1,221	1,221	1,209
<b>Number of FTEs<sup>3,4</sup></b>	5	5	5	5	5	5	5	5
<b>Customers/FTEs</b>	256.20	245.10	244.70	244.30	245.40	244.20	244.20	241.76
<b>OM&amp;A cost per customer</b>								
<b>O&amp;M per customer</b>	\$226.16	\$179.85	\$182.44	\$170.48	\$192.61	\$194.85	\$202.62	\$202.16
<b>Admin per customer</b>	\$297.34	\$341.13	\$426.21	\$427.61	\$413.78	\$392.04	\$460.28	\$477.15
<b>Total OM&amp;A per customer</b>	<b>\$523.50</b>	<b>\$520.99</b>	<b>\$608.64</b>	<b>\$598.09</b>	<b>\$606.39</b>	<b>\$586.88</b>	<b>\$662.90</b>	<b>\$679.31</b>
<b>OM&amp;A cost per FTE</b>								
<b>O&amp;M per FTE</b>	\$57,942.22	\$44,082.40	\$44,642.11	\$41,647.86	\$47,266.42	\$47,581.81	\$49,480.00	\$48,874.00
<b>Admin per FTE</b>	\$76,179.16	\$83,611.77	\$104,292.55	\$104,465.10	\$101,540.90	\$95,735.35	\$112,400.80	\$115,358.60
<b>Total OM&amp;A per FTE</b>	\$134,121.38	\$127,694.17	\$148,934.65	\$146,112.96	\$148,807.32	\$143,317.17	\$161,880.80	\$164,232.60

12

13 <sup>8</sup>\*Customers do not include connections

## 14 4.2.3 ACTUAL VS INFLATION

<sup>8</sup> MFR - Recoverable OM&A Cost per customer and per FTE; Appendix 2-L

Utilities are under constant pressure to relate their spending to cost inflation; therefore, in the preparation of the Test Year budget, CPUC has calculated the year over year inflationary increase in OM&A costs at a rate of 2% and compared to its 2019 operating costs.

As shown in Table 14 – OM&A 2019 Test Year as filed below, if the utility had applied an inflationary increase only, the 2019 resulting costs would be \$81,019 lower.

**Table 14 – OM&A 2019 Test Year as filed**

<i>Reporting Basis</i>	<b>CGAAP</b>	<b>CGAAP</b>	<b>NEWGAAP</b>	<b>NEWGAAP</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>
	<b>Board Approved</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<i>Operations</i>	\$205,440	\$289,711	\$220,412	\$223,211	\$208,239	\$236,332	\$237,909	\$247,400	\$242,760
<i>Maintenance</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,610
<i>Billing and Collecting</i>	\$84,200	\$95,585	\$115,086	\$135,609	\$129,895	\$121,157	\$121,220	\$135,000	\$133,730
<i>Community Relations</i>	\$600	\$115	\$415	\$415	\$115	\$415	\$415	\$0	\$0
<i>Administrative and General+LEAP</i>	\$354,100	\$285,195	\$302,558	\$385,438	\$392,316	\$386,133	\$357,042	\$427,004	\$443,063
<b>Total</b>	<b>\$644,340</b>	<b>\$670,607</b>	<b>\$638,471</b>	<b>\$744,673</b>	<b>\$730,565</b>	<b>\$744,037</b>	<b>\$716,586</b>	<b>\$809,404</b>	<b>\$821,163</b>

**Table 15 -Hypothetical OM&A 2019 Test Year with 2% inflation**

<i>Reporting Basis</i>	<b>CGAAP</b>	<b>CGAAP</b>	<b>NEWGAAP</b>	<b>NEWGAAP</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>	<b>MIFRS</b>
	<b>Board Approved</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<i>Operations</i>	\$205,440	\$289,711	\$209,549	\$213,740	\$218,015	\$222,375	\$226,822	\$231,359	\$235,986
<i>Maintenance</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Billing and Collecting</i>	\$84,200	\$95,585	\$85,884	\$87,602	\$89,354	\$91,141	\$92,964	\$94,823	\$96,719
<i>Community Relations</i>	\$600	\$115	\$612	\$624	\$637	\$649	\$662	\$676	\$689
<i>Administrative and General+LEAP</i>	\$354,100	\$285,195	\$361,182	\$368,406	\$375,774	\$383,289	\$390,955	\$398,774	\$406,750
<b>Total</b>	<b>\$644,340</b>	<b>\$670,606</b>	<b>\$657,227</b>	<b>\$670,371</b>	<b>\$683,779</b>	<b>\$697,454</b>	<b>\$711,403</b>	<b>\$725,631</b>	<b>\$740,144</b>

**Table 16 – 2019 as filed vs. Inflation**

<i>Reporting Basis</i>	<b>2% inflationary increase</b>	<b>As filed</b>	<b>Diff</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>
<i>Operations</i>	\$235,986	\$242,760	\$6,774
<i>Maintenance</i>	\$0	\$1,610	\$1,610
<i>Billing and Collecting</i>	\$96,719	\$133,730	\$37,011
<i>Community Relations</i>	\$689	\$0	-\$689
<i>Administrative and General+LEAP</i>	\$406,750	\$443,063	\$36,313
<b>Total</b>	<b>\$740,144</b>	<b>\$821,163</b>	<b>\$81,019</b>

The increase in Billing and Collecting can be attributed to the utility transitioning from bi-monthly billing to monthly billing. Lastly, the increase in Administrative costs can be attributed to the regulatory costs, increase in management costs related to the change in a corporate structure where 100% of management salaries are now embedded in OM&A and lastly, the increase in regulatory cost directly related to the Cost of Service application including the cost of the DSP.

When budgeting, CPUC has historically used a rate of inflation of 2% per USoA account, however as of 2018, the utility plans on using the adjusted price cap index as an inflation factor.

## 4.3 PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

### 4.3.1 PROGRAM DESCRIPTIONS

Appendix 2-JC below shows the year over year variances of OM&A programs for 2012 Board Approved to 2018. The utility selected and adopted these programs based on a review of OM&A Programs that were introduced in recent Cost of Service applications which categorize the USoA account/functions based on the RRFE categories, Customer Focus, Operational Effectiveness, Public Responsiveness.

CPUC admits that it does not currently track its costs in these categories but that the programs it specifically chose represent a complement of programs that CPUC feels it could maintain going forward along with continuing to use the USoA accounting methodology as it currently does.

Table 17 - OEB Appendix 2-JC – OM&A Programs Table below shows year over year variance using the RRFE categorization. No variance analysis of expenses exceeding the materiality threshold was identified.

**Table 17 - OEB Appendix 2-JC – OM&A Programs Table<sup>9</sup>**

Reporting Basis Programs	USoA	CGAAP 2012	NEWGAAP 2013	NEWGAAP 2014	MIFRS 2015	MIFRS 2016	MIFRS 2017	MIFRS 2018	MIFRS 2019	Var TY-2012BA	Var TY-2017
<b>Customer Focus</b>											
Customer Service, Mailing Costs, Billing and Collections, LEAP	5315/5320/5410	\$69,560	\$74,220	\$75,286	\$78,150	\$79,342	\$80,816	\$88,000	\$87,690	\$18,130	\$6,874
Bad Debts	5335	\$4,107	\$6,669	\$29,771	\$18,900	\$6,763	-\$208	\$5,000	\$5,000	\$893	\$5,208
Meter Reading	5310	\$22,033	\$34,612	\$30,967	\$32,959	\$35,466	\$41,027	\$42,000	\$41,040	\$19,007	\$13
Operational focus	5620/5635/5655	\$61,237	\$70,351	\$163,081	\$112,541	\$99,036	\$51,989	\$59,980	\$56,190	-\$5,047	\$4,201
<b>Sub-Total</b>		<b>\$156,937</b>	<b>\$185,851</b>	<b>\$299,105</b>	<b>\$242,550</b>	<b>\$220,607</b>	<b>\$173,624</b>	<b>\$194,980</b>	<b>\$189,920</b>	<b>\$32,983</b>	<b>\$16,296</b>
<b>Operational and Administrative Effectiveness</b>											
Municipal Transformer Station -operating and maintenance costs	5017	\$4,024	\$2,494	\$3,390	\$3,468	\$2,991	\$2,080	\$4,200	\$4,284	\$260	\$2,204
Meters maintenance	5065	\$92,076	\$1,120	\$1,675	\$572	\$514	\$7,010	\$6,800	\$6,936	-\$85,140	-\$74
Overhead lines	5020/5025/5095/5120	\$193,611	\$216,799	\$218,145	\$204,199	\$232,827	\$228,819	\$236,400	\$233,150	\$39,539	\$4,331
Outside Services (Accounting)	5630	\$58,598	\$39,715	\$49,125	\$110,675	\$76,785	\$65,107	\$39,061	\$30,061	-\$28,537	-\$35,046
Wages Executive & Management,Benefits, Pension, Injuries & Damages	5605/5610/5615/5640/5645	\$156,575	\$171,683	\$164,007	\$159,326	\$199,378	\$229,554	\$283,990	\$291,317	\$134,742	\$61,763
<b>Sub-Total</b>		<b>\$504,884.60</b>	<b>\$431,810.18</b>	<b>\$436,342.69</b>	<b>\$478,240.14</b>	<b>\$512,495.41</b>	<b>\$532,569.86</b>	<b>\$570,451.00</b>	<b>\$565,748.00</b>	<b>\$60,863.40</b>	<b>\$33,178.14</b>

<sup>9</sup> MFR - Completed Appendix 2-JC OM&A Programs Table - completed by program or major functions; include variance analysis limited to variances that are outliers, between test year and last OEB approved and most recent actuals, including an explanation for each significant change whether the change was within or outside the applicant's control and explanation of why

Sub-Total		\$504,884.60	\$431,810.18	\$436,342.69	\$478,240.14	\$512,495.41	\$532,569.86	\$570,451.00	\$565,748.00	\$60,863.40	\$33,178.14
Public and Regulatory Responsiveness											
Regulatory & Compliance	5,655	\$6,785.20	\$18,809.32	\$7,225.81	\$7,774.19	\$8,933.79	\$8,392.02	\$41,973.00	\$63,495.00	\$56,709.80	\$55,102.98
Sub-Total		\$6,785.20	\$18,809.32	\$7,225.81	\$7,774.19	\$8,933.79	\$8,392.02	\$41,973.00	\$63,495.00		
Miscellaneous											
Donation Leap	6,205	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$0.00	\$0.00
Sub-Total		\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00		
TOTAL OM&A		670,607	638,471	744,673	730,565	744,037	716,586	809,404	821,163		

## 2 Program Overview

3 CPUC aims to meet or exceed the system maintenance and inspection requirements of the  
4 Ontario Energy Board's (OEB's) Distribution System Code (DSC) in order to minimize  
5 subsequent repair and replacement costs. Section 4.4.1, of the DSC states:

6 "A distributor shall maintain its distribution system in accordance with good utility  
7 practice and performance standards to ensure reliability and quality of electricity service,  
8 on both a short-term and long-term basis."

9 The following OM&A maintenance programs are consistent with good utility practices.

## 10 Customer Focus

- 11 • Customer Service, Mailing Costs, Billing and Collections
- 12 • Bad Debts Collection
- 13 • Service Locates
- 14 • Meter Reading
- 15 • Operational Focus

## 16 Operational Effectiveness

- 17 • Operational and Maintenance
- 18 • Regulation Consultant-Services
- 19 • Distribution Maintenance System



**Public and Regulatory Responsiveness**

- Safety Compliance
- Regulatory
- LEAP (Miscellaneous)

Each program is discussed further below.

**Customer Focus**

**Customer Service, Mailing Costs, Billing and Collections, Bad Debt, Community Relations (5315, 5320, 5410)**

CPUC's Billing and Customer Service clerk is responsible for Billing and Collections activities that include:

- (1) correctly computing and billing customers using approved rates, rate riders, rate adders, loss factors and other regulated rates and charges,
- (2) Testing and promoting Customer Information System enhancements to support regulatory changes which are done by Erth Holdings.
- (3) processing bill payments promptly to satisfy cash flow requirements, and
- (4) managing delinquent accounts appropriately so that all customers pay for the services provided to them.

The administrative staff is also responsible for handling day to day customer inquiries regarding their accounts and fielding numerous other questions as they relate to Government and Regulatory policy, conservation and demand management, pricing and consumption inquiries. In addition to these functions, customer service representatives are also responsible for the processing of payments dropped off at the office, customer move ins and outs, activations of the Equal Payment program, and numerous other administrative tasks. This department fields approximately 1000 calls per year.

As the number of electricity end users in the service area increases and changes occurs within Ontario's electricity market, CPUC's call and correspondence volumes will continue to increase.

The administrative staff is responsible for all billing activities supporting approximately 1,200 customers in CPUC's service areas. This includes the provision of monthly billing that results in CPUC issuing over 14,400 invoices annually. The administrative staff is responsible for managing Electronic Business Transactions ("EBTs") and retailer settlement functions; account adjustments; processing of meter changes (e.g., re-verification); and another various account related field service orders, and mailing services. In 2017 CPUC produced approximately 14,400 bills, monthly and final bills, with a billing accuracy rate of 99.96%.

CPUC offers customers several billing and payment options including an equal payment plan, pre-authorized withdrawal, drop box, payment over the counter and credit card payments.

## **Operational and Administrative Effectiveness**

### **Distributions System - Operations and Maintenance**

**(5016,5017,5020,5025,5065,5095,5120,5630,5605,5610,5615,5640,5645)**

Operations and maintenance expenses include all costs relating to the operation and maintenance of the CPUC distribution system that are necessary to keep the distribution system in a state of good repair.

Maintenance work helps to identify those areas that require capital investments. CPUC is then able to adjust capital spending priorities to address these matters. This process is described in more detail in CPUC's Distributions System Plan. CPUC's maintenance strategy is an important part of its overall strategy of minimizing the life cycle costs of assets by minimizing reactive and emergency-type work, through effective maintenance of the distribution system.

1 CPUC is very conscious of providing attention to its aging infrastructure. In its  
2 Distribution System Plan, it has presented graphical representations of the ages of is  
3 major system components and overall representation of the average age of its system in  
4 historical and projected years. Using this information, it then forecasts the level of future  
5 capital investments to maintain a reasonable average life expectancy.

6 Operations and Maintenance expenses include all costs relating to the operation and  
7 maintenance of the CPUC distribution system. The work typically involves inspection,  
8 testing, cleaning, and verification activities. This includes both direct labor costs and non-  
9 capital material spending to support both scheduled and reactive maintenance events.  
10 As of 2013, the utility no longer allocated any burdens to its costs.

11 CPUC's linemen tasks include Distribution & Transformer Station; Tree trimming;  
12 Overhead Lines, conductor, devices & services; Underground Lines, conductors, devices  
13 & services; Poles Towers and Fixtures. CPUC's operations staff also does metering.

14 Concerning Metering, CPUC performs the following services; installation, testing, and  
15 commissioning of new metering and for the ongoing operations of existing metering,  
16 both simple and complex metering installations. Testing of complex metering  
17 installations ensures the accuracy of the installation (e.g., to verify that the appropriate  
18 meter multipliers are applied through the billing process). Metering proactively  
19 investigates potential diversion and theft of power that may give rise to unsafe  
20 conditions or risk other customers being inappropriately held financially responsible for  
21 costs.

22 Maintenance work on both Overhead Lines, conductor, devices & services involve regular  
23 inspection to identify concerns requiring immediate attention should those concerns  
24 exist. Most of the work CPUC'S perform planned work and categorized as priority  
25 scheduled work or normally scheduled work.

26 Except for pole replacements, transformer replacements, and wire replacements, the bulk  
27 of the work described above is charged to maintenance. It is expected that the  
28 maintenance budget will be fully utilized with the normal volume of maintenance work.

1 This program includes the cost of general advertising that is not directly related to  
2 another department. It also includes the cost of industry association dues and  
3 memberships. CPUC is a member of the EDA which keeps the utilities up-to-date on  
4 what is happening within the electrical industry, provides leadership and guidance on  
5 matters before the OEB Board and the Ministry of Energy.

## 6 **Public and regulatory responsiveness**

### 7 **Leap (6205)**

8 Low-Income Assistance Program (LEAP) is included under Deductions Donation Expense  
9 (USoA #6205). This amount is based on the Board's determination that the greater of  
10 0.12% of a distributor's Board-approved distribution revenue requirement or \$2,000  
11 should be included in the utility's costs.

### 12 **Regulatory & compliance (5655,5630)**

13 Regulatory and compliance includes all aspects of the preparation of cost of service and  
14 IRM rate applications, including consultants and wages and benefits for staff time spent  
15 in this area. Also included are the cost related to the RRR reporting, OEB annual  
16 assessments, cost awards, and fees. This program also covers professional costs  
17 associated with Regulatory Affairs. CPUC has hired a third-party service to assist with the  
18 preparation of rate applications, input to the regulatory bodies and when necessary  
19 assist with regulatory filings. This function is also responsible for monitoring all  
20 applicable legislation.

21 This also includes costs to contributing and achieving the new Renewed Regulatory  
22 Framework performance outcomes of Customer Focus, Operational Effectiveness, and  
23 Public Policy Responsiveness. The utility relies on some external services mostly for  
24 accounting/audit purposes.

#### 4.4 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

CPUC operates with five full-time employees. A General Manager, Manager of Finance, 1 CSR/Billing clerk and two Powerline Maintainers. A description of each position is presented below.

##### **General Manager**

##### **Summary of Responsibilities:**

- Leads and supervises the business and affairs of the Corporation and the performance of the Utility by directing and coordinating all activities in accordance with applicable laws and regulations, vision, mission, values and strategic plan priorities.

##### **Responsibilities List:**

- Work with Board of Directors to advance the mandate of the Utility
- Lead the business, its services, and its employees to remain successful in offering customers a high level of service quality
- Recommend new business ventures that fit the Utility's risk profile and contribute to the long-term sustainability of the business
- Leverage available capital through appropriate strategies to maximize returns for growth
- Ensure the Utility operates in a responsible corporate environment with due regard to the environmental footprint and public and employee safety
- Oversee operations to ensure compliance, production efficiency, accuracy, quality, service and the cost-effective management of resources
- Develop a comprehensive, inclusive, and transparent process of operational planning designed to meet strategic priorities established by the Board/changing needs in the electricity sector
- Manage and motivate a team of staff to support and further the Utility's mission and to provide staff members with the opportunity to develop their skills and competencies further.
- Develop maintenance programs for Utility assets and design standards through Utility Standards Forum (USF)
- Manage third party communications including providing advice on technical matters
- Responsible for metering and investigation of metering issues
- Responsible for improving power quality and efficiency
- Develop and administer joint use agreement with third parties
- Update and maintain transformer records and Poly Chlorinated Biphenyl records
- Participate in emergency planning and implementation

- 1 • Coordinate station oil testing and infrared scanning annually
- 2 • Control and order inventory
- 3 • Responsible for Hydro One issues, deal with an account executive
- 4 • Responsible for building and substation maintenance
- 5 • Responsible for dealing with outside services and contractors
- 6 • Travel for meetings
- 7 • Other duties assigned by the Board of Directors

## 8 **Manager of Finance**

### 9 **Summary of Responsibilities:**

- 10 • Responsible for the accounting, financial reporting and overall financial
- 11 health of the organization including annual budget, payroll, audits,
- 12 regulatory affairs, delinquent accounts and accounts receivables/payables.

### 13 **Responsibilities List:**

- 14 • Deal with customer bill complaints, meter consumption review, correcting
- 15 errors
- 16 • Perform processes related to delinquent accounts and bankruptcies,
- 17 including discussing payment arrangements with customers or with
- 18 outside agencies such as Social Services
- 19 • Liaise with Hydro Billing IT concerning customer accounts, rate changes,
- 20 etc.
- 21 • Maintain current with regulatory and corporate policies/practices
- 22 • Oversee all funds received
- 23 • Compile and prepare financial and statistical data for
- 24 Monthly/Quarterly/Yearly regulatory reporting
- 25 • Assist with compiling the yearly Scorecard
- 26 • Ensure that the required attention and coverage is maintained to attain
- 27 Ontario Energy Board targets related to customer service indices
- 28 • Assist the completing of financial regulatory models required when filing
- 29 the Incentive Rate-setting Mechanism ( IRM) and Cost of Service (COS)
- 30 rate applications with the Ontario Energy Board (OEB)
- 31 • Complete monthly budget updates
- 32 • Process bi-weekly payroll
- 33 • Administrator role for the OMERS pension plan including deductions,
- 34 remittances and year-end reporting
- 35 • Administrator role for the Health benefits program provided to the
- 36 employees
- 37 • Prepare government reporting <i.e.> payroll remittance, WSIB, HST
- 38 remittance, OMERS
- 39 • Process accounts payable and accounts receivable
- 40 • Prepare year-end payroll reports including T4's, T4A's, and Employer
- 41 Health Tax

- Develop and maintain annual financial audits and budgets
- Prepare documents for board meetings.
- Inform staff regarding new policies from the OEB
- Maintain and monitor Chapleau PUC social media outlets
- Backup and support to the Billing and Customer Service Clerk
- Travel for meetings
- Other duties assigned by the General Manager

## **Powerline Maintainer**

### **Summary of Responsibilities:**

- Responsible for the construction and maintenance of overhead and underground infrastructure, maintenance and upgrades to substations, meter changes/installations and infrastructure locates.

### **Responsibilities List:**

- Construct and maintain overhead and underground infrastructure
- Maintain and upgrade substations
- Climb poles to construct and maintain overhead infrastructure
- Provide paid on-call coverage on a rotational basis for outages and emergencies
- Read and implement blueprints and drawings
- Basic meter changes, installation, and readings
- Disconnections and reconnections
- Delivery of disconnection notices
- Complete infrastructure locates
- Schedule work and interface with the public directly, successfully answering general questions and responding to complaints
- Operate DZ class vehicles
- Work in various outdoor climates and inclement weather
- General maintenance of tools and special line equipment
- General maintenance of vehicles
- Assist external communication companies
- Inventory checks including housekeeping
- Basic computer operations
- Travel for meetings
- Responsible for providing back up and support for various activities such as chimney cleans, RBD operations and other duties needed to support not only the utility but the community as well
- Other duties as assigned by the manager

**Billing and Customer Service Clerk**

**Summary of Responsibilities:**

- Responsible for the administrative processes of the organizations including mail preparation/distribution, billing and payment processing, customer service by phone and in person, prepare meeting minutes and make bank deposits.

**Responsibilities List:**

- Receive and distribute mail
- Complete Meter Sense
- Complete daily and monthly Net System Load Shape
- Complete monthly consumption worksheet
- Maintain and submit, where applicable, monthly statistical data
- Complete sales invoices, record payments
- Send monthly reminders of unpaid bills
- Answer telephone calls and record information for Ontario Energy Board (OEB) filing
- Interact with customers including but not limited to receiving payments, answering questions
- Deal with customer complaints, meter consumption review and correcting errors
- Perform reviews, checks, and audits to ensure that customer accounts are accurate and are being billed properly
- Sync account changes, process meter changes, process reading issues and ensure all readings are processed promptly to meet the billing schedule
- Perform processes related to cash including accepting and processing payments, adjusting customer accounts, reconciling and balancing
- Enter readings and complete the billing process
- Perform all processes related to Retailer customers
- Type meeting minutes
- Complete disconnection/reminder notices for customers
- Complete cash disbursements, cash register worksheets
- Balance month end totals
- Process final accounts as they become available
- Maintain and monitor Chapleau PUC social media outlets
- Maintain and monitor yearly customer surveys
- Perform the duties of Manager of Finance during his/her absence
- Other duties assigned by the General Manager



**1 Compensation – Non-Union/Union**

2 None of the employees of the utility are union employees. The compensation levels are  
3 reviewed by the general manager and the Board of Directors.<sup>101112</sup>

**4 Pension and Benefits**

5 CPUC and its employees participate in the OMERS retirement plan.

6 Table 18 - OEB Appendix 2-K – Employee Compensation below shows employee  
7 compensation from 2012 to 2019. The number of employees is based on the compensation of  
8 the number of full-time equivalent (FTE) positions throughout each of the fiscal years.

9 A detailed summary of benefit program costs is presented in Table 20 - Benefit Expenses. Total  
10 benefits have increased 33% between the 2012 Actual and 2019 Test Years as a result of  
11 statutory rate increases and wage increases. The increase in benefits in line with the increase in  
12 wages and the fact that the utility now operates with two management position.

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<sup>10</sup> Description of previous and proposed workforce plans, including compensation strategy

<sup>11</sup> MFR - Details of employee benefit programs including pensions for last OEB approved, historical, bridge and test; must agree with tax section

<sup>12</sup> MFR - Discussion of the outcomes of previous plans and how those outcomes have impacted their proposed plans including an explanation of the reasons for all material changes to headcount and compensation. Explanation for all years includes:

- year over year variances
- basis for performance pay, eligible employee groups, goals, measures, and review process for pay-for-performance plans,
- relevant studies (e.g. compensation benchmarking)

1 **Table 18 - OEB Appendix 2-K – Employee Compensation<sup>13</sup>**

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Number of Employees (FTEs including Part-Time)<sup>1</sup></b>								
<b>Management (including executive)</b>	1	1	1	1	2	2	2	2
<b>Non-Management (union and non-union)</b>	4	4	4	4	3	3	5	3
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>5</b>
<b>Total Salary and Wages including overtime &amp; incentive pay</b>								
<b>Management (including executive)</b>	\$59,567	\$64,246	\$60,027	\$60,695	\$87,775	\$109,622	\$149,000	\$149,760
<b>Non-Management (union and non-union)</b>	\$190,803	\$197,902	\$213,139	\$202,384	\$208,649	\$190,688	\$218,550	\$212,764
<b>Total</b>	<b>\$250,370</b>	<b>\$262,148</b>	<b>\$273,166</b>	<b>\$263,078</b>	<b>\$296,424</b>	<b>\$300,309</b>	<b>\$367,550</b>	<b>\$362,524</b>
<b>Total Benefits (Current + Accrued) -</b>								
<b>Management (including executive)</b>	\$2,925	\$3,132	\$3,216	\$3,039	\$5,924	\$5,123	\$11,302	\$11,555
<b>Non-Management (union and non-union)</b>	\$10,793	\$11,172	\$11,784	\$11,419	\$11,740	\$9,343	\$6,638	\$6,642
<b>Total</b>	<b>\$13,718</b>	<b>\$14,304</b>	<b>\$15,000</b>	<b>\$14,457</b>	<b>\$17,664</b>	<b>\$14,465</b>	<b>\$17,940</b>	<b>\$18,197</b>
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>								
<b>Management (including executive)</b>	\$62,493	\$67,378	\$63,243	\$63,733	\$93,699	\$114,744	\$160,302	\$161,315
<b>Non-Management (union and non-union)</b>	\$201,596	\$209,074	\$224,923	\$213,802	\$220,389	\$200,030	\$225,188	\$219,406
<b>Total</b>	<b>\$264,088</b>	<b>\$276,452</b>	<b>\$288,166</b>	<b>\$277,536</b>	<b>\$314,088</b>	<b>\$314,775</b>	<b>\$385,490</b>	<b>\$380,721</b>
<b>Integrity Check from accounts 5020/5610/5615</b>	\$233,829	\$244,225	\$254,128	\$246,457	\$283,582	\$287,044		
<b>Wages posted to 5315</b>	\$30,259	\$32,227	\$34,038	\$31,078	\$30,506	\$27,731		
<b>Difference</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		

2

3 **Table 19 – Breakdown of Management & Non-Management Compensation**

	2012	2013	2014	2015	2016	2017	2018	2019
<i>Management+linemen</i>	193,227	197,803	205,360	201,266	232,699	230,374	314,100	308,069
<i>Holiday &amp;Sickness</i>	19,084	24,318	25,668	22,506	25,418	34,405	-	-
<i>On Call</i>	7,800	7,800	8,100	7,800	7,800	7,800	12,500	13,000
<i>Clerk</i>	30,259	32,227	34,038	31,078	30,506	27,731	40,950	41,455
<i>Var.</i>	-	-	-	428	-		-	
	<b>250,370</b>	<b>262,148</b>	<b>273,166</b>	<b>263,078</b>	<b>296,423</b>	<b>300,310</b>	<b>367,550</b>	<b>362,524</b>

4

5

<sup>13</sup> MFR - Employee Compensation - completed Appendix 2-K

1

**Table 20 - Benefit Expenses**

	2012	2013	2014	2015	2016	2017	2018	2019
<b>BENEFIT</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Bridge</b>	<b>Test</b>
<b>CPP (Total)</b>	<b>18,059.36</b>	<b>19,270.44</b>	<b>19,899.46</b>	<b>18,883.82</b>	<b>22,979.48</b>	<b>21,096.52</b>	<b>24,480.00</b>	<b>24,854.00</b>
CPP (Employee)	9,029.68	9,635.22	9,949.73	9,441.91	11,489.74	10,548.26	12,240.00	12,427.00
CPP (Employer)	9,029.68	9,635.22	9,949.73	9,441.91	11,489.74	10,548.26	12,240.00	12,427.00
<b>EI (Total)</b>	<b>8,037.79</b>	<b>8,003.88</b>	<b>8,657.28</b>	<b>8,597.57</b>	<b>10,584.86</b>	<b>6,715.13</b>	<b>9,771.43</b>	<b>9,891.43</b>
EI (Employee)	3,349.08	3,334.95	3,607.20	3,582.32	4,410.36	2,797.97	4,071.43	4,121.43
EI (Employer)	4,688.71	4,668.93	5,050.08	5,015.25	6,174.50	3,917.16	5,700.00	5,770.00
<b>WSIB (Employer ONLY)</b>	<b>2,567.53</b>	<b>2,748.84</b>	<b>2,825.20</b>	<b>2,694.63</b>	<b>2,283.86</b>	<b>3,187.35</b>	<b>3,600.00</b>	<b>3,988.00</b>
<b>MEARIE (Total)</b>	<b>41,349.98</b>	<b>42,837.88</b>	<b>40,805.50</b>	<b>37,803.32</b>	<b>43,114.77</b>	<b>52,381.96</b>	<b>58,200.00</b>	<b>58,980.00</b>
MEARIE (Employee)	-	-	-	-	-	-	-	-
MEARIE (Employer)	41,349.98	42,837.88	40,805.50	37,803.32	43,114.77	52,381.96	58,200.00	58,980.00
<b>OMERS (Total)</b>	<b>45,439.80</b>	<b>60,571.64</b>	<b>56,949.06</b>	<b>52,298.90</b>	<b>60,181.38</b>	<b>62,719.90</b>	<b>71,400.00</b>	<b>76,000.00</b>
OMERS (Employee)	22,719.90	30,285.82	28,474.53	26,149.45	30,090.69	31,359.95	35,700.00	38,000.00
OMERS (Employer)	22,719.90	30,285.82	28,474.53	26,149.45	30,090.69	31,359.95	35,700.00	38,000.00
<b>EHT (Total)</b>	<b>3,857.18</b>	<b>4,060.28</b>	<b>4,674.62</b>	<b>4,326.18</b>	<b>5,249.67</b>	<b>5,437.41</b>	<b>6,350.00</b>	<b>6,192.00</b>

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### 3 **Staffing and Compensation Strategy**

4 CPUC confirms that its staffing and compensation strategy has not changed significantly since  
5 its last Cost of Service but that the composition of its workforce has changed partly due to  
6 unforeseen events, and as a result of the retirement of the Secretary-Treasurer in 2016 whose  
7 role and function was distributed across the new General Manager and the new Manager of  
8 Finance.

9 Concerning succession planning, CPUC is of the mind that finding qualified staff in smaller rural  
10 areas can be challenging. Therefore, similar to other smaller utilities, CPUC prefers to invest time  
11 and energy in training its existing employees rather than hiring workers that are already trained.  
12 CPUC's view is that the risks associated with hiring are mitigated because the employer already  
13 knows the employee and has experience with the employee's work ethic, ability to work with  
14 others and problem-solving skills. The learning curve is also cut down because its existing  
15 employees understand the utility and energy sector.

1 In doing so, CPUC must also balance reliance on third-party contractors, and use its workforce  
2 to its best advantage for the customer and community. The utility evaluates on a yearly basis its  
3 agreements with its consultants and contractors to ensure that they are the best option possible  
4 for the utility.

5 CPUC did not use specific benchmarking studies to determine salary ranges other than basing  
6 its inflation rate and salary at the Town of Chapleau.

7 The salaries and wage amounts include all salaries and wages paid inclusive of, vacations, float  
8 holidays, sick leave, bereavement leave, union meetings and other miscellaneous paid leave. The  
9 benefit amounts include the employer's portion of statutory benefits (CPP and EI), employer  
10 contributions to EHT, WSIB, OMERS and CPUC's costs for providing extended health care, dental,  
11 long-term disability, life insurance and the Employee Assistance Program. The utility does not  
12 have any Ontario Post-Employment Benefits nor an Actuarial Report and as such, Appendix 2-KA  
13 does not apply in this case. <sup>14 15</sup>

#### 14 **Employee Staffing Levels:**

15 Table 22 - Headcount (number of months worked per year) at the next page shows the  
16 movement of staffing levels from 2012-2019. Management and staffing levels have not changed  
17 significantly since CPUC's last Cost of Service Application. The only change in staffing levels has  
18 been during transition periods for retirement replacements or succession planning purposes.  
19 There are no anticipated staffing increases for the 2019-2023 rate period.

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<sup>14</sup> MFR - Completed Appendix 2-KA - accounting method for pension and OPEBs

<sup>15</sup> MFR - Most recent actuarial report on employee benefits, pension and OPEBs

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**Table 21 - Details Compensation Accounts**

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Number of Employees (FTEs including Part-Time)<sup>1</sup></b>								
<b>Total Salary and Wages including overtime and incentive pay</b>								
<b>Management+ linemen (including executive)</b>	193,227	197,803	205,360	201,266	232,699	230,374	314,100	308,069
• Salary Increase 2%)		2%	2%	2.5%	2%	2%		
• CPUC Management Allocation (virtual)	84%	87%	87%	81%	85%	89%		
• CPUC Linemen Wages Allocation (virtual)	100%	100%	100%	100%	100%	100%		
• CPUC Clerk Wages Allocation (virtual)	84%	87%	87%	81%	81%	89%		
• CPUC Holiday Allocation (virtual)	84%	87%	87%	81%	81%	89%		
• CPUC on-call Allocation (virtual)	100%	100%	100%	100%	100%	100%		
• Overlap of role for succession purposes						+\$14.5K		
• Promotion of Senior Lineman to General Mgr						*+6.7K		

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3 The costs included in account 5605 are Board of Director salaries.

4 Account 5610 include the Manager of Finance salary and a portion of the General Manager's  
5 wage

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**Table 22 - Headcount (number of months worked per year)**

**2012-2015**

Year	Department	Description	Exist	Hired	Transf.	Term	Ret	Other	Mgt	Trade	Office	Total
<b>Opening Balance</b>									<b>1</b>	<b>3</b>	<b>1</b>	<b>5</b>
	Sec-Treasurer		<b>X</b>									5
	Lineman/Admin Assist		<b>X</b>									5
	Clerk		<b>X</b>									5
	Lineman		<b>X</b>									5
	Lineman		<b>X</b>									5
<b>Closing Balance</b>									<b>1</b>	<b>3</b>	<b>1</b>	<b>5</b>

**2016**

Year	Department	Description	Exist	Hired	Transf.	Term	Ret	Other	Mgt	Trade	Office	Total
<b>Opening Balance</b>									<b>1</b>	<b>3</b>	<b>1</b>	<b>5</b>
	Sec-Treasurer	Retired					<b>Jul 1st</b>		-1			4
	Manager	Job change			<b>Feb 25th</b>				1	-1		4
	Clerk	no change	<b>X</b>									4
	Lineman	no change	<b>X</b>									4
	Lineman	no change	<b>X</b>									4
	Treasurer	New		<b>Mar 14th</b>					1			5
<b>Closing Balance</b>									<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>

**2017**

Year	Department	Description	Exist	Hired	Transf.	Term	Ret	Other	Mgt	Trade	Office	Total
<b>Opening Balance</b>									<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>
	Manager	no change	<b>X</b>									5
	Clerk	no change	<b>X</b>									5
	Lineman	no change	<b>X</b>									5
	Lineman	no change	<b>X</b>									5
	Treasurer	no change	<b>X</b>									5
<b>Closing Balance</b>									<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>

**2018**

Year	Department	Description	Exist	Hired	Transf.	Term	Ret	Other	Mgt	Trade	Office	Total
<b>Opening Balance</b>									<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>
	Manager	no change	<b>X</b>									5
	Clerk	no change	<b>X</b>									5
	Lineman	no change	<b>X</b>									5
	Lineman	no change	<b>X</b>									5
	Treasurer	no change	<b>X</b>									5
	Lineman-Student	New-College co-op		<b>May 14th</b>		<b>Aug 31st</b>						5
	Student	New-high school student		<b>Jul 9th</b>		<b>Aug 10th</b>						5
<b>Closing Balance</b>									<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>

**2019**

Year	Department	Description	Exist	Hired	Transf.	Term	Ret	Other	Mgt	Trade	Office	Total
<b>Opening Balance</b>									<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>
	Manager	no change	<b>X</b>									5
	Clerk	no change	<b>X</b>									5
	Lineman	no change	<b>X</b>									5
	Lineman	no change	<b>X</b>									5
	Treasurer	no change	<b>X</b>									5
<b>Closing Balance</b>									<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>

## 4.5 SHARED SERVICES & CORPORATE COST ALLOCATION

As of 2018, CPUC no longer has any affiliates and as such is not subject to shared services or corporate cost allocation past 2017<sup>16 17</sup> Appendix 2-N is applicable only for the 2012-2017 period and is shown at the next page.<sup>18 19 20</sup>

### Shared Services (2012-2017)

Shared Services are only between Chapleau Energy Services Corporation (CESC) and Chapleau Public Utilities Corporation (CPUC). The services are all identified below in Appendix 2 – N.

### Distribution Company

Chapleau Public Utilities Corporation (CPUC) is the local distribution company having 4 Board Members 2 of which represent the Shareholder, the Township of Chapleau; the Board and Management of the Utility reports to the shareholder annually at the Annual Shareholders meeting. The election of the Board members occurs at the Township of Chapleau Council Meeting. Qualified Board members are eligible for reelection.

### Services Company (2012-2017)

Chapleau Energy Services Corporation (CESC) was the service company having 3 Board Members 2 of which represent the Shareholder, the Township of Chapleau. The Board and Management of the Service Company reported to the shareholder annually at the Annual Shareholders meeting and the election of the Board members occurred at the Township of Chapleau Council Meeting. Qualified Board members were eligible for re-election.

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<sup>16</sup> MFR - Identification of all shared services among affiliates and parent company; identification of the extent to which the applicant is a "virtual utility"

<sup>17</sup> MFR - Allocation methodology for corporate and shared services, list of costs and allocators, including any third party review

<sup>18</sup> MFR - Completed Appendix 2-N for service provided or received for historical, bridge and test; including reconciliation with revenue included in Other Revenue

<sup>19</sup> MFR - Shared Service and Corporate Cost Variance analysis - test year vs last OEB approved and most recent actual

<sup>20</sup> MFR - Identification of any Board of Director costs for affiliates included in LDC costs



**Operation and Maintenance Service Agreement (2012-2017)**

Chapleau Public Utilities Corporation and Chapleau Energy Services Corporation had an operation and maintenance service agreement between the two companies. The Utility employed the Services Company to supply material, labour and equipment required for new construction, repairs and maintenance of the Utility's distribution system, management support, billing and collection, rent, phone, postage and office equipment. All services were charged to the Distribution Company at direct cost plus applicable overhead (no mark-up).

**Allocation Methodology (2012-2017)**

The Allocation Methodology for corporate and shared services is identified below in Appendix 2-N. These allocators were reviewed annually by CPUC's Accountants/Auditors.

Appendix 2-N has been completed for the services provided for the period of 2012-2017. Each Appendix 2-N is followed by a detailed breakdown of the allocation between the affiliate and CPUC. The service agreement is presented at Appendix E of this Exhibit.

CPUC has not provided a reconciliation between Appendix 2-N and Other Revenues as revenues and expenses from non-utility operations are netted out before they hit the books (or trial balances). CPUC and its accountant attest that there are not profits or losses generated from these transactions and that costs are equal to revenue.

**Variance Analysis from last Board Approved (2012-2018)**

In its 2012 Cost of Service, CPUC presented \$417,936 in corporate cost allocation for its 2012 test year. CPUC notes that the OEB did not approve a specific amount for shared services in its decision. CPUC no longer has any affiliates and as such, its current corporate cost allocation are \$0. The variance from its last board approved is therefore -\$417,936

1 **Table 23 – Appendix 2-N:Shared Services and Corporate Cost Allocation (2012)**

	Year:	Actual 2012			
Shared Services					
Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,900	\$2,900
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Supplies and Expenses	Cost Based. 100% of actual supplies used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$133,660	\$133,660
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Supplies and Expenses	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$5,289	\$5,289
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation		Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,730	\$2,730
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$19,084	\$19,084
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$13,998	\$13,998
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$36,733	\$36,733
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$59,567	\$59,567
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$3,748	\$3,748
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate 83.19%ge. (As Per Operation and Service Agreement)	\$17,665	\$17,665
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insurance	Based on Costs incurred to date is allocated based on the appropriate 83.19%ge. (As Per Operation and Service Agreement)	\$898	\$898
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	OMERS - Employee Pension and Benefits	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$22,720	\$22,720

<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$3,857	\$3,857
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$2,568	\$2,568
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$9,030	\$9,030
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$4,689	\$4,689
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$41,350	\$41,350
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate 83.19%ge. (As Per Operation and Service Agreement)	\$9,885	\$9,885
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate 83.19%ge. (As Per Operation and Service Agreement)	\$1,249	\$1,249
			<b>TOTAL</b>	<b>\$399,418</b>	<b>\$399,418</b>

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**Table 24 – Breakdown of 2012 Cost Allocation**

	PUC Acct#	Amount	%age allocated to PUC	Amount allocated to PUC	Amount remaining in ESC
<b>Operating expenses in ESC file:</b>					
Station Maintenance	5016	2,899.95	100.00%	2,899.95	-
OH Distribution Lines - Labour	5020	133,659.52	100.00%	133,659.52	-
Group Insurance	5645.100.00.00	49,704.24	83.19%	41,349.98	8,354.26
Holidays and sickness	5020.006.00.00	22,939.56	83.19%	19,083.89	3,855.67
OH Distribution Lines - Supplies	5025	6,357.23	83.19%	5,288.71	1,068.52
Overhead Distribution Line Supplies	5026	2,564.99	0.00%	-	2,564.99
Meter maintenance	5065	1,397.97	100.00%	1,397.97	-
Meter Maintenance - supplies	5066	396.28	100.00%	396.28	-
Truck expenses	5025.100.00.00	16,825.83	83.19%	13,997.76	2,828.07
On call	5020.100.00.00	7,800.00	100.00%	7,800.00	-
Billed labour	5194	16,521.34	0.00%	-	16,521.34
Unbilled labour	5195	283.20	0.00%	-	283.20
Meter reading	5310	935.94	100.00%	935.94	-
Billing and collecting	5315	44,154.69	83.19%	36,733.20	7,421.49
Collections overdue customer payment	5320	171.90	0.00%	-	171.90
Bad debt expense	5335	(117.70)	0.00%	-	(117.70)
Community relations - sundry	5410	115.00	0.00%	-	115.00
Office supplies and expenses	5620	21,234.37	83.19%	17,665.31	3,569.06
Outside services employed	5630	4,505.00	83.19%	3,747.80	757.20
Audit fees		15,740.00	0.00%	-	15,740.00
Property insurance	5635	1,080.00	83.19%	898.47	181.53
Miscellaneous general expense	5665	1,501.25	83.19%	1,248.92	252.33
Electrical Safety Authority Fees	5680	644.00	0.00%	-	644.00
Taxes Other than Income Taxes	6105.000.00.00	11,881.67	83.19%	9,884.61	1,997.06
Bank charges	5695	673.73	0.00%		673.73
		363,869.96		296,988.32	66,881.64
<b>Salaries and benefits:</b>					
Executive salaries and expenses	5605	3,400.00	0.00%	-	3,400.00
Management salaries and expenses	5610	71,601.87	83.19%	59,567.07	12,034.80
WSIB	5610.005.00.00	3,086.27	83.19%	2,567.53	518.74
Canada Pension Plan	5615.001.00.00	10,854.02	83.19%	9,029.68	1,824.34
Unemployment Insurance	5615.002.00.00	5,636.01	83.19%	4,688.71	947.30
EHT Expense	5610.003.00.00	4,636.48	83.19%	3,857.18	779.30
OMERS	5645.000.00.00	27,310.18	83.19%	22,719.90	4,590.28
		126,524.83		102,430.09	24,094.74
<b>TOTAL</b>		490,394.79		399,418.41	90,976.38

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1 **Table 25 – Appendix 2-N:Shared Services and Corporate Cost Allocation (2013)**

	Year:	Actual 2013			
Shared Services					
Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,224	\$2,224
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$133,557	\$133,557
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.9% of actual Supplies Used. (As Per Operation and Service Agreement)	\$6,858	\$6,858
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,003	\$2,003
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$24,318	\$24,318
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$13,455	\$13,455
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$40,462	\$40,462
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$64,246	\$64,246
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$3,998	\$3,998
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate 86.9%ge. (As Per Operation and Service Agreement)	\$21,574	\$21,574
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insurance	Based on Costs incurred to date is allocated based on the appropriate 86.9%ge. (As Per Operation and Service Agreement)	\$939	\$939
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	OMERS - Employee Pension and Benefits	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$30,286	\$30,286

<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$4,060	\$4,060
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$2,749	\$2,749
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$9,635	\$9,635
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$4,669	\$4,669
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$43,243	\$43,243
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate 86.9%ge. (As Per Operation and Service Agreement)	\$7,123	\$7,123
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate 86.9%ge. (As Per Operation and Service Agreement)	\$1,190	\$1,190
			<b>TOTAL</b>	<b>\$424,389</b>	<b>\$424,389</b>

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**Table 26 – Breakdown of 2013 Cost Allocation**

	PUC Acct#	Amount	%age allocated to PUC	Amount allocated to PUC	Amount remaining in ESC
<i>Operating expenses in ESC file:</i>					
Station Maintenance	5016.000.00.00	2,223.59	100.00%	2,223.59	-
OH Distribution Lines - Labour	5020.0000.00	133,557.24	100.00%	133,557.24	-
Group Insurance	5645.100.00.00	49,758.96	86.90%	43,242.52	6,516.44
Holidays and sickness	5020.006.00.00	27,982.64	86.90%	24,318.03	3,664.61
OH Distribution Lines - Supplies	5025	7,891.53	86.90%	6,858.05	1,033.48
Overhead Distribution Line Supplies	5026	4,393.21	0.00%	-	4,393.21
Chapleau Energy Services	5040	369.18	100.00%	369.18	-
Meter maintenance	5065	536.65	100.00%	536.65	-
Meter Maintenance - supplies	5066	34.07	100.00%	34.07	-
Truck expenses	5025.100.00.00	15,482.66	86.90%	13,455.05	2,027.61
On call	5020.100.00.00	7,800.00	100.00%	7,800.00	-
Billed labour	5194	11,227.26	0.00%	-	11,227.26
Unbilled labour	5195	345.09	0.00%	-	345.09
Meter reading	5310	1,063.47	100.00%	1,063.47	-
Billing and collecting	5315	46,559.20	86.90%	40,461.80	6,097.40
Collections overdue customer payment	5320	200.27	0.00%	-	200.27
Bad debt expense	5335	-	0.00%	-	-
Community relations - sundry	5410	115.00	0.00%	-	115.00
Office supplies and expenses	5620	24,825.54	86.90%	21,574.38	3,251.16
Outside services employed	5630	4,600.00	86.90%	3,997.58	602.42
Audit fees		9,343.00	0.00%	-	9,343.00
Property insurance	5635	1,080.00	86.90%	938.56	141.44
Miscellaneous general expense	5665	1,369.43	86.90%	1,190.09	179.34
Electrical Safety Authority Fees	5680	681.00	0.00%	-	681.00
Taxes Other than Income Taxes	6105.000.00.00	8,196.63	86.90%	7,123.20	1,073.43
Bank charges	5695	653.35	0.00%		653.35
		360,288.97		308,743.46	51,545.51
<i>Salaries and benefits:</i>					
Executive salaries and expenses	5605	3,400.00	0.00%	-	3,400.00
Management salaries and expenses	5610	73,927.58	86.90%	64,246.01	9,681.57
WSIB	5610.005.00.00	3,163.08	86.90%	2,748.84	414.24
Canada Pension Plan	5615.001.00.00	11,087.20	86.90%	9,635.22	1,451.98
Unemployment Insurance	5615.002.00.00	5,372.52	86.90%	4,668.93	703.59
EHT Expense	5610.003.00.00	4,672.15	86.90%	4,060.28	611.87
OMERS	5645.000.00.00	34,849.75	86.90%	30,285.82	4,563.93
		136,472.28		115,645.11	20,827.17
<b>TOTAL</b>		496,761.25		424,388.57	72,372.68

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1 **Table 27 – Appendix 2-N:Shared Services and Corporate Cost Allocation (2014)**

	Year:	Actual 2014			
Shared Services					
Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,531	\$2,531
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$145,333	\$145,333
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$6,407	\$6,407
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,922	\$2,922
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$8,100	\$8,100
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$25,668	\$25,668
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$14,422	\$14,422
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$42,429	\$42,429
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$60,027	\$60,027
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$4,405	\$4,405
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate 86.8%ge. (As Per Operation and Service Agreement)	\$22,711	\$22,711
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insurance	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$937	\$937
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	OMERS - Employee Pension and Benefits	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$28,576	\$28,576



<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$4,675	\$4,675
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$2,825	\$2,825
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$9,950	\$9,950
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$5,050	\$5,050
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$41,109	\$41,109
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate 86.8%ge. (As Per Operation and Service Agreement)	\$7,050	\$7,050
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate 86.8%ge. (As Per Operation and Service Agreement)	\$1,633	\$1,633
			<b>TOTAL</b>	<b>\$436,760</b>	<b>\$436,760</b>

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**Table 28 – Breakdown of 2014 Cost Allocation**

	PUC Acct#	Amount (per TB)	%age allocated to PUC	Amount allocated to PUC	Amount remaining in ESC
<i>Operating expenses in ESC file:</i>					
Station Maintenance	5016.000.00.00	2,530.90	100.00%	2,530.90	-
OH Distribution Lines - Labour	5020.0000.00	145,332.60	100.00%	145,332.60	-
Group Insurance	5645.100.00.00	47,362.21	86.80%	41,108.98	6,253.23
Holidays and sickness	5020.006.00.00	29,572.60	86.80%	25,668.13	3,904.47
OH Distribution Lines - Supplies	5025	7,381.38	86.80%	6,406.82	974.56
Overhead Distribution Line Supplies	5026	1,458.99	0.00%	-	1,458.99
Chapleau Energy Services	5040	-	100.00%	-	-
Meter maintenance	5065	1,675.40	100.00%	1,675.40	-
Meter Maintenance - supplies	5066	-	100.00%	-	-
Truck expenses	5025.100.00.00	16,615.84	86.80%	14,422.05	2,193.79
On call	5020.100.00.00	8,100.00	100.00%	8,100.00	-
Billed labour	5194	11,727.23	0.00%	-	11,727.23
Unbilled labour	5195	176.70	0.00%	-	176.70
Meter reading	5310	1,246.30	100.00%	1,246.30	-
Billing and collecting	5315	48,883.36	86.80%	42,429.30	6,454.06
Collections overdue customer payment	5320	88.35	0.00%	-	88.35
Bad debt expense	5335	-	0.00%	-	-
Community relations - sundry	5410	115.00	0.00%	-	115.00
Office supplies and expenses	5620	26,165.67	86.80%	22,711.02	3,454.65
Outside services employed	5630	5,075.00	86.80%	4,404.95	670.05
Audit fees		7,555.00	0.00%	-	7,555.00
Property insurance	5635	1,080.00	86.80%	937.41	142.59
Miscellaneous general expense	5665	1,880.95	86.80%	1,632.61	248.34
Electrical Safety Authority Fees	5680	690.00	0.00%	-	690.00
Taxes Other than Income Taxes	6105.000.00.00	8,122.92	86.80%	7,050.45	1,072.47
Bank charges	5695	645.91	0.00%		645.91
		373,482.31		325,656.92	47,825.39
<i>Salaries and benefits:</i>					
Executive salaries and expenses	5605	4,250.00	0.00%	-	4,250.00
Management salaries and expenses	5610	69,158.25	86.80%	60,027.29	9,130.96
WSIB	5610.005.00.00	3,254.95	86.80%	2,825.20	429.75
Canada Pension Plan	5615.001.00.00	11,463.22	86.80%	9,949.73	1,513.49
Unemployment Insurance	5615.002.00.00	5,818.26	86.80%	5,050.08	768.18
EHT Expense	5610.003.00.00	5,385.69	86.80%	4,674.62	711.07
OMERS	5645.000.00.00	32,922.43	86.80%	28,575.69	4,346.74
		132,252.80		111,102.60	21,150.20
<b>TOTAL</b>		505,735.11		436,759.52	68,975.59

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1 **Table 29 – Appendix 2-N:Shared Services and Corporate Cost Allocation (2015)**

	Year:	2015			
		Shared Services			
Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$1,876	\$1,876
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$140,571	\$140,571
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$8,009	\$8,009
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$1,244	\$1,244
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$22,506	\$22,506
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$12,345	\$12,345
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$40,441	\$40,441
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$60,695	\$60,695
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$3,494	\$3,494
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate 80.33%ge. (As Per Operation and Service Agreement)	\$18,517	\$18,517

<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Property Insurance	Based on Costs incurred to date is allocated based on the appropriate 80.33%ge. (As Per Operation and Service Agreement)	\$989	\$989
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	OMERS - Employee Pension and Benefits	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$26,149	\$26,149
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$4,326	\$4,326
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$2,695	\$2,695
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$9,442	\$9,442
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$5,015	\$5,015
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 80.33%of actual time spent. (As Per Operation and Service Agreement)	\$38,112	\$38,112
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate 80.33%ge. (As Per Operation and Service Agreement)	\$6,619	\$6,619
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate 80.33%ge. (As Per Operation and Service Agreement)	\$1,650	\$1,650
			<b>TOTAL</b>	<b>\$412,494</b>	<b>\$412,494</b>

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**Table 30 – Breakdown of 2015 Cost Allocation**

	PUC Acct#	Amount (per TB)	%age allocated to PUC	Amount allocated to PUC	Amount remaining in ESC
<i>Operating expenses in ESC file:</i>					
Station Maintenance	5016.000.00.00	1,875.60	100.00%	1,875.60	-
OH Distribution Lines - Labour	5020.0000.00	140,570.84	100.00%	140,570.84	-
Group Insurance	5645.100.00.00	47,446.44	80.33%	38,112.42	9,334.02
Holidays and sickness	5020.006.00.00	28,017.84	80.33%	22,505.96	5,511.88
OH Distribution Lines - Supplies	5025	9,969.97	80.33%	8,008.60	1,961.37
Overhead Distribution Line Supplies	5026	3,208.22	0.00%	-	3,208.22
Chapleau Energy Services	5040	-	100.00%	-	-
Meter maintenance	5065	468.90	100.00%	468.90	-
Meter Maintenance - supplies	5066	-	100.00%	-	-
Truck expenses	5025.100.00.00	15,368.04	80.33%	12,344.72	3,023.32
On call	5020.100.00.00	7,800.00	100.00%	7,800.00	-
Billed labour	5194	17,409.43	0.00%	-	17,409.43
Unbilled labour	5195	-	0.00%	-	-
Meter reading	5310	775.08	100.00%	775.08	-
Billing and collecting	5315	50,344.75	80.33%	40,440.56	9,904.19
Collections overdue customer payment	5320	422.66	0.00%	-	422.66
Bad debt expense	5335	-	0.00%	-	-
Community relations - sundry	5410	115.00	0.00%	-	115.00
Office supplies and expenses	5620	23,051.34	80.33%	18,516.51	4,534.83
Outside services employed	5630	4,350.00	80.33%	3,494.24	855.76
Audit fees		6,275.00	0.00%	-	6,275.00
Property insurance	5635	1,231.20	80.33%	988.99	242.21
Miscellaneous general expense	5665	2,053.56	80.33%	1,649.57	403.99
Electrical Safety Authority Fees	5680	699.00	0.00%	-	699.00
Taxes Other than Income Taxes	6105.000.00.00	8,240.61	80.33%	6,619.46	1,621.15
Bank charges	5695	511.70	0.00%		511.70
		370,205.18		304,171.45	66,033.73
<i>Salaries and benefits:</i>					
Executive salaries and expenses	5605	3,300.00	0.00%	-	3,300.00
Management salaries and expenses	5610	75,559.38	80.33%	60,694.78	14,864.60
WSIB	5610.005.00.00	3,354.57	80.33%	2,694.63	659.94
Canada Pension Plan	5615.001.00.00	11,754.30	80.33%	9,441.91	2,312.39
Unemployment Insurance	5615.002.00.00	6,243.52	80.33%	5,015.25	1,228.27
EHT Expense	5610.003.00.00	5,385.69	80.33%	4,326.18	1,059.51
OMERS	5645.000.00.00	32,553.65	80.33%	26,149.45	6,404.20
		138,151.11		108,322.20	29,828.91
<b>TOTAL</b>		<b>508,356.29</b>		<b>412,493.65</b>	<b>95,862.64</b>

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1 **Table 31 – Appendix 2-N:Shared Services and Corporate Cost Allocation (2016)**

	Year:	2016			
		Shared Services			
Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$1,711	\$1,711
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$144,924	\$144,924
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$10,222	\$10,222
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$1,427	\$1,427
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$25,418	\$25,418
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$12,353	\$12,353
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$43,106	\$43,106
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$87,775	\$87,775
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$3,832	\$3,832
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate 83.22%ge. (As Per Operation and Service Agreement)	\$25,589	\$25,589

<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Property Insurance	Based on Costs incurred to date is allocated based on the appropriate 83.22%ge. (As Per Operation and Service Agreement)	\$1,025	\$1,025
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	OMERS - Employee Pension and Benefits	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$30,091	\$30,091
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$5,250	\$5,250
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$2,284	\$2,284
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$11,490	\$11,490
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$6,175	\$6,175
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 83.22%of actual time spent. (As Per Operation and Service Agreement)	\$43,562	\$43,562
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate 83.22%ge. (As Per Operation and Service Agreement)	\$6,989	\$6,989
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate 83.22%ge. (As Per Operation and Service Agreement)	\$3,716	\$3,716
			<b>TOTAL</b>	<b>\$474,738</b>	<b>\$474,738</b>

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**Table 32 – Breakdown of 2016 Cost Allocation**

	PUC Acct#	Amount (per TB)	%age allocated to PUC	Amount allocated to PUC	Amount remaining in ESC
<i>Operating expenses in ESC file:</i>					
Station Maintenance	5016.000.00.00	1,711.14	100.00%	1,711.14	-
OH Distribution Lines - Labour	5020.0000.00	144,924.48	100.00%	144,924.48	-
Group Insurance	5645.100.00.00	52,345.26	83.22%	43,561.55	8,783.71
Holidays and sickness	5020.006.00.00	30,543.24	83.22%	25,417.98	5,125.26
OH Distribution Lines - Supplies	5025	12,283.33	83.22%	10,222.15	2,061.18
Overhead Distribution Line Supplies	5026	4,303.52	0.00%	-	4,303.52
Chapleau Energy Services	5040	-	100.00%	-	-
Meter maintenance	5065	514.32	100.00%	514.32	-
Meter Maintenance - supplies	5066	-	100.00%	-	-
Truck expenses	5025.100.00.00	14,843.99	83.22%	12,353.12	2,490.87
On call	5020.100.00.00	7,800.00	100.00%	7,800.00	-
Billed labour	5194	27,209.38	0.00%	-	27,209.38
Unbilled labour	5195	-	0.00%	-	-
Meter reading	5310	912.73	100.00%	912.73	-
Billing and collecting	5315	51,797.66	83.22%	43,105.84	8,691.82
Collections overdue customer payment	5320	790.22	0.00%	-	790.22
Bad debt expense	5335	-	0.00%	-	-
Community relations - sundry	5410	115.00	0.00%	-	115.00
Office supplies and expenses	5620	30,748.96	83.22%	25,589.18	5,159.78
Outside services employed	5630	4,605.00	83.22%	3,832.27	772.73
Audit fees		12,050.00	0.00%	-	12,050.00
Property insurance	5635	1,231.20	83.22%	1,024.60	206.60
Miscellaneous general expense	5665	4,464.85	83.22%	3,715.63	749.22
Electrical Safety Authority Fees	5680	699.00	0.00%	-	699.00
Taxes Other than Income Taxes	6105.000.00.00	8,398.55	83.22%	6,989.24	1,409.31
Bank charges	5695	1,102.65	0.00%		1,102.65
		413,394.48		331,674.23	81,720.25
<i>Salaries and benefits:</i>					
Executive salaries and expenses	5605	3,400.00	0.00%	-	3,400.00
Management salaries and expenses	5610	105,473.91	83.22%	87,775.03	17,698.88
WSIB	5610.005.00.00	2,744.38	83.22%	2,283.86	460.52
Canada Pension Plan	5615.001.00.00	13,806.52	83.22%	11,489.74	2,316.78
Unemployment Insurance	5615.002.00.00	7,419.52	83.22%	6,174.50	1,245.02
EHT Expense	5610.003.00.00	6,308.21	83.22%	5,249.67	1,058.54
OMERS	5645.000.00.00	36,158.15	83.22%	30,090.69	6,067.46
		175,310.69		143,063.49	32,247.20
<b>Total</b>		588,705.17		474,737.72	113,967.20

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1 **Table 33 – Appendix 2-N:Shared Services and Corporate Cost Allocation (2017)**

	Year:	2017			
		Shared Services			
Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,030	\$2,030
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$120,752	\$120,752
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$10,345	\$10,345
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,774	\$2,774
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$34,405	\$34,405
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$12,635	\$12,635
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$40,363	\$40,363
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$109,622	\$109,622
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 88.83%of actual	\$12,525	\$12,525

			time spent. (As Per Operation and Service Agreement)		
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate 88.83%ge. (As Per Operation and Service Agreement)	\$18,158	\$18,158
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Property Insurance	Based on Costs incurred to date is allocated based on the appropriate 88.83%ge. (As Per Operation and Service Agreement)	\$1,439	\$1,439
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	OMERS - Employee Pension and Benefits	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$31,360	\$31,360
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$5,437	\$5,437
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$3,187	\$3,187
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$10,548	\$10,548
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$3,917	\$3,917
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 88.83%of actual time spent. (As Per Operation and Service Agreement)	\$52,990	\$52,990
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate 88.83%ge. (As Per Operation and Service Agreement)	\$7,916	\$7,916
<b>Chapleau Energy Services Corporation</b>	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate 88.83%ge. (As Per Operation and	-\$471	-\$471

			Service Agreement)		
			<b>TOTAL</b>	<b>\$487,733</b>	<b>\$487,733</b>

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**Table 34 – Breakdown of 2017 Cost Allocation**

	PUC Acct#	Amount (per TB)	%age allocated to PUC	Amount allocated to PUC	Amount remaining in ESC
<i>Operating expenses in ESC file:</i>					
Station Maintenance	5016.000.00.00	2,030.44	100.00%	2,030.44	-
OH Distribution Lines - Labour	5020.0000.00	120,752.22	100.00%	120,752.22	-
Group Insurance	5645.100.00.00	59,656.32	88.83%	52,990.33	6,665.99
Holidays and sickness	5020.006.00.00	38,732.73	88.83%	34,404.74	4,327.99
OH Distribution Lines - Supplies	5025	11,646.91	88.83%	10,345.48	1,301.43
Overhead Distribution Line Supplies	5026	884.12	0.00%	-	884.12
Chapleau Energy Services	5040	-	100.00%	-	-
Meter maintenance	5065	2,005.00	100.00%	2,005.00	-
Meter Maintenance - supplies	5066	-	100.00%	-	-
Truck expenses	5025.100.00.00	14,224.29	88.83%	12,634.87	1,589.42
On call	5020.100.00.00	7,800.00	100.00%	7,800.00	-
Billed labour	5194	12,236.62	0.00%	-	12,236.62
Unbilled labour	5195	-	0.00%	-	-
Meter reading	5310	769.08	100.00%	769.08	-
Billing and collecting	5315	45,440.97	88.83%	40,363.40	5,077.57
Collections overdue customer payment	5320	88.28	0.00%	-	88.28
Bad debt expense	5335	-	0.00%	-	-
Community relations - sundry	5410	115.00	0.00%	-	115.00
Office supplies and expenses	5620	20,442.04	88.83%	18,157.85	2,284.19
Outside services employed	5630	14,100.33	88.83%	12,524.76	1,575.57
Audit fees		-	0.00%	-	-
Property insurance	5635	1,620.00	88.83%	1,438.98	181.02
Miscellaneous general expense	5665	(530.71)	88.83%	(471.41)	(59.30)
Electrical Safety Authority Fees	5680	-	0.00%	-	-
Taxes Other than Income Taxes	6105.000.00.00	8,911.56	88.83%	7,915.78	995.78
Bank charges	5695	1,801.23	0.00%		1,801.23
		362,726.43		323,661.52	39,064.91
<i>Salaries and benefits:</i>					
Executive salaries and expenses	5605	3,400.00	0.00%	-	3,400.00
Management salaries and expenses	5610	123,411.64	88.83%	109,621.63	13,790.01
WSIB	5610.005.00.00	3,588.31	88.83%	3,187.35	400.96
Canada Pension Plan	5615.001.00.00	11,875.19	88.83%	10,548.26	1,326.93
Unemployment Insurance	5615.002.00.00	4,409.93	88.83%	3,917.16	492.77
EHT Expense	5610.003.00.00	6,121.42	88.83%	5,437.41	684.01
OMERS	5645.000.00.00	35,304.92	88.83%	31,359.95	3,944.97
		188,111.41		164,071.77	24,039.64
<b>TOTAL</b>		550,837.84		487,733.28	63,104.56

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## **4.6 PURCHASES OF NON- AFFILIATE SERVICES, ONE TIME COST, REGULATORY COSTS**

### **4.6.1 NON-AFFILIATE SERVICES**

CPUC purchases equipment, materials, and services in a cost-effective manner with full consideration given to price as well as product quality, the ability to deliver on time, reliability, compliance with engineering specifications and quality of service. Vendors are screened to ensure knowledge, reputation, and the capability to meet CPUC's needs. The procurement of goods and services for CPUC is carried out with highest of ethical standards and consideration to the public nature of the expenditures.

Purchase Authorization: The General Manager, with the input for expenses outside the budget, from the board members, approves all purchases of goods and services.

Tendering: When goods or services are tendered, a Tender/Request for Proposal/Request for Quote will be issued to a minimum of three vendors, if availability permits. Once again, the General Manager, along with the input of the board members, shall authorize the acceptance of all external costs and contracts.

Although tendering processes provide essential information to potential suppliers and ensure a fair chance for businesses, the tendering process is not always possible in small towns where there is a limited supply of skilled services that can provide support to utilities. The utility's written procurement policy is presented at Appendix D<sup>21</sup> however as described above, the General Manager, with the input of board members, approves all purchases of goods and services.

Hydro One, IESO, Chapleau Energy Services (until 2017), Tandem Energy Services Inc. Erth Holdings, the Town of Chapleau have consistent yearly transactions, some in excess of the materiality threshold of \$50,000. These specific suppliers offer services that are not commonly

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<sup>21</sup> Purchased Non-Affiliated Services - file a copy of procurement policy (signing authority, tendering process, non-affiliate service purchase compliance)

found in the service area or general surrounding area or offer efficiencies due to their intimate knowledge of CPUC's distribution system or the industry. <sup>22</sup> CPUC's 2017 Vendor list is presented on the next page (only the 2017 information is available as management did set up the supplier list information on the system prior to 2017. It was only done on paper). CPUC's Procurement Policy is presented in Appendix D of this Exhibit. The document identifies signing authority, tendering process, non-affiliated service purchase compliance, emergency purchases and purchases without a competitive tender.

### Table 35 - Supplier List

#### 2017

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Chapleau Public Utilities Corporation

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\*\*\* DETAILED A/P ACTIVITY - BY NAME \*\*\*

Vendor Name: First to Last  
G/L payables account: All

Vendor No.

	Tran. No.	Date	Tran. Type	Reference no.	Expense	Payment	Item Balance
AESI	0000006459	AESI Acumen Engineered Solutions International Inc. 03/31/17	Invoice	0397E-03-17	2,327.85		
ALAN	0000006237	Alan Morin 01/20/17	Invoice	HWIN Registration- 2017	50.00		
	0000006950	10/30/17	Invoice	Travel-Supervisor course	500.00		
BELL	0000006783	Bell Canada 08/20/17	Invoice	2016 Joint Use of Poles	1,145.18		
BURMAN		Burman Energy Consultant Group Inc.					
	0000006264	01/31/17	Invoice	9400	1,106.87		
	0000006373	02/28/17	Invoice	9401	1,106.87		
	0000006466	03/31/17	Invoice	10	904.00		
	0000006506	04/30/17	Invoice	9402	2,213.74		
	0000006589	05/31/17	Invoice	9403	1,106.87		
	0000006680	06/30/17	Invoice	9404	1,106.87		
	0000006733	07/31/17	Invoice	9405	2,242.44		
	0000006805	08/31/17	Invoice	9406	2,242.44		
	0000006914	09/30/17	Invoice	9407	2,242.44		
	0000006959	10/31/17	Invoice	9408	2,242.44		
	0000007065	11/30/17	Invoice	9409	2,242.44		
	0000007115	12/31/17	Invoice	9410	2,242.44		
	0000007247	01/31/18	Invoice	9411	2,242.44		
CORPORATE TAX		Canada Revenue Agency					
	0000006665	07/07/17	Invoice	Y/E Dec 31, 2016	1,902.00		
CESC		Chapleau Energy Services Corporation					
	0000006197	01/02/17	Invoice	2388	140,785.56		
	0000006467	04/18/17	Invoice	2401	73,397.21		
	0000006568	05/31/17	Invoice	May 31/17 Advance	25,000.00		
	0000006598	06/13/17	Invoice	Jun 13/14 Advance	40,000.00		

<sup>22</sup> For material transactions that are not in compliance with procurement policy, or that were undertaken pursuant to exceptions contemplated within the policy, an explanation as to why as well as a summary of the nature and cost of the product, and a description of the specific methodology used for selecting the vendor

	0000006669	07/12/17	Invoice	Jul 12/17 Advance	40,000.00
	0000006700	07/24/17	Invoice	2437	52,999.53
	0000006731	08/14/17	Invoice		146.90
	0000006773	08/23/17	Invoice	Aug 23/17 Advance	40,000.00
	0000006850	09/20/17	Invoice	Sep 20/17 Advance	40,000.00
	0000006939	10/24/17	Invoice	2484	33,960.57
	0000006992	11/14/17	Invoice	Nov 14/17 Advance	40,000.00
	0000007063	12/13/17	Invoice	Dec 13/17 Advance	25,000.00
	0000007092	12/27/17	Invoice	Dec 27/17 Advance	40,000.00
CMHA				Chapleau Minor Hockey Association	
	0000006784	08/28/17	Invoice	2017-18 Sponsorship	300.00
CLEO				Cleo Communications	
	0000006435	04/10/17	Invoice	RCHAPL001571	1,189.79
ESA				Electrical Safety Authority	
	0000006239	01/23/17	Invoice	94610253	1,968.46
EDA				Electricity Distributors Association	
	0000006765	08/21/17	Invoice	2017 Conference	265.55
	0000007007	10/25/17	Invoice	100455-2018	6,893.00
ELSTER				Elster Solutions Canada Inc.	
	0000006616	06/08/17	Invoice	9200002101	653.09
	0000006618	06/09/17	Invoice	9200002110	862.50
	0000006619	06/09/17	Invoice	9200002111	862.50
ERTHHOLDINGS				ERTH (Holdings) Inc.	
	0000007169	12/31/17	Invoice	EHJI009804	332.06
ERTH				ERTH Business Technologies Inc.	
	0000006276	01/31/17	Invoice	EBTSI08910	169.50
	0000006372	02/28/17	Invoice	EBTSI09036	169.50
	0000006445	03/31/17	Invoice	EBTSI09175	169.50
	0000006533	04/30/17	Invoice	EBTSI09308	169.50
	0000006587	05/31/17	Invoice	EBTSI09466	169.50
	0000006675	06/30/17	Invoice	EBTSI09567	2,466.48
	0000006676	06/30/17	Invoice	EBTSI09615	169.50
	0000006728	07/31/17	Invoice	EBTSI09738	169.50
	0000006814	08/31/17	Invoice	EBTSI09866	169.50
	0000006896	09/30/17	Invoice	EBTSI09992	169.50
	0000006987	10/31/17	Invoice	EBTSI10132	169.50
	0000007021	11/21/17	Invoice	EHJI009628	2,256.11
	0000007057	11/30/17	Invoice	EBTSI10255	169.50
	0000007168	12/31/17	Invoice	EBTSI10405	169.50
FORMCOR				Formcor Inc.	
	0000006490	04/21/17	Invoice	15063	1,743.19
GSU				Greater Sudbury Hydro Inc.	
	0000006812	08/31/17	Invoice	8785	1,482.88
HPDC				Hearst Power Distribution Company	
	0000006557	05/18/17	Invoice	2460	406.80
HYDRO				Hydro One Networks Inc.	
	0000006174	01/04/17	Invoice	December 16, 2016	13,904.80
	0000006236	01/11/17	Invoice	3000209085	1,658.32
	0000006312	01/31/17	Invoice	January 2017	15,351.50
	0000006246	02/03/17	Invoice	January 17, 2017	16,579.79
	0000006379	02/28/17	Invoice	February 2017	15,465.37
	0000006465	03/31/17	Invoice	March 2017	16,501.81
	0000006534	04/30/17	Invoice	April 2017	11,950.89
	0000006615	05/31/17	Invoice	May 2017	10,356.07
	0000006708	06/30/17	Invoice	June 2017	8,599.30
	0000006772	07/31/17	Invoice	July 2017	7,419.65
	0000006849	08/31/17	Invoice	August 2017	7,897.18
	0000006931	09/30/17	Invoice	September 2017	10,075.52
	0000007010	10/31/17	Invoice	October 2017	11,288.80
	0000007112	11/30/17	Invoice	November 2017	13,930.91
	0000007160	12/31/17	Invoice	December 2017	15,951.03
IESO				Independent Electricity System Operator	
	0000006228	01/18/17	Invoice	December 2016	413,937.38
	0000006311	01/31/17	Invoice	January 2017	416,049.82
	0000006380	02/28/17	Invoice	February 2017	350,708.46
	0000006461	03/31/17	Invoice	March 2017	392,723.85
	0000006535	04/30/17	Invoice	April 2017	273,009.04
	0000006609	05/31/17	Invoice	May 2017	197,536.38
	0000006681	06/30/17	Invoice	June 2017	168,936.03
	0000006759	07/31/17	Invoice	July 2017	153,165.36
	0000006842	08/31/17	Invoice	August 2017	122,179.34
	0000006920	09/30/17	Invoice	September 2017	134,624.91
	0000006998	10/31/17	Invoice	October 2017	187,402.13
	0000007066	11/30/17	Invoice	November 2017	216,737.97

IRON	0000007141	12/31/17	Invoice	December 2017	318,541.31
		Iron Mountain Intellectual Property Mgt			
J&N SIGNS	0000006532	04/26/17	Invoice	4258679	850.00
		J & N Signs and Photography			
	0000006245	01/19/17	Invoice	27298	675.74
	0000006265	02/02/17	Invoice	27302	162.72
	0000006645	06/23/17	Invoice	27341	166.11
JESSTEC	0000006813	09/11/17	Invoice	2017 EDA Conference	584.34
		Jesstec Industries Inc.			
	0000006345	02/23/17	Invoice	20530	469.30
	0000006736	08/04/17	Invoice	21259	358.28
JJAM		JJAM Agency			
	0000006261	01/25/17	Invoice	32398	70.63
	0000007113	12/25/17	Invoice	33346	70.63
KPMG		KPMG LLP			
	0000006376	03/09/17	Invoice	8001450474	14,125.00
	0000006558	05/10/17	Invoice	8001545669	8,136.00
KTI		KTI Limited			
	0000006617	06/09/17	Invoice	102345	411.09
	0000006649	06/09/17	Invoice	US Exchange - 102345	137.94
	0000006809	08/18/17	Invoice	103795	15,324.42
MANITOULIN		Manitoulin Transport			
	0000006918	10/06/17	Invoice	25027871	853.23
METER SERVICES PETER		Meter Services Peterborough Inc.			
	0000006293	01/31/17	Invoice	INV0023810	125.34
	0000006294	01/31/17	Invoice	INV0023836	1,666.75
	0000006377	02/28/17	Invoice	INV0023942	125.34
	0000006378	02/28/17	Invoice	INV0023967	1,666.75
	0000006462	03/31/17	Invoice	INV0024069	125.34
	0000006463	03/31/17	Invoice	INV0024096	1,666.75
	0000006543	04/30/17	Invoice	INV0024220	125.34
	0000006544	04/30/17	Invoice	INV0024245	1,666.75
	0000006590	05/31/17	Invoice	INV0024354	125.34
	0000006591	05/31/17	Invoice	INV0024379	1,666.75
	0000006677	06/30/17	Invoice	INV0024518	125.34
	0000006678	06/30/17	Invoice	INV0024543	1,666.75
	0000006734	07/31/17	Invoice	INV0024639	125.34
	0000006735	07/31/17	Invoice	INV0024666	1,666.75
	0000006837	08/31/17	Invoice	INV0024813	125.34
	0000006838	08/31/17	Invoice	INV0024839	1,666.75
	0000006916	09/30/17	Invoice	INV0024967	125.34
	0000006917	09/30/17	Invoice	INV0024993	1,666.75
	0000006996	10/31/17	Invoice	INV0025130	125.34
	0000006997	10/31/17	Invoice	INV0025140	1,723.25
	0000007087	11/30/17	Invoice	INV0025289	125.34
	0000007088	11/30/17	Invoice	INV0025313	1,723.25
	0000007143	12/31/17	Invoice	INV0025450	125.34
	0000007144	12/31/17	Invoice	INV0025474	1,022.65
HARRIS		N. Harris Computer Corporation			
	0000006263	01/31/17	Invoice	CT032331	186.27
	0000006347	02/28/17	Invoice	CT032741	186.28
	0000006427	03/31/17	Invoice	CT033297	186.28
	0000006504	04/30/17	Invoice	CT033517	186.28
	0000006572	05/31/17	Invoice	CT033901	186.27
	0000006643	06/30/17	Invoice	CT034471	186.28
	0000006726	07/31/17	Invoice	CT034683	186.27
	0000006803	08/31/17	Invoice	CT035062	186.27
	0000006873	09/30/17	Invoice	CT035601	186.27
	0000006958	10/31/17	Invoice	CT035798	186.27
	0000007036	11/30/17	Invoice	CT036206	186.27
	0000007114	12/31/17	Invoice	CT036502	186.27
OEFC		Ontario Electricity Financial Corporation			
	0000006205	01/10/17	Invoice	December 2016	7,281.14
	0000006277	01/31/17	Invoice	January 2017	8,770.23
	0000006346	02/28/17	Invoice	February 2017	9,287.18
	0000006424	03/31/17	Invoice	March 2017	8,381.23
				Remittance	
	0000006530	04/30/17	Invoice	April 2017 Remittance	9,119.98
	0000006596	05/31/17	Invoice	May 2017 Remittance	6,532.93
	0000006667	06/30/17	Invoice	June 2017 Remittance	5,681.11
	0000006741	07/31/17	Invoice	July 2017 Remittance	4,967.17
	0000006808	08/31/17	Invoice	Aug 2017 Remittance	4,709.07
	0000006886	09/30/17	Invoice	Sep 2017 Remittance	4,837.09



	0000006877	10/02/17	Invoice	2016-Payment in Lieu- Int.	56.20
	0000007061	10/31/17	Invoice	Nov 2017 Remittance	6,067.84
	0000006994	11/18/17	Invoice	Oct 2017 Remittance	5,385.29
	0000007131	11/30/17	Invoice	Dec 2017 Remittance	8,140.09
	0000007303	12/31/17	Invoice	Jan 2018 Remittance	9,466.49
	0000007471	01/31/18	Invoice	Feb 2018 Remittance	9,656.81
OEB		Ontario Energy Board			
	0000006180	01/01/17	Invoice	16174016	1,431.00
	0000006244	01/23/17	Invoice	CA1617Q4013	16.60
	0000006457	04/01/17	Invoice	CA1718Q1013	77.29
	0000006458	04/01/17	Invoice	17181017	1,451.00
	0000006464	04/01/17	Invoice	1718ED011	800.00
	0000006682	07/01/17	Invoice	17182017	1,451.00
	0000006683	07/01/17	Invoice	CA1718Q2013	50.94
	0000006875	10/01/17	Invoice	17183018	1,372.00
	0000006876	10/01/17	Invoice	CA1718Q3013	0.19
PRONORTH		Pro-North Electric			
	0000006767	08/17/17	Invoice	1519	167.42
PUROLATOR		Purolator Inc.			
	0000006248	01/20/17	Invoice	3378641	174.44
	0000006878	10/06/17	Invoice	436005347	31.05
	0000006949	10/20/17	Invoice	436130465	32.73
	0000006956	10/27/17	Invoice	436198795	32.19
	0000007069	12/15/17	Invoice	436660489	51.46
	0000007194	01/19/18	Invoice	436952059	31.39
RADIORENEWAL		Receiver General For Canada			
	0000006313	02/04/17	Invoice	20170005538	311.00
HST		Receiver General of Canada			
	0000006488	03/31/17	Invoice	Jan - Mar 2017	8,918.34
	0000006709	06/30/17	Invoice	Apr-Jun 2017	9,904.36
	0000007203	12/31/17	Invoice	Oct - Dec 2017	10,444.85
	0000007205	01/02/18	Invoice	Oct - Dec 2017 CESC	11,993.48
PAYROLLREMITTANCE		Receiver General of Canada			
	0000006437	03/31/17	Invoice	Jan - Mar 2017	50.00
	0000006671	06/30/17	Invoice	Apr-Jun 2017	300.00
	0000006884	09/30/17	Invoice	Jul - Sep 2017	300.00
	0000007116	12/31/17	Invoice	Oct-Dec 2017	450.00
SAGE		Sage Software Canada Ltd.			
	0000007070	12/19/17	Invoice	2001805258	960.27
SENSUS		Sensus Canada Inc			
	0000006295	01/31/17	Invoice	CA17007192	3,597.48
	0000006375	02/28/17	Invoice	CA17007209	3,596.86
	0000006432	03/31/17	Invoice	CA17007227	3,596.86
	0000006542	04/30/17	Invoice	CA17007245	3,596.86
	0000006600	05/31/17	Invoice	CA17007262	3,596.66
	0000006688	06/30/17	Invoice	CA17007280	3,596.86
	0000006764	07/31/17	Invoice	CA17007297	3,596.25
	0000006836	08/31/17	Invoice	CA17007314	3,596.45
	0000006930	09/30/17	Invoice	CA17007331	3,596.66
	0000007006	10/31/17	Invoice	CA17007350	3,628.41
	0000007056	11/30/17	Invoice	CA17007367	3,628.81
	0000007142	12/31/17	Invoice	CA18008006	3,628.41
TANDEM		Tandem Energy Services Inc.			
	0000006446	03/31/17	Invoice	1091	3,107.50
	0000006679	06/30/17	Invoice	1098	9,322.50
	0000006955	10/29/17	Invoice	1104	12,430.00
	0000007089	12/20/17	Invoice	1116	6,215.00
CHAPEXPRESS		The Chapleau Express			
	0000006721	07/20/17	Invoice	16229	512.61
MEARIE		The Mearie Group			
	0000006155	12/16/16	Invoice	2017 Liability Insurance	3,396.81
	0000006156	01/01/17	Invoice	2017 Property Insurance	7,954.02
ROYAL CANADIAN LEGIO		The Royal Canadian Legion Br. 5			
	0000006919	10/16/17	Invoice	214	115.00
TIM		Tim Sinclair Consulting			
	0000006262	01/31/17	Invoice	2017-02	1,130.00
	0000006348	02/28/17	Invoice	2017-03	813.60
	0000006426	03/31/17	Invoice	2017-05	1,175.20
	0000006505	04/30/17	Invoice	2017-06	587.60
	0000006588	05/31/17	Invoice	2017-07	813.60
	0000006644	06/30/17	Invoice	2017-09	1,401.20

	0000006727	07/31/17	Invoice	2017-10	1,536.80
	0000006804	08/31/17	Invoice	2017-11	1,717.60
	0000006874	09/30/17	Invoice	2017-12	1,084.80
	0000006957	10/31/17	Invoice	2017-13	1,039.60
	0000007035	11/30/17	Invoice	2017-14	858.80
	0000007110	12/31/17	Invoice	2017-15	1,808.00
LEAP		United Way Sudbury District			
	0000006343	03/02/17	Invoice	2017	2,000.00
USF		Utilities Standards Forum			
	0000006186	01/02/17	Invoice	2017006	9,887.50

#### 4.6.2 ONE TIME COSTS

There is only one noteworthy one-time costs increase that warrant an explanation which are the costs associated with the herein Cost of Service application. In compliance with policy and requirements, the costs are being amortized over a period of 5 years. Regulatory Costs, which are explained in detail in the next section, include costs related to the Distribution System Plan and provisions for an oral hearing. These costs apply to the 2019 Test Year.<sup>23</sup>

With the exception of Regulatory Costs, all other costs presented in the OM&A are considered regular year over year expenses.

#### 4.6.3 REGULATORY COSTS

CPUC's Regulatory Costs include three major components. The first being costs related to the filing of the herein application and second, the yearly contract with Tandem Energy Services for assistance in regulatory services and the third is the OEB assessment costs.

The costs related to Cost of Service application include costs of having an Engineering firm develop the Distribution System Plan, legal review, external accounting fees related to populating the PILs model and reviewing balances in the deferral and variance accounts. The regulatory costs proposed in this application also include provisions for legal fees related to an Oral Hearing if the parties are unable to reach a full settlement and includes a provision for up to two interveners. The utility proposes to remove these costs if the application is dealt with via written hearing or parties reach a full settlement and if only one intervener gets involved in the application. All regulatory costs listed below are tracked in account 5655 – Regulatory

<sup>23</sup> Identification of one-time costs in historical, bridge, test; explanation of cost recovery in test (or future years)

1 Expenses. Costs directly associated with the Cost of Service application are amortized over a  
2 period of 5 years (2019-2023).

3 **Table 36 - Regulatory Costs specific to the 2019 Cost of Service**

	2018
<i>Metsco</i>	\$25,000.00
<i>Auditors (PILs + DVAs + IRs)</i>	\$10,000.00
<i>Production &amp; Submission (Print)</i>	\$1,000.00
<i>Public Notice (OEB)</i>	\$1,000.00
<i>Legal - Review</i>	\$5,000.00
<i>Legal - Interrogatories</i>	\$1,000.00
<i>Legal - Settlement</i>	\$8,500.00
<i>Legal - Oral hearing</i>	\$15,000.00
<i>Legal - Settlement Agreement</i>	\$2,500.00
<i>Intervenor costs (25K/intervener)</i>	\$37,500.00
<i>Total Cost</i>	\$106,500.00
<i>Total Cost over 5 years</i>	\$21,300.00

4 Table 36 - Regulatory Costs specific to the 2019 Cost of Service above shows a breakdown of  
5 average costs for the Cost of Service. Table 37 – OEB Appendix 2-M Regulatory Costs on the  
6 next page shows Appendix 2-M which details regulatory costs for five historical years, bridge  
7 and test year. <sup>24</sup>

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<sup>24</sup> Regulatory costs - breakdown of actual and forecast, supporting information related to CoS application, proposed recovery (i.e. amortized?).

**Table 37 – OEB Appendix 2-M Regulatory Costs<sup>25</sup>**

Regulatory Cost Category		USoA Account	USoA Account Balance	Ongoing or One- time Cost?	Last Rebasing Year Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
1	OEB Annual Assessment	5655		On-Going	\$ 14,520	\$6,785.20	\$18,809.32	\$7,225.81	\$7,774.19	\$8,933.79	\$8,933.79	\$9,000.00	\$9,195.00
2	OEB Section 30 Costs (Applicant-originated)												
3	OEB Section 30 Costs (OEB-initiated)												
4	Expert Witness costs for regulatory matters												
5	Legal costs for regulatory matters												
6	Consultants' costs for regulatory matters	5630		On-Going		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$33,000.00	\$33,000.00	\$33,000.00
7	Operating expenses associated with staff resources allocated to regulatory matters												
8	Operating expenses associated with other resources allocated to regulatory matters												
9	Other regulatory agency fees or assessments	5655		On-Going		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10	Any other costs for regulatory matters (Cost of Service)	5655		One-Time		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$21,300.00
	Any other costs for regulatory matters (OEB Audit)	5655		One-Time		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11	Intervenor costs												
12	Sub-total - Ongoing Costs		\$ -		\$ -	\$6,785.20	\$18,809.32	\$7,225.81	\$7,774.19	\$8,933.79	\$41,933.79	\$42,000.00	\$42,195.00
13	Sub-total - One-time Costs		\$ -		\$ -		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$21,300.00
14	Total		\$ -		\$ -	\$6,785.20	\$18,809.32	\$7,225.81	\$7,774.19	\$8,933.79	\$41,933.79	\$42,000.00	\$63,495.00

<sup>25</sup> MFR - Completed Appendix 2-M

#### 4.6.4 BAD DEBT

CPUCs deems it important to explain the variances in its Bad Debt Expenses ranging from \$29K in 2014 to \$208 in 2017. Please note that the explanation below was provided by KPMG and reviewed and approved by OEB staff.

**Table 38 – Bad Debt reported in Account 5335**

	Board Approved	Actual	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS
Description	2012	2012	2013	2014	2015	2016	2017
1130-Accumulated Provision for Uncollectible Accounts--Credit							
5335-Bad Debt Expense		-\$ 13,753	-\$ 16,650	-\$ 42,141	-\$ 54,845	-\$ 54,845	-\$ 48,306
	\$ 3,600	\$ 4,107	\$ 6,669	\$ 29,771	\$ 18,900	\$ 6,763	-\$ 208
	\$ 3,600	-\$ 9,646	-\$ 9,981	-\$ 12,370	-\$ 35,945	-\$ 48,082	-\$ 48,514

Under IFRS accounting rules, all direct account write-offs would be treated with a:

DR Allowance for doubtful accounts  
CR Accounts receivable

Therefore, the accounts that are deemed uncollectible have been written off and are excluded from the AR subledger as at December 31, 2017.

Overall, the allowance is reasonable in comparison to the prior year (allowance is 21% of accounts receivable in 2017 and 18% in 2018). It is reasonable to assume that the allowance would have increased given that there are a number of older, larger receivable balances and also KPMG's experience with most utilities is that the allowance increased in 2017 as a result of the inability to disconnect during the winter months.

The bad debt expense reported in account 5335 for 2017 is lower compared to the prior year as the prior year had seen an increase in the allowance in 2016.

Under the Allowance Method, if a specific customer's accounts receivable is identified as uncollectible, it is written off by removing the amount from Accounts Receivable. The entry to write off a bad account affects only balance sheet accounts; a debit to Allowance for Doubtful Accounts and a credit to Accounts Receivable. No expense or loss is reported on the income statement because this write-off is "covered" under the earlier adjusting entries for estimated

- 1 bad debts expense. CPUC's actual write offs for 2015 were \$3,811.94, \$7,534.11 for 2016 and
- 2 \$5,767.41 for 2017. CPUC has included a projection of \$5,000 in bad debt for its 2019 Test Year.

3

#### 4.7 LEAP, CHARTIABLE & POLITICAL DONATIONS

CPUC has included \$2,000 for the Low-Income Assistance Program (LEAP) under Deductions Donation Expense-LEAP (USoA #6205). This amount is based on the Board's determination that the greater amount of 0.12% of a distributor's Board-approved distribution revenue requirement or \$2,000 should be included in the utility's costs.

CPUC has partnered with United Way Sudbury to assist in a program intended to provide emergency relief to eligible low-income customers who may be having trouble paying current arrears to be our lead agency.

The United Way Sudbury will pre-screen customers to see if they meet the household low-income criteria, and other eligibility requirements, including if the customer is in threat of disconnection for non-payment.

CPUC has a policy in place where donations are made primarily to charities or local groups that service residents in its service areas. CPUC confirms that no charitable donations have been included in OM&A expenses for 2019 other than the \$2,000 for LEAP funding. <sup>262728</sup>

In compliance with OEB policy, CPUC:

1. Collects money from ratepayers for LEAP EFA in the amount approved by the OEB as part of the recoverable OM&A expenses;
2. Transfers program funds to United Way- Sudbury;
3. Allows United Way- Sudbury to determine funding allocations within their service territory by geography;
4. Receives a monthly report from the United Way-Sudbury agency showing the disbursements and balance of the LEAP funds remaining.

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<sup>26</sup> MFR - LEAP - the greater of 0.12% of forecasted service revenue requirement or \$2,000 should be included in OM&A and recovered from all rate classes

<sup>27</sup> MFR - Detailed information for all contributions that are claimed for recovery

<sup>28</sup> MFR - Charitable Donations - the applicant must confirm that no political contributions have been included for recovery

5. Leaves the assessment of eligibility of CPUC customers and records to United Way-Sudbury.

6. Confirms customer and account information used in determining program eligibility, including information on payment history and arrears owing; and

Reports to the OEB in accordance with OEB reporting requirements through filings 2.1.16 which are presented in the table below.

**Table 39 – 2012-2017 Leap funding as per 2.1.16 RRR**

<i>Year</i>	<b>Leap fund received Distributor</b>	<b>Agency administration and program delivery</b>	<b>Grants to distributor customers</b>	<b>Total grants disbursed</b>	<b>Total funds disbursed</b>	<b>Customer</b>	<b>Avg. grant per accepted applicant</b>	<b>Overall Avg.</b>
2013	\$2,000	260.87	1739.13	1739.13	2000	5	347.83	347.83
2014	\$2,000	260.87	1739.13	1739.13	2000	5	347.83	347.83
2015	\$2,000	260.87	1739.13	1739.13	2000	5	347.83	347.83
2016	\$2,000	260.87	1739.13	1739.13	2000	4	434.78	434.78
2017	\$2,000	260.87	1739.13	1739.13	2000	4	434.78	434.78



## 4.8 DEPRECIATION, AMORTIZATION, AND DEPLETION

### 4.8.1 FILING REQUIREMENTS APPLICABLE TO CPUC

*The following section confirms that applicable depreciation requirements for CPUC.*

*1) For the transition year (2013), the applicant may file two appendices, one under Revised CGAAP and one under MIFRS, depending on the materiality of impacts. See the specific instructions under each appendix below for further details.*

The above requirement is applicable in CPUC's case and as such, depreciation continuity schedules are presented in both CGAAP and MIFRS.

*2) For applicants that are reflecting accounting policy changes for the first time in a rebasing application, the applicant must file two appendices in the year that the applicant implemented changes to its capitalization and depreciation policies (2012 or 2013), one before and one after the policy changes.*

CPUC confirms that it has filed 2013 in both CGAAP and NewCGAAP.

*3) Applicants should provide CGGAP and Revised CGAAP schedules (i.e., as indicated in the first two columns of the above table) to support balances in Account 1576 if the account has yet to be disposed of.*

CPUC's confirms that it has completed 1576 appendix and that it is presented in Exhibit 2.

#### **Appendix 2-BA - Fixed Asset Schedule**

*Applicants are to provide Appendix 2-BA in accordance with the years and corresponding accounting standards noted in the above table to provide a year over year continuity in fixed assets.*

CPUC confirms that Appendix 2-BA - Fixed Asset Schedule has been completed and filed starting with 2012 CGAAP, 2013 Revised CGAAP, 2014 Revised CGAAP and MIFRS for 2015-2019.

*For the transition year (2014), the applicant should file two appendices, one under Revised CGAAP and one under MIFRS if the change between Revised CGAAP and MIFRS is material. If the change*

from the accounting standards is not material, the applicant may choose only to provide one appendix under MIFRS. However, the applicant must also indicate the fixed asset net book value balance under Revised CGAAP, the total dollar value of the change and explain why it is not material.

CPUC confirms that there were no changes from the accounting standards from 2015 Revised CGAAP to 2015 MIFRS. Both schedules are identical (same dollar value) since the only change related to the conversion was the adoption of new useful lives which was adopted on January 1, 2013.

### **Regulatory Gross Assets of Property, Plant, and Equipment**

For an applicant that adopted IFRS on January 1, 2015, for financial reporting purposes, the applicant must establish the continuity of historical cost by using the December 31, 2013, gross regulatory assets of property, plant, and equipment as the opening January 1, 2014, regulatory gross assets. The applicant must provide schedules (including Appendix 2-BA, Fixed Asset Continuity Schedule) which must identify the following details to substantiate the continuity of historical cost for regulatory purposes:

- December 31, 2013, regulatory gross assets of property, plant, and equipment, by asset class; and
- January 1, 2014, regulatory gross assets of property, plant, and equipment, by asset class.

CPUC has complete its fixed asset continuity schedule with 2012 CGAAP, followed by 2013 and 2014 Revised CGAAP.

### **Accumulated Depreciation**

For an applicant that adopted IFRS on January 1, 2015, for financial reporting purposes, the applicant must establish the continuity of historical cost by using the December 31, 2013, regulatory accumulated depreciation as the opening January 1, 2014, regulatory accumulated depreciation. The applicant must provide schedules (including Appendix 2-BA, Fixed Asset

*Continuity Schedule) which must identify the following details to substantiate the continuity of historical cost for regulatory purposes:*

- December 31, 2013, regulatory accumulated depreciation, by asset class; and*
- January 1, 2014, regulatory accumulated depreciation, by asset*

CPUC confirms that it has completed and Filed starting with 2014 Revised CGAAP (Since the utility filed its last Cost of Service in 2014, the utility used 2014 as an opening balance instead of 2013)

## ***Appendix 2-Cx - Depreciation and Amortization***

*Applicants are to provide Appendix 2-Cx in accordance with the years and corresponding accounting standards listed in the above table.*

The above requirement is not applicable in CPUC's case.

*If an applicant is reflecting changes to its depreciation policies for the first time in a rebasing application, the applicant should complete Appendix 2-CA to 2-CG (changes made in 2012) or Appendix 2-CA to 2-CF (changes made in 2013). In this set of appendices, the applicant will need to indicate the year it made the accounting policy changes. The applicant must provide data starting from the year it made changes to its capitalization and depreciation policies.*

CPUC confirms that it has complied with the above requirement by completing Appendix 2-Cx for all applicable years.

*\*Depreciation accounting policy changes were mandated by the Board by January 1, 2013. In general, no further changes to an applicant's depreciation policy (i.e., assets' service lives) are expected after the Board mandated changes by January 1, 2013. The set of Appendix 2-CA to 2-CG assumes this to be the case. If the applicant has made any changes to its depreciation policy after the Board mandated changes, applicants must identify the change, explain the nature of the change, the reason for the change, quantify the impact of the change, and quantify the depreciation expense before and after the change*

The above requirement is not applicable in CPUC's case as it did not make any changes to its depreciation policy post January 1, 2013.

*If an applicant changed depreciation policies and reflected these changes in a prior rebasing application, the applicant should complete Appendix 2-CH. The applicant must provide data starting from the earlier of 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.*

The above requirement is not applicable in CPUC's case as it did not change its depreciation policies in a previous application.

**Appendix 2-E - Account 1575, IFRS-CGAAP Transitional PP&E Amounts (2-EA), Account 1576, Accounting Changes Under CGAAP (2-EB, 2-EC)**

*1) For an applicant that has a balance in Account 1576 to dispose of:*

*If an applicant changed capitalization and depreciation policies effective January 1, 2012, the applicant must complete Appendix 2-EB.*

The above requirement is not applicable in CPUC's case.

*If an applicant changed capitalization and depreciation policies effective January 1, 2013, the applicant must complete Appendix 2-EC.*

CPUC confirms that it has completed Appendix 2-EC with respect to account 1576.

*2) For an applicant that has a balance in Account 1575 to dispose of:*

*The applicant must complete 2-EA*

CPUC confirms that it has completed Appendix 2-EC with respect to account 1576.

*If the applicant did not make any further PP&E accounting policy changes beyond the capitalization and depreciation policy changes as mandated by the Board by January 1, 2013 (i.e., no further changes made upon transition to IFRS), the applicant must indicate this and does not need to complete Appendix 2-EA*

The above requirement is not applicable in CPUC's case.

**Appendix 2-Y - Summary of Impacts to Revenue Requirement from Transition to MIFRS**

*An applicant must provide a summary of the dollar impacts of MIFRS to each component of the revenue requirement (e.g., rate base, operating costs, etc.), including the overall impact on the proposed revenue requirement. Accordingly, the applicant must identify financial differences and resulting revenue requirement impacts arising from the adoption of MIFRS as compared to CGAAP. If the applicant is reflecting the changes in capitalization and depreciation policies for the first time in a rebasing application, then a comparison between MIFRS and CGAAP before the change in accounting policies should be completed. If the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application, then a comparison between MIFRS and CGAAP after the change in accounting policies should be completed*

CPUC confirms that it changed depreciation rates on January 1, 2013 as required by OEB policy.  
As such a comparison between MIFRS and 2014 Revised CGAAP has been completed in Appendix 2-Y and presented in Exhibit 1.

#### 4.8.2 DEPRECIATION RATES AND METHODOLOGY

In accordance with the July 17, 2012, letter from the Board on Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies and as such, CPUC has adopted a range of the Kinetrics proposed useful lives and componentization on January 1, 2013.<sup>29</sup>

CPUC notes that its accounting firm/auditors use a declining balance method of calculating its depreciation. This has been always been the case. CPUC notes that under the previous management, and based on the asset base at the time of transition, the amortization method suggested by KPMG that best represented the pattern of usage of the assets was declining

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<sup>29</sup> MFR - Explanation of any deviations from the practice of depreciating significant parts or components of PP&E separately

1 balance as the assets were deemed to be most useful when they were first purchased, providing  
2 the greatest potential at that point. In recent discussion with KPMG, the firm stated that under  
3 the IFRS rules, the useful lives and method of amortization is required to be assessed on an  
4 annual basis. For the 2018 year end it was determined in order to be consistent with the sector  
5 the method of amortization changed to the straight line method, with the useful lives changing  
6 where necessary to be consistent with the Kinetrics report. In addition, the useful lives of assets  
7 transferred over to CPUC from CESC (affiliate) were changed to ensure the useful lives were  
8 consistent for each asset which was similar in nature.

9 Continuity Statements of the historical and forecasted depreciation expenses are presented on  
10 the next page and are filed in Excel format along with this application.<sup>30</sup>

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<sup>30</sup> MFR - Depreciation, Amortization and Depletion details by asset group for historical, bridge and test years. Include asset amount and rate of depreciation/amortization. Must agree to accumulated depreciation in Appendix 2-BA under rate base

MRS to insert depreciation schedule

**Appendix 2-C  
Depreciation and Amortization Expense**

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

**2013 CGAAP**

Account	Description	Book Values						Service Lives				Depreciation Expense					Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance <sup>6</sup>
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>7</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated <sup>8</sup> c = a-b	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>4</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated <sup>3</sup> e = d - e	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>5</sup> h	Depreciation Rate Assets Acquired After Policy Change <sup>1</sup> i = 1/h	Life of Assets Acquired After Policy Change <sup>4</sup> j	Depreciation Rate on New Additions <sup>1</sup> k = 1/j	Depreciation Expense on Assets Existing Before Policy Change <sup>1</sup> l = c/h	Depreciation Expense on Assets Acquired After Policy Change <sup>1</sup> m = f/j	Depreciation Expense on Current Year Additions <sup>5</sup> n = g*0.5/j	Total Current Year Depreciation Expense <sup>5</sup> o = l+m+n		
		a	b	c	d	e	f	g									p	q = p-o
1611	Computer Software (Formally known as Account 1925)	\$42,003		\$42,003			\$0	\$40,000	2.00	50.00%	2.00	50.00%	\$21,002	\$0	\$10,000	\$31,002	\$34,102	\$3,101
1612	Land Rights (Formally known as Account 1906)	\$0		\$0			\$0						\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$141		\$141			\$0		-	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$252,139		\$252,139			\$0	\$34,700	25.00	4.00%	40.00	2.50%	\$10,086	\$0	\$434	\$10,519	\$10,780	\$261
1820	Distribution Station Equipment <50 kV	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1825	Storage Battery Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$297,529		\$297,529			\$0	\$8,956	25.00	4.00%	50.00	2.00%	\$11,901	\$0	\$90	\$11,991	\$11,929	-\$62
1835	Overhead Conductors & Devices	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1840	Underground Conduit	\$24,949		\$24,949			\$0		25.00	4.00%	50.00	2.00%	\$998	\$0	\$0	\$998	\$998	\$0
1845	Underground Conductors & Devices	\$3,308		\$3,308			\$0	\$0	25.00	4.00%	50.00	2.00%	\$132	\$0	\$0	\$132	\$132	\$0
1850	Line Transformers	\$134,027		\$134,027			\$0	\$3,691	25.00	4.00%	50.00	2.00%	\$5,361	\$0	\$37	\$5,398	\$5,435	\$37
1855	Services (Overhead & Underground)	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1860	Meters	\$10,128		\$10,128			\$0	\$193	10.00	10.00%	15.00	6.67%	\$1,015	\$0	\$6	\$1,019	\$1,022	\$3
1860	Meters (Smart Meters)	\$318,999		\$318,999			\$0	\$687	10.00	10.00%	20.00	5.00%	\$31,900	\$0	\$17	\$31,917	\$31,975	\$58
1905	Land	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1910	Leasehold Improvements	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (5 years)	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$44		\$44			\$0		2.00	50.00%	2.00	50.00%	\$22	\$0	\$0	\$22	\$24	\$2
1930	Transportation Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1935	Stores Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1945	Measurement & Testing Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0			\$0		0.00%	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$1,083,267</b>	<b>\$0</b>	<b>\$1,083,267</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,227</b>					<b>\$82,414</b>	<b>\$0</b>	<b>\$10,584</b>	<b>\$92,998</b>	<b>\$96,398</b>	<b>\$3,400</b>

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

- Notes:**
- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
  - This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.
  - A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
  - The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
  - Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
  - The applicant must provide an explanation of material variances in evidence.
  - This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
  - This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset



**Appendix 2-C  
Depreciation and Amortization Expense**

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

**2013 RevCGAAP**

Account	Description	Book Values						Service Lives				Depreciation Expense					Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance <sup>6</sup>
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>7</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated <sup>8</sup> c = a-b	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>4</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated <sup>3</sup> e = d - e	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>5</sup> h	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change <sup>4</sup>	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy	Depreciation Expense on Current Year Additions <sup>5</sup>	Total Current Year Depreciation Expense		
		a	b	c	d	e	f	g	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p		
		a	b	c	d	e	f	g	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p		
1611	Computer Software (Formally known as Account 1925)	\$42,003		\$42,003			\$0	\$40,000	2.00	50.00%	2.00	50.00%	\$21,002	\$0	\$10,000	\$31,002	\$34,102	\$3,101
1612	Land Rights (Formally known as Account 1906)	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$141		\$141			\$0	\$0	-			0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$252,139		\$252,139			\$0	\$34,700	25.00	4.00%	40.00	2.50%	\$10,086	\$0	\$434	\$10,519	\$6,737	-\$3,782
1820	Distribution Station Equipment <50 kV	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1825	Storage Battery Equipment	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$297,529		\$297,529			\$0	\$8,956	25.00	4.00%	50.00	2.00%	\$11,901	\$0	\$90	\$11,991	\$6,040	-\$5,951
1835	Overhead Conductors & Devices	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1840	Underground Conduit	\$24,949		\$24,949			\$0	\$0	25.00	4.00%	50.00	2.00%	\$998	\$0	\$0	\$998	\$499	-\$499
1845	Underground Conductors & Devices	\$3,308		\$3,308			\$0	\$0	25.00	4.00%	50.00	2.00%	\$132	\$0	\$0	\$132	\$66	-\$66
1850	Line Transformers	\$134,027		\$134,027			\$0	\$3,691	25.00	4.00%	50.00	2.00%	\$5,361	\$0	\$37	\$5,398	\$2,717	-\$2,681
1855	Services (Overhead & Underground)	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1860	Meters	\$10,128		\$10,128			\$0	\$193	10.00	10.00%	15.00	6.67%	\$1,013	\$0	\$6	\$1,019	\$511	-\$509
1860	Meters (Smart Meters)	\$318,999		\$318,999			\$0	\$687	10.00	10.00%	20.00	5.00%	\$31,900	\$0	\$17	\$31,917	\$21,289	-\$10,628
1905	Land	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1910	Leasehold Improvements	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (5 years)	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip. -Hardware(Post Mar. 22/04)	\$0		\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip. -Hardware(Post Mar. 19/07)	\$44		\$44			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$24	\$24
1930	Transportation Equipment			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1935	Stores Equipment			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1945	Measurement & Testing Equipment			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants			\$0			\$0	\$0				0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$1,083,267</b>	<b>\$0</b>	<b>\$1,083,267</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,227</b>					<b>\$82,392</b>	<b>\$0</b>	<b>\$10,584</b>	<b>\$92,976</b>	<b>\$71,985</b>	<b>-\$20,991</b>

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

- Notes:**
- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
  - This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.
  - A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
  - The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
  - Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
  - The applicant must provide an explanation of material variances in evidence.
  - This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
  - This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

## Appendix 2-C Depreciation and Amortization Expense

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

### 2014 RevCGAAP

Account	Description	Book Values						Service Lives				Depreciation Expense					Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance <sup>6</sup>
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>7</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated <sup>8</sup> c = a-b	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>4</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated <sup>3</sup> e = d - e	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>5</sup> h	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change <sup>4</sup>	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy	Depreciation Expense on Current Year Additions <sup>5</sup>	Total Current Year Depreciation Expense		
		a	b	c	d	e	f	g	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o	
1611	Computer Software (Formerly known as Account 1925)	\$47,901		\$47,901			\$0	\$25,000	2.00	50.00%	2.00	50.00%	\$23,951	\$0	\$6,250	\$30,201	\$33,221	\$3,021
1612	Land Rights (Formerly known as Account 1906)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$141		\$141			\$0		-	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$280,102		\$280,102			\$0		25.00	4.00%	40.00	2.50%	\$11,204	\$0	\$0	\$11,204	\$8,403	-\$2,801
1820	Distribution Station Equipment <50 kV	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1825	Storage Battery Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$300,404		\$300,404			\$0	\$13,973	25.00	4.00%	50.00	2.00%	\$12,016	\$0	\$140	\$12,156	\$6,148	-\$6,008
1835	Overhead Conductors & Devices	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1840	Underground Conduit	\$24,450		\$24,450			\$0		25.00	4.00%	50.00	2.00%	\$978	\$0	\$0	\$978	\$489	-\$489
1845	Underground Conductors & Devices	\$3,242		\$3,242			\$0		25.00	4.00%	50.00	2.00%	\$130	\$0	\$0	\$130	\$65	-\$65
1850	Line Transformers	\$135,001		\$135,001			\$0	\$4,950	25.00	4.00%	50.00	2.00%	\$5,400	\$0	\$50	\$5,450	\$2,750	-\$2,700
1855	Services (Overhead & Underground)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1860	Meters	\$9,810		\$9,810			\$0		10.00	10.00%	15.00	6.67%	\$981	\$0	\$0	\$981	\$490	-\$491
1860	Meters (Smart Meters)	\$298,396		\$298,396			\$0		10.00	10.00%	20.00	5.00%	\$29,840	\$0	\$0	\$29,840	\$20,889	-\$8,951
1905	Land	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1910	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (5 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$20		\$20			\$0		2.00	50.00%	2.00	50.00%	\$10	\$0	\$0	\$10	\$11	\$1
1930	Transportation Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1935	Stores Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1945	Measurement & Testing Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$1,099,467</b>	<b>\$0</b>	<b>\$1,099,467</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$43,923</b>					<b>\$84,509</b>	<b>\$0</b>	<b>\$6,439</b>	<b>\$90,948</b>	<b>\$72,466</b>	<b>-\$18,482</b>

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

- Notes:**
- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
  - This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.
  - A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
  - The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
  - Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
  - The applicant must provide an explanation of material variances in evidence.
  - This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
  - This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

**Appendix 2-C  
Depreciation and Amortization Expense**

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

**2014 MIFRS**

		Book Values						Service Lives				Depreciation Expense						
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>7</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated <sup>8</sup> c = a-b	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>4</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated <sup>5</sup> f = d - e	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> h	Depreciation Rate Assets Acquired After Policy Change <sup>4</sup> i = 1/h	Life of Assets Acquired After Policy Change <sup>4</sup> j	Depreciation Rate on New Additions <sup>4</sup> k = 1/j	Depreciation Expense on Assets Existing Before Policy Change <sup>4</sup> l = c/h	Depreciation Expense on Assets Acquired After Policy <sup>4</sup> m = f/j	Depreciation Expense on Current Year Additions <sup>4</sup> n = g*0.5/j	Total Current Year Depreciation Expense <sup>4</sup> o = l+m+n	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance <sup>6</sup> q = p-o
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	\$47,901		\$47,901			\$0	\$25,000	2.00	50.00%	2.00	50.00%	\$23,951	\$0	\$6,250	\$30,201	\$33,221	\$3,021
1612	Land Rights (Formally known as Account 1906)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$141		\$141			\$0		-	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$280,102		\$280,102			\$0		25.00	4.00%	40.00	2.50%	\$11,204	\$0	\$0	\$11,204	\$8,403	-\$2,801
1820	Distribution Station Equipment <50 kV	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1825	Storage Battery Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$300,404		\$300,404			\$0	\$13,973	25.00	4.00%	50.00	2.00%	\$12,016	\$0	\$140	\$12,156	\$6,148	-\$6,008
1835	Overhead Conductors & Devices	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1840	Underground Conduit	\$24,450		\$24,450			\$0		25.00	4.00%	50.00	2.00%	\$978	\$0	\$0	\$978	\$489	-\$489
1845	Underground Conductors & Devices	\$3,242		\$3,242			\$0		25.00	4.00%	50.00	2.00%	\$130	\$0	\$0	\$130	\$65	-\$65
1850	Line Transformers	\$135,001		\$135,001			\$0	\$4,950	25.00	4.00%	50.00	2.00%	\$5,400	\$0	\$50	\$5,450	\$2,750	-\$2,700
1855	Services (Overhead & Underground)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1860	Meters	\$9,810		\$9,810			\$0		10.00	10.00%	15.00	6.67%	\$981	\$0	\$0	\$981	\$490	-\$491
1860	Meters (Smart Meters)	\$298,396		\$298,396			\$0		10.00	10.00%	20.00	5.00%	\$29,840	\$0	\$0	\$29,840	\$20,889	-\$8,951
1905	Land	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1910	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (5 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$20		\$20			\$0		2.00	50.00%	2.00	50.00%	\$10	\$0	\$0	\$10	\$11	\$1
1930	Transportation Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1935	Stores Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1945	Measurement & Testing Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$1,099,467	\$0	\$1,099,467	\$0	\$0	\$0	\$43,923					\$84,509	\$0	\$6,439	\$90,948	\$72,466	-\$18,482

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

- Notes:**
- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
  - This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.
  - A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
  - The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
  - Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
  - The applicant must provide an explanation of material variances in evidence.
  - This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
  - This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

**Appendix 2-C  
Depreciation and Amortization Expense**

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

**2015 MIFRS**

		Book Values						Service Lives				Depreciation Expense					Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>7</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated <sup>8</sup>	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>4</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated <sup>3</sup>	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>5</sup>	Depreciation Rate Assets Acquired After Policy Change <sup>6</sup>	Life of Assets Acquired After Policy Change <sup>4</sup>	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy	Depreciation Expense on Current Year Additions <sup>6</sup>	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance <sup>9</sup>
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	\$39,680		\$39,680			\$0	\$54,800	1.00	100.00%	2.00	50.00%	\$39,680	\$0	\$13,700	\$53,380	\$13,416	-\$39,964
1612	Land Rights (Formally known as Account 1906)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$141		\$141			\$0		-	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$271,699		\$271,699			\$0		39.00	2.56%	40.00	2.50%	\$6,967	\$0	\$0	\$6,967	\$6,792	-\$175
1820	Distribution Station Equipment <50 kV	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1825	Storage Battery Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$308,229		\$308,229			\$0	\$40,267	49.00	2.04%	50.00	2.00%	\$6,290	\$0	\$403	\$6,693	\$7,282	\$589
1835	Overhead Conductors & Devices	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1840	Underground Conduit	\$23,961		\$23,961			\$0		49.00	2.04%	50.00	2.00%	\$489	\$0	\$0	\$489	\$599	\$110
1845	Underground Conductors & Devices	\$3,177		\$3,177			\$0		49.00	2.04%	50.00	2.00%	\$65	\$0	\$0	\$65	\$79	\$14
1850	Line Transformers	\$137,201		\$137,201			\$0	\$5,587	49.00	2.04%	50.00	2.00%	\$2,866	\$0	\$56	\$2,922	\$3,508	\$652
1855	Services (Overhead & Underground)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1860	Meters	\$9,320		\$9,320			\$0	\$521	14.00	7.14%	15.00	6.67%	\$666	\$0	\$17	\$683	\$622	-\$61
1860	Meters (Smart Meters)	\$277,507		\$277,507			\$0		19.00	5.26%	20.00	5.00%	\$14,606	\$0	\$0	\$14,606	\$18,527	\$3,921
1905	Land	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1910	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (5 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$9		\$9			\$0		1.00	100.00%	2.00	50.00%	\$9	\$0	\$0	\$9	\$2	-\$7
1930	Transportation Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1935	Stores Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1945	Measurement & Testing Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$1,070,924	\$0	\$1,070,924	\$0	\$0	\$0	\$101,175					\$71,571	\$0	\$14,176	\$85,747	\$50,827	-\$34,920

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

- Notes:**
- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
  - This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.
  - A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
  - The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
  - Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
  - The applicant must provide an explanation of material variances in evidence.
  - This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
  - This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

**Appendix 2-C  
Depreciation and Amortization Expense**

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

**2016 MIFRS**

Account	Description	Book Values						Service Lives				Depreciation Expense					Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance <sup>6</sup>
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>7</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated c = a-b	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>4</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated f = d - e	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup>	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change <sup>4</sup>	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy	Depreciation Expense on Current Year Additions <sup>5</sup>	Total Current Year Depreciation Expense		
		a	b	c	d	e	f	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	\$81,064		\$81,064			\$0		1.00	100.00%	2.00	50.00%	\$81,064	\$0	\$0	\$81,064	\$16,213	-\$64,851
1612	Land Rights (Formally known as Account 1906)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$141		\$141			\$0		-	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$264,907		\$264,907			\$0		38.00	2.63%	40.00	2.50%	\$6,971	\$0	\$0	\$6,971	\$6,623	-\$348
1820	Distribution Station Equipment <50 kV	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1825	Storage Battery Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$341,214		\$341,214			\$0	\$35,293	48.00	2.08%	50.00	2.00%	\$7,109	\$0	\$353	\$7,462	\$7,966	\$504
1835	Overhead Conductors & Devices	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1840	Underground Conduit	\$23,362		\$23,362			\$0		48.00	2.08%	50.00	2.00%	\$487	\$0	\$0	\$487	\$584	\$97
1845	Underground Conductors & Devices	\$3,098		\$3,098			\$0		48.00	2.08%	50.00	2.00%	\$65	\$0	\$0	\$65	\$77	\$12
1850	Line Transformers	\$139,280		\$139,280			\$0		48.00	2.08%	50.00	2.00%	\$2,902	\$0	\$0	\$2,902	\$3,482	\$580
1855	Services (Overhead & Underground)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1860	Meters	\$8,698		\$8,698			\$0		13.00	7.69%	15.00	6.67%	\$669	\$0	\$0	\$669	\$613	-\$56
1860	Meters (Smart Meters)	\$259,502		\$259,502			\$0	\$1,000	18.00	5.56%	20.00	5.00%	\$14,417	\$0	\$25	\$14,442	\$17,309	\$2,867
1905	Land	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1910	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (5 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip. -Hardware(Post Mar. 22/04)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip. -Hardware(Post Mar. 19/07)	\$7		\$7			\$0		1.00	100.00%	2.00	50.00%	\$7	\$0	\$0	\$7	\$7	\$0
1930	Transportation Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1935	Stores Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1945	Measurement & Testing Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$1,121,273</b>	<b>\$0</b>	<b>\$1,121,273</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,293</b>					<b>\$113,690</b>	<b>\$0</b>	<b>\$378</b>	<b>\$114,068</b>	<b>\$52,874</b>	<b>-\$61,194</b>

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

- Notes:**
- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
  - This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.  
A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
  - The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
  - Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
  - The applicant must provide an explanation of material variances in evidence.
  - This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
  - This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

**Appendix 2-C  
Depreciation and Amortization Expense**

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

**2017 MIFRS**

		Book Values						Service Lives				Depreciation Expense						
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>7</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated <sup>8</sup>	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>4</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated <sup>5</sup>	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup>	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change <sup>4</sup>	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy	Depreciation Expense on Current Year Additions <sup>5</sup>	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance <sup>6</sup>
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o
1611	Computer Software (Formally known as Account 1925)	\$64,851		\$64,851			\$0		-	0.00%	2.00	50.00%	\$0	\$0	\$0	\$0	\$12,971	\$12,971
1612	Land Rights (Formally known as Account 1906)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$141		\$141			\$0		-	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$258,284		\$258,284			\$0		37.00	2.70%	40.00	2.50%	\$6,981	\$0	\$0	\$6,981	\$6,457	-\$524
1820	Distribution Station Equipment <50 kV	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1825	Storage Battery Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$368,541		\$368,541			\$0	\$4,389	47.00	2.13%	50.00	2.00%	\$7,841	\$0	\$44	\$7,885	\$8,230	\$345
1835	Overhead Conductors & Devices	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1840	Underground Conduit	\$22,778		\$22,778			\$0		47.00	2.13%	50.00	2.00%	\$485	\$0	\$0	\$485	\$569	\$84
1845	Underground Conductors & Devices	\$3,021		\$3,021			\$0		47.00	2.13%	50.00	2.00%	\$64	\$0	\$0	\$64	\$76	\$12
1850	Line Transformers	\$135,798		\$135,798			\$0		47.00	2.13%	50.00	2.00%	\$2,889	\$0	\$0	\$2,889	\$3,395	\$506
1855	Services (Overhead & Underground)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1860	Meters	\$8,085		\$8,085			\$0	\$265	12.00	8.33%	15.00	6.67%	\$674	\$0	\$9	\$683	\$615	-\$68
1860	Meters (Smart Meters)	\$243,193		\$243,193			\$0	\$19,403	17.00	5.88%	20.00	5.00%	\$14,305	\$0	\$485	\$14,791	\$16,801	\$2,010
1905	Land	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1910	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (5 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0			\$0		2.00	50.00%	2.00	50.00%	\$0	\$0	\$0	\$0	\$0	\$0
1930	Transportation Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1935	Stores Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1945	Measurement & Testing Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$1,104,692	\$0	\$1,104,692	\$0	\$0	\$0	\$24,057					\$33,239	\$0	\$538	\$33,777	\$49,114	\$15,337

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

- Notes:**
- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
  - This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.
  - A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
  - The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
  - Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
  - The applicant must provide an explanation of material variances in evidence.
  - This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
  - This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset



**Appendix 2-C  
Depreciation and Amortization Expense**

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

**2018 MIFRS**

Account	Description	Book Values						Service Lives				Depreciation Expense						Variance <sup>a</sup>
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>2</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated c = a-b	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>3</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated f = d-e	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>2</sup>	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change <sup>4</sup>	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy	Depreciation Expense on Current Year Additions <sup>5</sup>	Total Current Year Depreciation Expense o = l+m+n	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J p	
		a	b	c	d	e	f	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j			q = p-o
1611	Computer Software (Formally known as Account 1925)	\$51,880		\$51,880			\$0	\$12,227	-	0.00%	2.00	50.00%	\$0	\$0	\$3,057	\$3,057	\$63,880	\$60,823
1612	Land Rights (Formally known as Account 1906)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1805	Land	\$141		\$141			\$0	\$30,000	-	0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1808	Buildings	\$0		\$0			\$0	\$135,085	25.00	4.00%	25.00	4.00%	\$0	\$0	\$2,702	\$2,702	\$5,403	\$2,701
1810	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1815	Transformer Station Equipment >50 kV	\$251,827		\$251,827			\$0		36.00	2.78%	40.00	2.50%	\$6,995	\$0	\$0	\$6,995	\$10,258	\$3,263
1820	Distribution Station Equipment <50 kV	\$0		\$0			\$0	\$32,500		0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1825	Storage Battery Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1830	Poles, Towers & Fixtures	\$364,700		\$364,700			\$0	\$25,572	46.00	2.17%	50.00	2.00%	\$7,928	\$0	\$256	\$8,184	\$24,999	\$16,815
1835	Overhead Conductors & Devices	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1840	Underground Conduit	\$22,209		\$22,209			\$0		46.00	2.17%	50.00	2.00%	\$483	\$0	\$0	\$483	\$1,550	\$1,067
1845	Underground Conductors & Devices	\$2,945		\$2,945			\$0		46.00	2.17%	50.00	2.00%	\$64	\$0	\$0	\$64	\$70	\$6
1850	Line Transformers	\$132,403		\$132,403			\$0	\$8,780	46.00	2.17%	50.00	2.00%	\$2,878	\$0	\$88	\$2,966	\$8,147	\$5,181
1855	Services (Overhead & Underground)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1860	Meters	\$7,735		\$7,735			\$0		11.00	9.09%	15.00	6.67%	\$703	\$0	\$0	\$703	\$2,077	\$1,374
1860	Meters (Smart Meters)	\$245,795		\$245,795			\$0	\$8,039	16.00	6.25%	20.00	5.00%	\$15,362	\$0	\$201	\$15,563	\$28,472	\$12,909
1905	Land	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1908	Buildings & Fixtures	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1910	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0	\$48,002		0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1915	Office Furniture & Equipment (5 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1920	Computer Equipment - Hardware	\$0		\$0			\$0	\$2,770	-	0.00%	2.00	50.00%	\$0	\$0	\$693	\$693	\$0	-\$693
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0			\$0		-	0.00%	2.00	50.00%	\$0	\$0	\$0	\$0		\$0
1930	Transportation Equipment	\$0		\$0		\$309,981	-\$309,981	\$714,901	15.00	6.67%	15.00	6.67%	\$0	-\$20,665	\$23,830	\$3,165	\$14,649	\$11,484
1935	Stores Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1940	Tools, Shop & Garage Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1945	Measurement & Testing Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1950	Power Operated Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1955	Communications Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1960	Miscellaneous Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1970	Load Management Controls Customer Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1975	Load Management Controls Utility Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1980	System Supervisor Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1985	Miscellaneous Fixed Assets	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1990	Other Tangible Property	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
1995	Contributions & Grants	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0		\$0
	<b>Total</b>	<b>\$1,079,635</b>	<b>\$0</b>	<b>\$1,079,635</b>	<b>\$0</b>	<b>\$309,981</b>	<b>-\$309,981</b>	<b>\$1,017,876</b>					<b>\$34,414</b>	<b>-\$20,665</b>	<b>\$30,825</b>	<b>\$44,574</b>	<b>\$159,505</b>	<b>\$114,931</b>

**General:** Applicants are to complete this appendix to show the reasonability of the depreciation expense that is included in rate base via. Accumulated depreciation and the revenue requirement.

Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Balances presented in the table should exclude asset retirement obligations (AROs) and the related depreciation and accretion expense. These should be disclosed separately consistent with the Notes of historical Audited Financial

**Notes:**

- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
- This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions.
- A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
- The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence.
- This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
- This should include assets in column d (excel column f) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset

**Appendix 2-C  
Depreciation and Amortization Expense**

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

Scenario that applies	Applicable Years and Accounting Standard	Year Reflected in Schedule Below	Accounting Standard Reflected in Schedule
Rebasing for the first time with depreciation policy changes made in 2012.	This appendix must be duplicated and completed for the years 2012 to 2018. The appendix for 2012 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2012 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Rebasing for the first time with depreciation policy changes made in 2013.	This appendix must be duplicated and completed for the years 2013 to 2018. The appendix for 2013 is to be completed under CGAAP (prior to changes in depreciation policies). The appendix for 2013 to 2014 must be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		
Already rebased with depreciation policy changes in a prior rate application	This appendix must be completed for 2014 to 2018. The appendix for 2014 is to be completed under Revised CGAAP (after changes in depreciation policies). The appendix for 2014 to 2018 is to be completed under MIFRS (2014 if changes to MIFRS are material).		

**2019 MIFRS**

Account	Description	Book Values						Service Lives				Depreciation Expense					Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance <sup>6</sup>
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup>	Less Fully Depreciated <sup>7</sup>	Net Amount of Existing Assets Before Policy Change to be Depreciated <sup>8</sup> c = a-b	Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup>	Less Fully Depreciated <sup>4</sup>	Net Amount of Assets Acquired After Policy Change to be Depreciated <sup>5</sup> f = d-e	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> h	Depreciation Rate Assets Acquired After Policy Change <sup>4</sup> i = 1/h	Life of Assets Acquired After Policy Change <sup>4</sup> j	Depreciation Rate on New Additions <sup>4</sup> k = 1/j	Depreciation Expense on Assets Existing Before Policy Change <sup>4</sup> l = c/h	Depreciation Expense on Assets Acquired After Policy Change <sup>4</sup> m = f/j	Depreciation Expense on Current Year Additions <sup>4</sup> n = g*0.5/j	Total Current Year Depreciation Expense <sup>4</sup> o = l+m+n		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1611	Computer Software (Formally known as Account 1925)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1612	Land Rights (Formally known as Account 1906)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$30,141		\$30,141			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$50,528		\$50,528			\$0		24.00	4.17%	25.00	4.00%	\$2,105	\$0	\$0	\$2,105	\$5,403	\$3,298
1810	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$10		\$10			\$0		35.00	2.86%	40.00	2.50%	\$0	\$0	\$0	\$0	\$0	\$0
1820	Distribution Station Equipment <50 kV	\$273,734		\$273,734			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$10,908	\$10,908
1825	Storage Battery Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$365,361		\$365,361			\$0	\$72,962	45.00	2.22%	50.00	2.00%	\$8,119	\$0	\$730	\$8,849	\$25,896	\$17,047
1835	Overhead Conductors & Devices	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1840	Underground Conduit	\$20,659		\$20,659			\$0		45.00	2.22%	50.00	2.00%	\$459	\$0	\$0	\$459	\$1,550	\$1,091
1845	Underground Conductors & Devices	\$2,875		\$2,875			\$0		45.00	2.22%	50.00	2.00%	\$64	\$0	\$0	\$64	\$70	\$6
1850	Line Transformers	\$132,949		\$132,949			\$0	\$7,705	45.00	2.22%	50.00	2.00%	\$2,954	\$0	\$77	\$3,031	\$8,399	\$5,368
1855	Services (Overhead & Underground)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1860	Meters	\$5,658		\$5,658			\$0		10.00	10.00%	15.00	6.67%	\$566	\$0	\$0	\$566	\$2,077	\$1,511
1860	Meters (Smart Meters)	\$225,362		\$225,362			\$0		15.00	6.67%	20.00	5.00%	\$15,024	\$0	\$0	\$15,024	\$28,754	\$13,730
1905	Land	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1910	Leasehold Improvements	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (10 years)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1915	Office Furniture & Equipment (5 years)	\$192		\$192			\$0		1.00	100.00%	2.00	50.00%	\$192	\$0	\$0	\$192	\$252	\$60
1920	Computer Equipment - Hardware	\$0		\$0			\$0		-	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$8,888		\$8,888			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$7,382	\$7,382
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0			\$0		-	0.00%	2.00	50.00%	\$0	\$0	\$0	\$0	\$0	\$0
1930	Transportation Equipment	\$390,270		\$390,270			\$0		14.00	7.14%	15.00	6.67%	\$27,876	\$0	\$0	\$27,876	\$30,015	\$2,139
1935	Stores Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1945	Measurement & Testing Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$1,506,628</b>	<b>\$0</b>	<b>\$1,506,628</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,667</b>					<b>\$57,361</b>	<b>\$0</b>	<b>\$807</b>	<b>\$58,168</b>	<b>\$120,706</b>	<b>\$62,538</b>

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

- Notes:**
- This is the net book value of assets that existed as at the date of the utility's change in depreciation policies (i.e. as at Jan. 1, 2012 or Jan. 1, 2013). These assets are to be depreciated at the average remaining service life. This amount will not change in years subsequent to the date of the utility's change in depreciation policies. This column is expected to be used until the assets that existed as at the date of the utility's change in depreciation policies are fully depreciated.
  - This is the opening gross book value of assets that have been acquired after the date of the utilities change in depreciation policies (i.e. additions starting in 2012/2013 for those who changed policies Jan. 1, 2012/2013). These assets are to be depreciated at the revised service life. The amount is expected to be equal to the gross book value of the prior year plus the prior year's additions. A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding current year's additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policies. On January 1 of the year of policy changes, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as at January 1 of the year of policy changes. Due to making the change in policies under CGAAP, management re-assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as at January 1 of the year of policy changes.
  - The useful life used should be consistent with the OEB's regulatory accounting policies as set out in the Accounting Procedures Handbook for Electricity Distributors, effective Jan. 1, 2012 and also with the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, and the Kinectrics Report.
  - Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
  - The applicant must provide an explanation of material variances in evidence.
  - This should include assets in column a (excel column C) that become fully depreciated since the date of the policy change. The amount input in b (excel column D) should equal the net book value of the asset as at the date of depreciation policy change
  - This should include assets in column d (excel column F) that have become fully depreciated. The amount input in e (excel column G) should equal the gross book value of the asset



#### 4.8.3 DEPRECIATION EXPENSE ASSOCIATED WITH RETIREMENT OBLIGATION

CPUC does not have any asset retirement obligations (AROs) or any associated depreciation or accretion expenses related to an asset retirement obligation.<sup>31</sup>

#### 4.8.4 ADOPTION OF THE HALF YEAR RULE

CPUC confirms that it has applied the half-year rule for the purposes of computing the net book value of Property, Plant and Equipment and General Plant to include in rate base.<sup>32</sup> Under the half-year rule acquisitions and investments made during the year are amortized assuming they entered service at the mid-point of the year.

#### 4.8.5 DEPRECIATION AND CAPITALIZATION POLICY

CPUC's Depreciation rates and Capitalization Policy are presented below and also presented in Exhibit 2.<sup>33 34 35</sup>

##### **Capitalization Policy**

CPUC's capitalization policy has not changed since its last Cost of Service in 2012 other than it now records capital assets at cost in accordance with MIFRS accounting principles as well as guidelines set out by the Ontario Energy Board, where applicable.

All expenditures by the Corporation are classified as either capital or operating expenditures. The intention of these classifications is to allocate costs across accounting periods in a manner that appropriately matches those costs with the related current and future economic benefits. The amount to be capitalized is the cost to acquire or construct a capital asset, including any

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<sup>31</sup> MFR - Identification of any Asset Retirement Obligations and associated depreciation, accretion expense

<sup>32</sup> MFR – Identification of historical depreciation practice and proposal for test year. Variances from half- year rule.

<sup>33</sup> MFR - Copy of depreciation/amortization policy, or equivalent written description; summary of changes to depreciation/amortization policy since last CoS

<sup>34</sup> MFR - Explanation of any deviations from the practice of depreciating significant parts or components of PP&E separately

<sup>35</sup> MFR - For any depreciation expense policy or asset service lives changes since its last rebasing application:

- identification of the changes and detailed explanation for the causes of the changes, including any changes subsequent to those made by January 1, 2013

- use of Kinectrics study or another study to justify changes in useful life

- list detailing all asset service lives tied to USoA, detail differences in TUL from Kinectrics and explain differences outside of minimum and maximum TUL range from Kinectrics; Appendix 2-BB

- File applicable depreciation appendices as provided in Chapter 2 MIFRS Appendices (Appendix 2-CA to 2-CK)

ancillary costs incurred to place a capital asset into its intended state of operation. CPUC does not currently capitalize interest on funds used for construction.

CPUC's adherence to the capitalization policy can be described as follows:

- ✓ Assets that are intended to be used on an on-going basis and are expected to provide future economic benefit (generally considered to be greater than one year) will be capitalized.

- ✓ General Plant items with an estimated useful life greater than one year and valued at greater than \$500 will be capitalized.

- ✓ Expenditures that create a physical betterment or improvement of the asset (i.e., there is a significant increase in the physical output or service capacity, or the useful life of the capital asset is extended) will be capitalized.

- ✓ With respect to vehicles, please note that CPUC does not own any vehicles.

- ✓ Maintenance services are contracted out.

Indirect overhead costs, such as general and administration costs that are not directly attributable to an asset, are not capitalized.

**Table 40 - Depreciation Rates Appendix 2-BB**

**Service Life Comparison**

**Table F-1 from Kinetrics Report1**

		Asset Details		Useful Life			USoA Account Number	USoA Account Description	CGAAP		MIFRS		Outside Range of Min, Max TUL?		
Parent*	#	Category  Component   Type		MIN UL	TU L	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL	
OH	1	Fully Dressed Wood Poles	Overall		35	45	75	1830	Poles, Towers and Fixtures	25	4%	50	2%	No	No
			Cross Arm	Wood	20	40	55	1830	Poles, Towers and Fixtures	25	4%	50	2%	No	No
				Steel	30	70	95	1830	Poles, Towers and Fixtures	25	4%	50	2%	No	No
TS & MS	12	Power Transformers	Overall		30	45	60	1850	Line Transformers	25	4%	40	3%	No	No
			Bushing		10	20	30								
			Tap Changer		20	30	60								
UG	24	Primary Paper Insulated Lead Covered (PILC) Cables		60	65	75	1840		25	4%	50	2%	Yes	No	
	25	Primary Ethylene-Propylene Rubber (EPR) Cables		20	25	25									
	26	Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried		20	25	30									
	27	Primary Non-TR XLPE Cables in Duct		20	25	30									
	30	Secondary PILC Cables		70	75	80	1840		25	4%	50	2%	Yes	No	
	31	Secondary Cables Direct Buried		25	35	40									
	32	Secondary Cables in Duct		35	40	60									
	33	Network Transformers	Overall	20	35	50	1815		25	4%	50	2%	No	No	
Protector	20		35	40											

**Table F-2 from Kinetrics Report1**

#	Asset Details		Useful Life Range		USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?	
							Years	Rate	Years	Rate	Below Min Range	Above Max Range
1	Office Equipment		5	15	1915	Office Furniture & Equipment	15	7%	15	7%	No	No
2	Vehicles	Trucks & Buckets	5	15	1930	Transportation Equipment	15	7%	15	7%	No	No
		Trailers	5	20								
		Vans	5	10								
3	Administrative Buildings		50	75								
4	Leasehold Improvements		Lease dependent									

5	Station Buildings	Station Buildings	50	75	1808	Buildings	25	4%	25	4%	Yes	No
		Parking	25	30	1808	Buildings	25	4%	25	4%	No	No
		Fence	25	60	1808	Buildings	25	4%	25	4%	No	No
		Roof	20	30	1808	Buildings	25	4%	25	4%	No	No
6	Computer Equipment	Hardware	3	5	1920	Computer Equipment	2	50%	2	50%	Yes	No
		Software	2	5	1611	Computer Software	2	50%	2	50%	No	No
1 3	Smart Meters		5	15	1860	Meters (Smart Meters)	20	5%	20	5%	No	Yes

- 1
- 2 KPMG & CPUC does not break down anything further than transformers and underground
- 3 conduit in our working papers.
- 4 **KPMG notes on choice of TUL:**
- 5 The useful lives on the cable were lower than the useful lives per the Kinetrics report. The
- 6 rationale is that utilities in the north had useful lives that were a bit lower than the Kinetrics report
- 7 to account for the winter weather and issues given the thaw / freezing in the ground.
- 8 With respect to buildings – the buildings in Chapleau are older compared to the buildings in the
- 9 other cities – it was felt that 50 years was too long so 25 years was used. With computer
- 10 hardware, only 2 years was used (as opposed to 3 years per the Kinetrics report) as items such as
- 11 computers, laptops or other technology are usually replaceable / obsolete after two years.
- 12 With respect to smart meters, CPUC appears to be over the useful lives by 5 years – the useful
- 13 lives previously used was 20 - upon adoption of IFRS, there was no real information relating to
- 14 how long these meters would be around for therefore 20 continued to be used.<sup>36</sup>

## 4.9 TAXES & PAYMENTS IN LIEU OF TAXES (PILS)

### 4.9.1 OVERVIEW OF PILS

CPUC is required to make payments in lieu of income taxes ("taxes") based on its taxable income. CPUC files Federal/Provincial tax returns annually.

<sup>36</sup> MFR - Explanations for any useful lives of an asset that are proposed that are not within the ranges contained in the Kinetrics Report

There have been no special circumstances that would require specific tax planning measures to minimize taxes payable. There are no outstanding audits, reassessments or disputes relating the tax returns filed by CPUC.

There are no non-utility activities included in CPUC's financial results. Therefore the entire amount of PILs payable is considered in the proposed allowance to be included in the revenue requirement.

CPUC has used the OEB PILs Tax Work Form model to calculate the amount of taxes for inclusion in its 2019 rates. PILs have been calculated under MIFRS accounting policies. The PILS model was completed by CPUC's external auditor KPMG to ensure that the current and proposed tax rates have been applied, that the amount of PILS calculated appears reasonable and that the integrity checks established in the Boards Minimum Filing Requirements have been adhered to.

CPUC's taxes for the 2019 Test Year; Under the new accounting policies, CPUC's PILs amount to \$0.

The income tax sheet from the Revenue Requirement Work form is presented on the next page, and the PILs model is being filed in conjunction with this application.<sup>37</sup> Actual most recent federal and provincial tax returns are presented in Attachment 1 of this Exhibit.<sup>38</sup>

The only other taxes than the PILs presented in this Exhibit.<sup>39</sup> are property taxes which have bene consistent as shown in the table 42.

**Table 41 - Tax Provision for the Test Year**

Particulars	Application	
<u>Determination of Taxable Income</u>		
Utility net income before taxes		\$62,841
Adjustments required to arrive at taxable utility income		(\$62,841)

<sup>37</sup> MFR - Completed version of the PILs model (PDF and Excel); derivation of adjustments for historical, bridge, test years

<sup>38</sup> MFR - Most recent federal and provincial tax returns

<sup>39</sup> MFR - Explanation of how taxes other than income taxes or PILS (e.g. property taxes) are derived

<i>Taxable income</i>		\$ -
<i>Calculation of Utility income Taxes</i>		
<i>Income taxes</i>		\$ -
<i>Capital taxes</i>		\$ -
<i>Total taxes</i>		\$ -
<i>Gross-up of Income Taxes</i>		\$ -
<i>Grossed-up Income Taxes</i>		\$ -
<i>PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)</i>		\$ -
<i>Other tax Credits</i>		\$ -
<i>Tax Rates</i>		
<i>Federal tax (%)</i>		0.00%
<i>Provincial tax (%)</i>		0.00%
<i>Total tax rate (%)</i>		0.00%

1 The utility's latest tax return is presented at the Attachment 1 of this Exhibit.

2 CPUC is not claiming Apprenticeship Training Tax Credits.

3 **Table 42 – Property Taxes**

	CGAAP	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Particular	Last Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
Property Taxes	\$10,150	\$9,885	\$7,123	\$7,050	\$6,619	\$6,989	\$7,916	\$8,100	\$8,262

4

- 1 CPUC confirms that it has use of the stand-alone principle when determining PILs amounts. Its  
2 auditors KPMG verified the following information;
- 3 ✓ it has exercised sound tax planning and that for rate setting purposes, it maximized tax  
4 credits and take the maximum deductions allowed if it made sense for the utility to do  
5 so.
  - 6 ✓ It has excluded from PILs calculations both when they were created, and when they were  
7 collected, regardless of the actual tax treatment accorded those amounts.
  - 8 ✓ A copy of the most recent Federal and Provincial tax is presented in Attachment 2 of this  
9 Exhibit. <sup>40</sup>
  - 10 ✓ Detailed calculations of Income Tax or PILs are shown in the OEB PILs model filed along  
11 with this application.
  - 12 ✓ There were no adjustments (e.g., Tax credits<sup>41</sup>, CCA adjustments) for the Historical,  
13 Bridge and Test Years and as such, no supporting schedules and calculations and  
14 explanations for “other additions” and “other deductions” were required. <sup>42</sup>

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<sup>40</sup> MFR - Financial Statements included with tax returns if different from those filed with application

<sup>41</sup> MFR - Calculation of Tax Credits; redact where required (filing of unredacted versions is not required)

<sup>42</sup> MFR - Supporting schedules and calculations identifying reconciling items

#### 4.10 NON- RECOVERABLE AND DISALLOWED EXPENSES<sup>43</sup>

- 1
- 2 CPUC confirms that expenses that are deemed non-recoverable in the revenue requirement (e.g.
- 3 individual charitable donations) or disallowed for regulatory purposes have been excluded from
- 4 the regulatory tax calculation.

---

<sup>43</sup> MFR - Exclude from regulatory tax calculation any non-recoverable or disallowed expenses



#### 4.11 PILS INTEGRITY CHECK <sup>44</sup>

CPUC and its external auditors confirm to the best of their knowledge that the following integrity checks have been completed in its application. In completing the PILs model, Deloitte confirms that;

- ✓ the depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application;
- ✓ the capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge and test years;
- ✓ Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31st historic year UCC that agrees with the opening bridge year UCC at January 1st;
- ✓ The CCA deductions in the application's PILs tax model for historical, bridge and test years agree with the numbers in the UCC schedules for the same years filed in the application;
- ✓ Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application;
- ✓ CCA is maximized even if there are tax loss carry-forwards; and
- ✓ A statement is included in the application as to when the losses, if any, will be fully utilized.

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<sup>44</sup> MFR - Completion of Integrity checks listed on p.41; statement confirming completion

## 4.12 CONSERVATION AND DEMAND MANAGEMENT

### 4.12.1 CONSERVATION AND DEMAND MANAGEMENT OVERVIEW

Conservation and Demand Management (“CDM”) programs for electricity distributors were first approved by the OEB in 2004, and have expanded since becoming a more important part of the energy policy in Ontario. The Board developed and issued the CDM Code for Electricity Distributors (the “CDM Code”) on September 16, 2010, to support the CDM framework. The CDM Code sets out the obligations along with requirements, with which electricity distributors must comply in relation to the CDM targets set out in their licenses for January 1, 2011, to December 31, 2014, CDM target period. The CDM Code was created in response to a Directive dated March 31, 2010, by the Minister of Energy and Infrastructure pursuant to sections 27.1 and 27.2 of the Ontario Energy Board Act, 1998. Section 12 of the Directive states that lost revenues that result from CDM programs should not act as a disincentive to a distributor. The Board issued detailed guidelines on the lost revenue adjustment mechanism (“LRAM”) related to CDM programs implemented under the CDM code. CPUC calculated the LRAM Variance Account balance (“LRAMVA”) in compliance with the requirements set out in the following guidelines issued by the Board:

The Guideline for Electricity Distributor Conservation and Demand Management (EB-2012-0003, the “2012 CDM Guidelines”), dated April 26, 2012, describes the mechanism to capture the difference between the results of actual verified impacts of authorized CDM activities undertaken by the distributor between 2011 and 2014 and the level of activities embedded into rates through the distributor’s load forecast. This guideline also describes the establishment of the LRAM Variance Account and the method to record the related lost revenues.

The *Conservation and Demand Management Requirement Guidelines for Electricity Distributors* (EB-2014-0278, the “2015 CDM Guidelines”), issued by the OEB on December 19, 2014, are applicable to CDM programs beginning January 1, 2015. These guidelines require distributors to continue to rely on the LRAMVA to track and dispose of lost revenues that result from approved CDM programs between 2015 and 2020.

The Report of the OEB: *Updated Policy for the Lost Revenue Adjustment Mechanism Calculation:*

1 *Lost Revenues and Peak Demand Savings from Conservation and Demand Management*

2 *Programs* (EB-2016-0182 – the “LRAMVA Report”), issued on May 19, 2016, outlines the  
3 OEB’s policy with respect to the treatment of peak demand savings for the LRAM Variance  
4 Account calculation for demand billed customers.

5 CPUC began delivering CDM programs in 2011 to meet the mandated targets. The emphasis has  
6 been on Independent Electricity System Operator (IESO) Contracted Province-Wide Programs to  
7 residential and general service customers. CPUC has not sought approval for Board-approved  
8 CDM programs. CPUC has filed its CDM Strategy with the OEB in accordance with the CDM  
9 Code for Electricity Distributors in the fall of 2010.

10 CPUC’s funding is \$298,764 and 1,045,702 kWh for the 2015-2020 period. As of end of June  
11 2018, Chapleau PUC has achieved 698,929 kWh of savings, which represents 67% of its overall  
12 target. As such, Chapleau PUC is well poised at the end of year two of conservation framework.

13 CPUC originally had Burman Energy overseeing its conservation initiatives. However, CPUC  
14 replaced Burman Energy with CustomerFirst in February of 2018. CustomerFirst’s updated on  
15 2017 verified results is presented on the next page.

## Conservation Report

### 2015-2017 Final Verified Results

At the end of 2017, Chapleau PUC achieved 698,929 kWh of savings towards their 2015-2020 Conservation First Framework (CFF) target. This represents 67% savings towards the overall target of 1,045,702 kWh. Chapleau PUC has two Multi-Site Applications and an additional two Township of Chapleau Retrofit applications in the pipeline, all of which are expected to complete in 2018-2019. These pipeline applications should generate an additional 247,923 kWh savings and will put Chapleau close to 90% towards overall target. CustomerFirst continues to work with local contractors, business and residents to advertise programs available, as well as generate new local program offerings such as the Instant Savings Program – Clothesline give-a-way.

**Table 1: Chapleau PUC Allocated Target and Budget**

2015-2020 CFF Target (kWh)	1,045,702
2015-2020 CFF Budget (\$)	\$ 298,764

**Table 2: Progress toward 2015-2020 CFF Target and Budget Spent**

	2015	2016	2017	2015-2017 Verified Results (kWh)	Progress toward CFF Target
Net Verified Annual Savings (kWh)	278,924	211,864	208,141	698,929	67%
Total Spending (\$)	\$ 3,356	\$ 19,889	\$ 42,176	\$ 65,421	22%

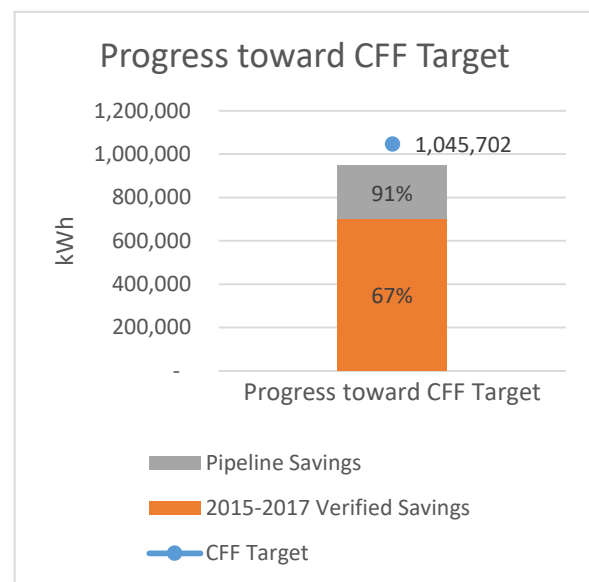
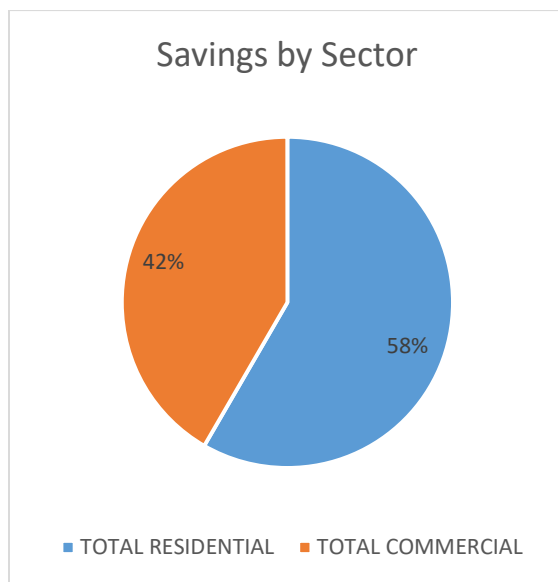
**Table 3: Participation and Savings by program**

	Participation			2020 Annual Energy Savings (kWh)		
	2015	2016	2017	2015	2016	2017
<b>Residential Programs</b>						
Coupon/Instant Discounts	940	4996	7746	22,044	149,388	196,955
Appliance Retirement	1					
Bi-Annual Retailer Event	1473			34,822		1,056
Heating and Cooling Incentive			1			
Whole Home Pilot			8			3,593
<b>TOTAL RESIDENTIAL</b>				56,866	149,388	201,604
<b>Commercial Programs</b>						
Retrofit	3	2	1	218,983	62,476	6,537
Small Business Lighting	1			3,075		
<b>TOTAL COMMERCIAL</b>				222,058	62,476	6,537

TOTAL PORTFOLIO	278,924	211,864	208,141
-----------------	---------	---------	---------

**Table 4: Savings Pipeline**

RETROFIT	ID	Incentive	Savings (kWh)	Estimated In-Service
Liquor Control Board of Ontario	192,771	\$ 3,520.00	3,320	30-Sep-18
Township of Chapleau (Streetlights)	190,859	\$ 15,700.00	183,313	2-Jan-19
Township of Chapleau (Curling Rink)	193,892	\$ 4,208.34	51,327	28-May-18
RBC Bank	194,768	\$ 550.00	5,053	22-Sep-18
The Beer Store - 2363	190,708	\$ 2,972.80	4,909	20-Oct-17
TOTAL PIPELINE		\$ 26,951.14	247,923	



#### 4.12.2 LRAM VARIANCE ACCOUNT (LRAMVA)<sup>45</sup>

On March 31, 2010, the Minister of Energy and Infrastructure issued a directive (the "Directive") to the Board regarding electricity CDM targets to be met by licensed electricity distributors. The Directive required that the Board amend the licenses of distributors to add, as a condition of the license, the requirement for distributors to achieve reductions in electricity demand through the delivery of CDM programs over a four-year period beginning January 1, 2011. Section 12 of the Directive required that the Board have regard to the objective that lost revenues that result from CDM Programs should not act as a disincentive to a distributor. On April 26, 2012, the Board issued Guidelines for Electricity Distributor Conservation and Demand Management ("CDM Guidelines"). In keeping with the Directive, the Board adopted a mechanism to capture the difference between the results of actual, verified impacts of authorized CDM activities undertaken by distributors between 2011 and 2014 and the level of activities embedded into rates through the distributor's load forecast in an LRAM variance account.

Distributors are required to track the variances between the OEB approved CDM adjustment to their load forecasts and the actual CDM results in the LRAMVA for the 2015 - 2020 period.

Table 25 below shows the total LRAMVA recovery sought by the utility.

---

<sup>45</sup> MFR - LRAMVA - disposition of balance. Distributors must provide new LRAMVA Workform in a working Excel file and provide the following:

- statement indicating use of most recent input assumptions when calculating lost revenue
- statement indicating reliance on most recent CDM evaluation report from IESO; copy of report
- Tables for each rate class showing lost revenue by year; list of programs applicable to rate class. Within each separate rate class table, a list of all the CDM programs/initiatives applicable to that rate class and the energy savings (kWh) and peak demand (kW) savings assigned to those programs/initiatives.. For peak demand (kW) savings, the monthly multiplier amount used to convert the peak demand (kW) savings value included in the IESO's final results report into an annual value for each program
- lost revenue calculations - energy savings by class and OEB-approved variable charge
- statement that indicates if carrying charges are requested

**Table 43 - Summary of Requested LRAM Amounts**

Description	Residential	GS<50 kW	GS 50kW to 4999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting	Total
	kWh	kWh	kw	kWh	kw	kw	
2011 Actuals	\$300.12	\$1,121.41	\$0.00	\$0.00	\$0.00	\$0.00	\$1,421.53
2011 Forecast	(\$9,285.50)	(\$107.41)	(\$526.49)	\$0.00	\$0.00	\$0.00	(\$9,919.40)
Amount Cleared							
2012 Actuals	\$576.76	\$5,586.02	\$2,359.29	\$0.00	\$0.00	\$0.00	\$8,522.07
2012 Forecast	(\$12,289.63)	(\$153.19)	(\$735.38)	\$0.00	\$0.00	\$0.00	(\$13,178.20)
Amount Cleared							
2013 Actuals	\$973.66	\$6,681.47	\$2,396.78	\$0.00	\$0.00	\$0.00	\$10,051.90
2013 Forecast	(\$12,380.66)	(\$154.07)	(\$727.32)	\$0.00	\$0.00	\$0.00	(\$13,262.06)
Amount Cleared							
2014 Actuals	\$1,745.93	\$6,498.15	\$3,855.99	\$0.00	\$0.00	\$0.00	\$12,100.07
2014 Forecast	(\$12,562.73)	(\$155.83)	(\$724.68)	\$0.00	\$0.00	\$0.00	(\$13,443.24)
Amount Cleared							
2015 Actuals	\$2,422.70	\$9,861.63	\$3,583.84	\$0.00	\$0.00	\$0.00	\$15,868.17
2015 Forecast	(\$12,744.80)	(\$157.59)	(\$730.94)	\$0.00	\$0.00	\$0.00	(\$13,633.33)
Amount Cleared							
2016 Actuals	\$4,252.80	\$7,587.88	\$2,684.63	\$0.00	\$0.00	\$3,217.00	\$17,742.31
2016 Forecast	(\$12,744.80)	(\$157.59)	(\$730.94)	\$0.00	\$0.00	\$0.00	(\$13,633.33)
Amount Cleared							
2017 Actuals	\$7,812.80	\$4,905.23	\$2,653.51	\$0.00	\$0.00	\$2,969.54	\$18,341.08
2017 Forecast	(\$12,744.80)	(\$157.59)	(\$730.94)	\$0.00	\$0.00	\$0.00	(\$13,633.33)
Amount Cleared							
Carrying Charges	(\$4,040.49)	\$2,076.37	\$586.29	\$0.00	\$0.00	\$153.93	(\$1,223.90)
<b>Total LRAMVA Balance</b>	<b>-\$70,709</b>	<b>\$43,275</b>	<b>\$13,214</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,340</b>	<b>-\$7,880</b>

CPUC has used the most recent input assumptions when calculating lost revenue and has relied on the most recent final evaluation report from the Independent Electricity System Operator (IESO) in support of its LRAM calculation for its contracted province-wide CDM programs ("IESO Programs") for 2011-2017. Lost revenues are based on Board approved variable charges and carrying charges through to April 30, 2011, up until 2017 are requested.

CPUC is not currently requesting recovery of lost revenue resulting from Board-approved programs. The IESO-Contracted Province-Wide CDM Programs Final 2017 Results are provided in Attachment 2 to this Exhibit.

None of the estimated CDM load reductions were factored into the load forecast underpinning CPUC's 2011,2012,2013, 2014, 2015,2016 and 2017 rates. CPUC has calculated any carrying charges for the applicable periods using the quarterly rates prescribed by the Board.

1 For further details, please refer to the enclosed Excel OEB LRAM Work form and IESO 2017 Final  
2 Report.

3 **APPENDICES**

4

Appendix A	IESO Report
Appendix B	PDF of Income Tax
Appendix C	PILs
Appendix D	Procurement Policy
Appendix E	Service Agreement

5



1

**Appendix A – 2017 Final IESO report**

2

# 2017 Final Verified Annual LDC CDM Program Results Report Summary

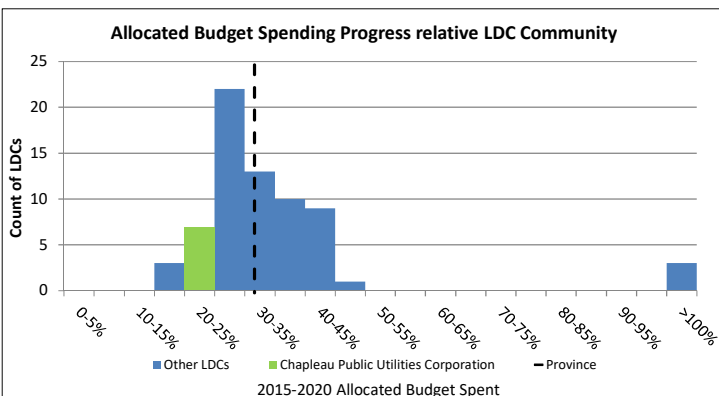
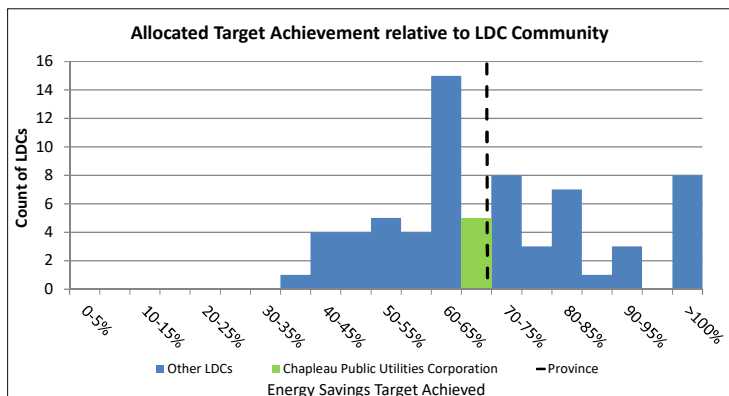
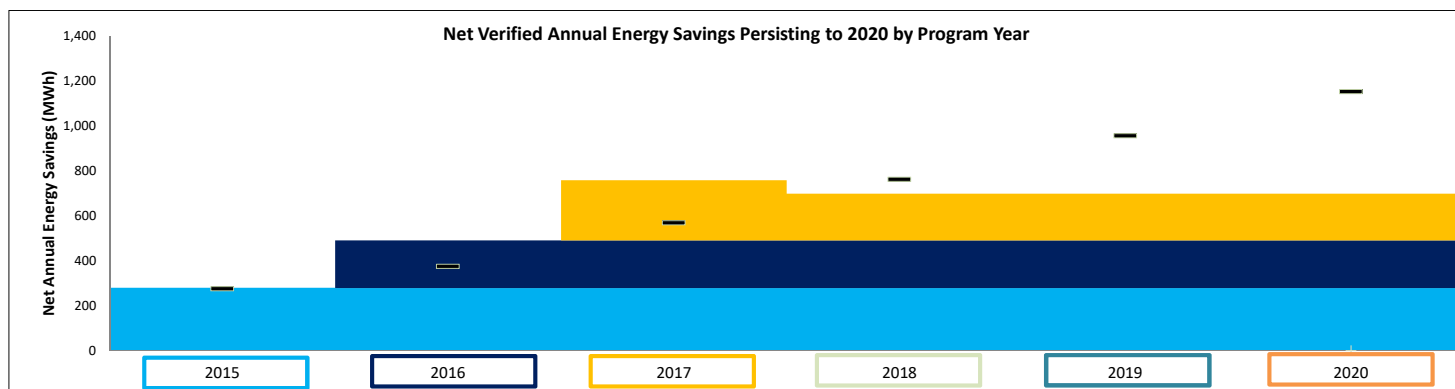
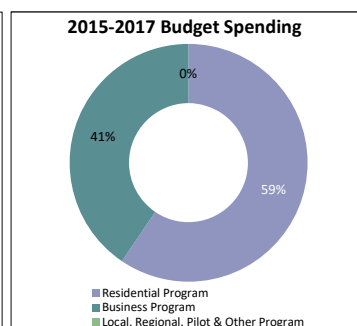
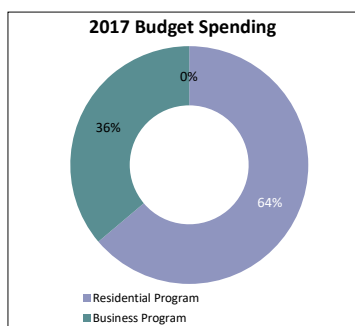
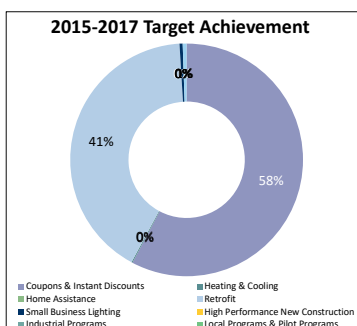
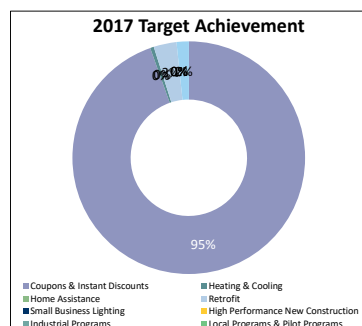
For: Chapleau Public Utilities Corporation

## Results

#	Metric	2015 Verified Results	2016 Verified Results	2017 Verified Results	2015-2017 Verified Results	Allocated Target / Budget	2015-2017 Progress versus Allocated Target / Budget	2015-2020 LDC CDM Plan Forecast	2015-2017 Progress versus 2015-2020 LDC CDM Plan Forecast	2017 LDC CDM Plan Forecast	2017 Progress versus 2017 LDC CDM Plan Forecast	2015-2017 LDC CDM Plan Forecast	2015-2017 Progress versus 2015-2017 LDC CDM Plan Forecast
1	Net Verified Annual Energy Savings Persisting to 2020	279 MWh	212 MWh	208 MWh	699 MWh	1,050 MWh	67 %	1,152 MWh	61 %	194 MWh	107 %	568 MWh	123 %
2	LDC Ranking - Net Verified Annual Energy Savings Persisting to 2020	61	65	65	65	65	34	64	44	64	53	63	40
3	Total Spending (\$)	\$ 3,354	\$ 19,890	\$ 42,176	\$ 65,420	\$ 298,764	22 %	\$ 298,764	22 %	\$ 69,743	60 %	\$ 89,852	73 %
4	LDC Ranking - Total Spending (\$)	40	65	68	68	65	63	68	62	67	62	68	51

## Annual FCR Progress

#	Metric	2015 Program Year	2016 Program Year	2017 Program Year	Total 2015-2017 Framework-to-Date
1	Net Verified 2020 Annual Energy Savings from Full Cost Recovery Programs	0 MWh	212 MWh	205 MWh	416 MWh
2	CDM Plan Forecasted Net 2020 Annual Energy Savings from Full Cost Recovery Programs	0 MWh	99 MWh (2015 Annual Milestone from FCR Programs)	149 MWh (2016 Annual Milestone from FCR Programs)	248 MWh (Cumulative FCR Milestone)
FCR Progress					167.7 %



1                    **Appendix B – Most Recent federal and provincial tax returns**

2

Canada Revenue Agency  
Agence du revenu  
du Canada**Information Return for Corporations Filing Electronically**

- You have to complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed to the Canada Revenue Agency (CRA) on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the *Income Tax Act*, you have to keep all records used to prepare your corporation income tax return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your corporation income tax return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- Do not submit** this form to the CRA unless we ask for it.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted it.

**Part 1 – Identification**


Corporation's name CHAPLEAU PUBLIC UTILITIES CORPORATION			Business number 89149 3322 RC0001	
Tax year ▶	From Y M D 2017-01-01	To Y M D 2017-12-31	Is this an amended return? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

**Part 2 – Declaration**

Enter the following amounts, if applicable, from your corporation income tax return for the tax year noted above:

Net income (or loss) for income tax purposes from Schedule 1, financial statements, or GIFI (line 300)	27,505
Part I tax payable (line 700)	2,888
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	1,238

**Part 3 – Certification and authorization**

 <b>Sign up for online mail!</b>		Get your CRA mail electronically delivered in My Business Account at <a href="http://cra.gc.ca/mybusinessaccount">cra.gc.ca/mybusinessaccount</a>
<p>I understand that by providing an email address, I am <b>registering</b> the corporation for the 'Manage online mail' service. I understand and agree that all notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. The CRA will notify the corporation at this email address when they are available in My Business Account and requiring immediate attention. They will be presumed to have been received on the date that the email is sent.</p>		
<p><b>Email address</b> for online mail (optional): _____</p>		
I, <u>CYR</u>	<u>JENNIFER</u>	<u>TREASURER</u>
Last name	First name	Position, office, or rank
<p>am an authorized signing officer of the corporation. I certify that I have examined the corporation T2 income tax return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.</p>		
<p>I authorize the transmitter identified in Part 4 to electronically file the corporation income tax return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.</p>		
2018-05-07		(705) 864-0111
Date (yyyy/mm/dd)	Signature of an authorized signing officer of the corporation	Telephone number

**Part 4 – Transmitter identification**

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

<u>KPMG LLP</u>	<u>D4481</u>
Name of person or firm	Electronic filer number

**Privacy statement**

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source [cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html](http://cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html), personal information bank CRA PPU 047.

Canada Revenue Agency  
Agence du revenu  
du Canada**T2 Corporation Income Tax Return****200**

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal *Income Tax Act* and *Income Tax Regulations*. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax centre or tax services office. You have to file the return within six months after the end of the corporation's tax year.

For more information see [cra.gc.ca](http://cra.gc.ca) or Guide T4012, *T2 Corporation - Income Tax Guide*.

**055** Do not use this area**Identification****Business number (BN)** ..... **001** 89149 3322 RC0001**Corporation's name****002** CHAPLEAU PUBLIC UTILITIES CORPORATION**Address of head office**Has this address changed since the last time we were notified? ..... **010** 1 Yes ☐ 2 No ☒If **yes**, complete lines 011 to 018.**011** P.O. BOX 670**012**

City Province, territory, or state

**015** CHAPLEAU**016** ON

Country (other than Canada) Postal or ZIP code

**017** POM 1K0**Mailing address** (if different from head office address)Has this address changed since the last time we were notified? ..... **020** 1 Yes ☐ 2 No ☒If **yes**, complete lines 021 to 028.**021** c/o**022****023**

City Province, territory, or state

**025** CHAPLEAU**026** ON

Country (other than Canada) Postal or ZIP code

**027** POM 1K0**Location of books and records** (if different from head office address)Has this address changed since the last time we were notified? ..... **030** 1 Yes ☐ 2 No ☒If **yes**, complete lines 031 to 038.**031** 110 LORNE STREET SOUTH**032**

City Province, territory, or state

**035** CHAPLEAU**036** ON

Country (other than Canada) Postal or ZIP code

**037** POM 1K0**040** Type of corporation at the end of the tax year (tick one)

- ☒ 1 Canadian-controlled private corporation (CCPC)
- ☐ 2 Other private corporation
- ☐ 3 Public corporation
- ☐ 4 Corporation controlled by a public corporation
- ☐ 5 Other corporation (specify) \_\_\_\_\_

If the type of corporation changed during the tax year, provide the effective date of the change ..... **043**

Year Month Day

**To which tax year does this return apply?**

Tax year start

Year Month Day

**060** 2017-01-01

Tax year-end

Year Month Day

**061** 2017-12-31

**Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060?** ..... **063** 1 Yes ☐ 2 No ☒

If **yes**, provide the date control was acquired

Year Month Day

**Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)?** ..... **066** 1 Yes ☐ 2 No ☒

**Is the corporation a professional corporation that is a member of a partnership?** ..... **067** 1 Yes ☐ 2 No ☒

**Is this the first year of filing after:**

Incorporation? ..... **070** 1 Yes ☐ 2 No ☒Amalgamation? ..... **071** 1 Yes ☐ 2 No ☒If **yes**, complete lines 030 to 038 and attach Schedule 24.

**Has there been a wind-up of a subsidiary under section 88 during the current tax year?** ..... **072** 1 Yes ☐ 2 No ☒

If **yes**, complete and attach Schedule 24.

**Is this the final tax year before amalgamation?** ..... **076** 1 Yes ☒ 2 No ☐

**Is this the final return up to dissolution?** ..... **078** 1 Yes ☐ 2 No ☒

**If an election was made under section 261, state the functional currency used** ..... **079** \_\_\_\_\_

**Is the corporation a resident of Canada?** **080** 1 Yes ☒ 2 No ☐

If **no**, give the country of residence on line 081 and complete and attach Schedule 97.**081** \_\_\_\_\_

**Is the non-resident corporation claiming an exemption under an income tax treaty?** ..... **082** 1 Yes ☐ 2 No ☒

If **yes**, complete and attach Schedule 91.

**If the corporation is exempt from tax under section 149, tick one of the following boxes:**

**085** ☐

1 Exempt under paragraph 149(1)(e) or (l)

2 Exempt under paragraph 149(1)(j)

3 Exempt under paragraph 149(1)(t)

4 Exempt under other paragraphs of section 149

Do not use this area

**095****096****098**

**Attachments****Financial statement information:** Use GIFI schedules 100, 125, and 141.**Schedules** – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

	Yes	Schedule
Is the corporation related to any other corporations?	<b>150</b> <input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	<b>160</b> <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<b>161</b> <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders who own voting shares?	<b>151</b> <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	<b>162</b> <input type="checkbox"/>	11
If you answered <b>yes</b> to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<b>163</b> <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<b>164</b> <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<b>165</b> <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter?	<b>166</b> <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	<b>167</b> <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	<b>168</b> <input type="checkbox"/>	22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	<b>169</b> <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the <i>Income Tax Regulations</i> ?	<b>170</b> <input type="checkbox"/>	29
Did the corporation have a total amount over \$1 million of reportable transactions with non-arm's length non-residents?	<b>171</b> <input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<b>173</b> <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<b>172</b> <input type="checkbox"/>	
Does the corporation earn income from one or more Internet webpages or websites?	<b>180</b> <input type="checkbox"/>	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<b>201</b> <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	<b>202</b> <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<b>203</b> <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	<b>204</b> <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<b>205</b> <input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<b>206</b> <input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), or f) business limit assigned under subsection 125(3.2); or	<b>207</b> <input type="checkbox"/>	7
ii) does the corporation have aggregate investment income at line 440?	<b>208</b> <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible for capital cost allowance?	<b>210</b> <input type="checkbox"/>	10
Does the corporation have any property that is eligible capital property?	<b>212</b> <input type="checkbox"/>	12
Does the corporation have any resource-related deductions?	<b>213</b> <input type="checkbox"/>	13
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	<b>216</b> <input type="checkbox"/>	16
Is the corporation claiming a patronage dividend deduction?	<b>217</b> <input type="checkbox"/>	17
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<b>218</b> <input type="checkbox"/>	18
Is the corporation an investment corporation or a mutual fund corporation?	<b>220</b> <input type="checkbox"/>	20
Is the corporation carrying on business in Canada as a non-resident corporation?	<b>221</b> <input type="checkbox"/>	21
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	<b>227</b> <input type="checkbox"/>	27
Does the corporation have any Canadian manufacturing and processing profits?	<b>231</b> <input type="checkbox"/>	31
Is the corporation claiming an investment tax credit?	<b>232</b> <input type="checkbox"/>	T661
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<b>233</b> <input type="checkbox"/>	33/34/35
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<b>234</b> <input type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<b>238</b> <input type="checkbox"/>	38
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<b>242</b> <input type="checkbox"/>	42
Is the corporation claiming a Part I tax credit?	<b>243</b> <input type="checkbox"/>	43
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<b>244</b> <input type="checkbox"/>	45
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<b>249</b> <input type="checkbox"/>	46
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?		
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<b>250</b> <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	<b>253</b> <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	<b>254</b> <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	<b>255</b> <input type="checkbox"/>	92

**Attachments (continued)**

	Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	<input type="checkbox"/>	T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN\$100,000?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	<input type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	<input type="checkbox"/>	54

**Additional information**

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's main revenue-generating business activity?	221122	Electric Power Distribution	
Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	ELECTRICITY DISTN	285 95.000 %
	286	SERVICE WORK	287 5.000 %
	288		289 %
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input checked="" type="checkbox"/>	2 No <input type="checkbox"/>
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	Year Month Day	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>

**Taxable income**

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	27,505	A
<b>Deduct:</b>			
Charitable donations from Schedule 2	311		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction*	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		27,505	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
<b>Taxable income</b> (amount C plus amount D)	360	27,505	
Income exempt under paragraph 149(1)(t)	370		
<b>Taxable income</b> for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		27,505	Z
<b>Taxable income</b> for the year from a personal services business**			Z.1

\* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 9.

\*\* For a taxation year that ends after 2015.

**Small business deduction****Canadian-controlled private corporations (CCPCs) throughout the tax year**

Income from active business carried on in Canada from Schedule 7	400	27,505	A
Taxable income from line 360 on page 3, <b>minus</b> 100/28 3.57143 of the amount on line 632* on page 8, <b>minus</b> 4 times the amount on line 636** on page 8, and <b>minus</b> any amount that, because of federal law, is exempt from Part I tax	405	27,505	B
Business limit (see notes 1 and 2 below)	410	500,000	C

**Notes:**

- For CCPCs that are not associated, enter \$ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year **divided** by 365, and enter the result on line 410.
- For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

**Business limit reduction:**

Amount C	500,000	x	415 ***	D	=	11,250	E		
Reduced business limit (amount C <b>minus</b> amount E) (if negative, enter "0")							425	500,000	F
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below)									G
Amount F <b>minus</b> amount G							427	500,000	H

**Small business deduction**

Amount A, B, C, or H, whichever is the least	<u>27,505</u>	x	Number of days in the tax year before January 1, 2016	<u>365</u>	x	17 % =	<u>1</u>
			Number of days in the tax year	365			
Amount A, B, C, or H, whichever is the least	<u>27,505</u>	x	Number of days in the tax year after December 31, 2015, and before January 1, 2018	<u>365</u>	x	17.5 % =	<u>4,813</u> 2
			Number of days in the tax year	365			
Amount A, B, C, or H, whichever is the least	<u>27,505</u>	x	Number of days in the tax year after December 31, 2017	<u>365</u>	x	18 % =	<u>3</u>
			Number of days in the tax year	365			
Total of amounts 1, 2 and 3 (enter amount I on line J on page 8)							<b>430</b> <u>4,813</u> I

\* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

\*\* Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

**\*\*\* Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior** year **minus** \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current** year **minus** \$10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.



**Small business deduction (continued)****Specified corporate income and assignment under subsection 125(3.2)****Applicable to tax years that begin after March 21, 2016**

Except that, if the tax year of your corporation started before **and** ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

J1 Name of corporation receiving the income and assigned amount	J Business number of the corporation receiving the assigned amount	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J <sup>3</sup>	L Business limit assigned to corporation identified in column J <sup>4</sup>
	<b>490</b>	<b>500</b>	<b>505</b>
1.			
Total <b>510</b>		Total <b>515</b>	

**Notes:**

3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
- (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
- (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
- (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
- (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula  $A - B$ , where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.

**General tax reduction for Canadian-controlled private corporations****Canadian-controlled private corporations throughout the tax year**

Taxable income from page 3 (line 360 or amount Z, whichever applies)	27,505	A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		B
Amount K13 from Part 13 of Schedule 27		C
Personal services business income	<b>432</b>	D
Amount used to calculate the credit union deduction (amount F from Schedule 17)		E
Amount from line 400, 405, 410, or 427 on page 4, whichever is the least	27,505	F
Aggregate investment income from line 440 on page 6*		G
Subtotal (add amounts B to G)	27,505	H
Amount A minus amount H (if negative, enter "0")		I

**General tax reduction for Canadian-controlled private corporations** – Amount I multiplied by 13 %

Enter amount J on line 638 on page 8.

\* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

**General tax reduction**

**Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.**

Taxable income from page 3 (line 360 or amount Z, whichever applies)		K
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		L
Amount K13 from Part 13 of Schedule 27		M
Personal services business income	<b>434</b>	N
Amount used to calculate the credit union deduction (amount F from Schedule 17)		O
Subtotal (add amounts L to O)		P
Amount K minus amount P (if negative, enter "0")		Q
<b>General tax reduction</b> – Amount Q multiplied by 13 %		R
Enter amount R on line 639 on page 8.		

**Refundable portion of Part I tax****Canadian-controlled private corporations throughout the tax year**Aggregate investment income from Schedule 7 ..... **440** ..... A

Amount A ..... x  $\frac{\text{Number of days in the tax year before January 1, 2016}}{365} \times 26 \frac{2}{3} \% =$  ..... 1

Amount A ..... x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{365} \times 30 \frac{2}{3} \% =$  ..... 2

Subtotal (amount 1 plus amount 2) ..... **B**Foreign investment income from Schedule 7 ..... **445** ..... C

Amount C ..... x  $\frac{\text{Number of days in the tax year before January 1, 2016}}{365} \times 9 \frac{1}{3} \% =$  ..... 3

Amount C ..... x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{365} \times 8 \% =$  ..... 4

Subtotal (amount 3 plus amount 4) ..... D

Foreign non-business income tax credit from line 632 on page 8 minus amount D (if negative, enter "0") ..... E

Amount B minus amount E (if negative, enter "0") ..... F

Foreign non-business income tax credit from line 632 on page 8 ..... G

Number of days in the tax year before January 1, 2016 ..... x 35 = ..... 5

Number of days in the tax year ..... 365

Number of days in the tax year after December 31, 2015 .....  $\frac{365}{365} \times 38 \frac{2}{3} =$  ..... 38.6667 6

Number of days in the tax year ..... 365

Subtotal (amount 5 plus amount 6) ..... 38.6667 H

Amount G ..... x  $\frac{100}{38.6667} =$  ..... I

Taxable income from line 360 on page 3 ..... 27,505 J

**Deduct:**

Amount from line 400, 405, 410, or 427 on page 4, whichever is the least ..... 27,505 K

Amount I ..... L

Foreign business income tax credit from line 636 on page 8 ..... x 4 = ..... M

Subtotal (total of amounts K to M) ..... 27,505 N

Subtotal (amount J minus amount N) ..... O

Amount O ..... x  $\frac{\text{Number of days in the tax year before January 1, 2016}}{365} \times 26 \frac{2}{3} \% =$  ..... 7

Amount O ..... x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{365} \times 30 \frac{2}{3} \% =$  ..... 8

Subtotal (amount 7 plus amount 8) ..... P

Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 9) ..... 2,888 Q

**Refundable portion of Part I tax** – Amount F, P, or Q, whichever is the least ..... **450** ..... R

**Refundable dividend tax on hand**

Refundable dividend tax on hand at the end of the previous tax year	460		
<b>Deduct:</b>			
Dividend refund for the previous tax year	465		
		▶	A
<b>Add:</b>			
Refundable portion of Part I tax from line 450 on page 6			B
Total Part IV tax payable from Schedule 3			C
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480		
Subtotal (add amounts B, C, and line 480)		▶	D
<b>Refundable dividend tax on hand at the end of the tax year – Amount A plus amount D</b>		485	

**Dividend refund**

<b>Private and subject corporations at the time taxable dividends were paid in the tax year</b>				
Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3				E
Amount E	x	Number of days in the tax year before January 1, 2016	x 33 1 / 3 % =	1
		Number of days in the tax year 365		
Amount E	x	Number of days in the tax year after December 31, 2015	365 x 38 1 / 3 % =	2
		Number of days in the tax year 365		
Subtotal (amount 1 plus amount 2)			▶	F
Refundable dividend tax on hand at the end of the tax year from line 485 above				G
<b>Dividend refund – Amount F or G, whichever is less</b>				H
Enter amount H on line 784 on page 9.				

**Part I tax**

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 % . . . **550** 10,452 A

**Additional tax on personal services business income** (section 123.5)

Taxable income from a personal services business **555** x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year}} = \frac{365}{365} \times 5\% = \mathbf{560}$  B

Recapture of investment tax credit from Schedule 31 . . . . . **602** C

**Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income**

(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6 . . . . . D

Taxable income from line 360 on page 3 . . . . . 27,505 E

**Deduct:**

Amount from line 400, 405, 410, or 427 on page 4, whichever is the least . . . . . 27,505 F

Net amount (amount E **minus** amount F) **▶** G

Amount D or G, whichever is less x  $\frac{\text{Number of days in the tax year before January 1, 2016}}{\text{Number of days in the tax year}} \times 6\frac{2}{3}\% =$  1

Amount D or G, whichever is less x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year}} \times 10\frac{2}{3}\% =$  2

Refundable tax on CCPC's investment income (amount 1 **plus** amount 2) . . . . . **604** H

Subtotal (**add** amounts A, B, C, and H) 10,452 I

**Deduct:**

Small business deduction from line 430 on page 4 . . . . . 4,813 J

Federal tax abatement . . . . . **608** 2,751

Manufacturing and processing profits deduction from Schedule 27 . . . . . **616**

Investment corporation deduction . . . . . **620**

Taxed capital gains **624**

Additional deduction – credit unions from Schedule 17 . . . . . **628**

Federal foreign non-business income tax credit from Schedule 21 . . . . . **632**

Federal foreign business income tax credit from Schedule 21 . . . . . **636**

General tax reduction for CCPCs from amount J on page 5 . . . . . **638**

General tax reduction from amount R on page 5 . . . . . **639**

Federal logging tax credit from Schedule 21 . . . . . **640**

Eligible Canadian bank deduction under section 125.21 . . . . . **641**

Federal qualifying environmental trust tax credit . . . . . **648**

Investment tax credit from Schedule 31 . . . . . **652**

Subtotal **▶** 7,564 K

**Part I tax payable** – Amount I **minus** amount K . . . . . 2,888 L

Enter amount L on line 700 on page 9.

**Privacy statement**

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source [cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html](http://cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html), personal information bank CRA PPU 047.

**Summary of tax and credits****Federal tax**

Part I tax payable from amount L on page 8	700	2,888
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	

Total federal tax 2,888

**Add provincial or territorial tax:**Provincial or territorial jurisdiction . . . **750** ON  
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)Net provincial or territorial tax payable (except Quebec and Alberta) . . . **760** 1,238  
Total tax payable **770** 4,126 A**Deduct other credits:**

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount H on page 7	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	
Total credits	890	

Refund code **894** Overpayment

Balance (amount A minus amount B) 4,126 B

**Direct deposit request**

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information **910**  
**914** Institution number **918** Account number  
 Branch number

If the result is positive, you have a **balance unpaid**.  
 If the result is negative, you have an **overpayment**.  
 Enter the amount on whichever line applies.  
 Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid . . . . . 4,126

For information on how to make your payment, go to [cra.gc.ca/payments](http://cra.gc.ca/payments).

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due?

**896** 1 Yes ☒ 2 No ☐

If this return was prepared by a tax preparer for a fee, provide their EFILE number

**920** D4481

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**Certification**I, **950** CYR Lastname **951** JENNIFER First name **954** TREASURER Position, office, or rank

I am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

**955** 2018-05-07  
Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

**956** (705) 864-0111  
Telephone numberIs the contact person the same as the authorized signing officer? If **no**, complete the information below**957** 1 Yes ☒ 2 No ☐**958** Name of other authorized person**959** Telephone number**Language of correspondence – Langue de correspondance**Indicate your language of correspondence by entering **1** for English or **2** for French.  
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français.**990** 1



Form identifier 100

**GENERAL INDEX OF FINANCIAL INFORMATION – GIF1**

Corporation's name	Business number	Tax year end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

**Balance sheet information**

Account	Description	GIFI	Current year	Prior year
<b>Assets</b>				
	Total current assets	1599 +	1,387,443	1,415,026
	Total tangible capital assets	2008 +	1,365,676	2,831,645
	Total accumulated amortization of tangible capital assets	2009 –	286,042	1,726,954
	Total intangible capital assets	2178 +		
	Total accumulated amortization of intangible capital assets	2179 –		
	Total long-term assets	2589 +	1,352,488	1,287,797
	* Assets held in trust	2590 +		
	<b>Total assets (mandatory field)</b>	<b>2599 =</b>	<b>3,819,565</b>	<b>3,807,514</b>
<b>Liabilities</b>				
	Total current liabilities	3139 +	515,974	496,806
	Total long-term liabilities	3450 +	1,219,351	1,251,604
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	<b>Total liabilities (mandatory field)</b>	<b>3499 =</b>	<b>1,735,325</b>	<b>1,748,410</b>
<b>Shareholder equity</b>				
	<b>Total shareholder equity (mandatory field)</b>	<b>3620 +</b>	<b>2,084,240</b>	<b>2,059,104</b>
	<b>Total liabilities and shareholder equity</b>	<b>3640 =</b>	<b>3,819,565</b>	<b>3,807,514</b>
<b>Retained earnings</b>				
	<b>Retained earnings/deficit – end (mandatory field)</b>	<b>3849 =</b>	<b>-158,818</b>	<b>-183,954</b>

\* Generic item

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Form identifier 125

**GENERAL INDEX OF FINANCIAL INFORMATION – GIFI**

Corporation's name	Business number	Tax year end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

**Income statement information**

Description	GIFI
Operating name . . . . .	<b>0001</b> CHAPLEAU PUBLIC UTILITES CORPORATION
Description of the operation . . . . .	<b>0002</b>
Sequence number . . . . .	<b>0003</b> 01

Account	Description	GIFI	Current year	Prior year
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**Income statement information**

Total sales of goods and services . . . . .	<b>8089</b> +	3,437,373	4,048,170
Cost of sales . . . . .	<b>8518</b> -	2,697,631	3,231,301
<b>Gross profit/loss</b> . . . . .	<b>8519</b> =	739,742	816,869
Cost of sales . . . . .	<b>8518</b> +	2,697,631	3,231,301
Total operating expenses . . . . .	<b>9367</b> +	777,635	838,365
<b>Total expenses (mandatory field)</b> . . . . .	<b>9368</b> =	3,475,266	4,069,666
Total revenue (mandatory field) . . . . .	<b>8299</b> +	3,504,528	4,095,602
Total expenses (mandatory field) . . . . .	<b>9368</b> -	3,475,266	4,069,666
<b>Net non-farming income</b> . . . . .	<b>9369</b> =	29,262	25,936

**Farming income statement information**

Total farm revenue (mandatory field) . . . . .	<b>9659</b> +		
Total farm expenses (mandatory field) . . . . .	<b>9898</b> -		
<b>Net farm income</b> . . . . .	<b>9899</b> =		

<b>Net income/loss before taxes and extraordinary items</b> . . . . .	<b>9970</b> =	29,262	25,936
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<b>Total other comprehensive income</b> . . . . .	<b>9998</b> =		
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**Extraordinary items and income (linked to Schedule 140)**

Extraordinary item(s) . . . . .	<b>9975</b> -		
Legal settlements . . . . .	<b>9976</b> -		
Unrealized gains/losses . . . . .	<b>9980</b> +		
Unusual items . . . . .	<b>9985</b> -		
Current income taxes . . . . .	<b>9990</b> -	4,126	1,902
Future (deferred) income tax provision . . . . .	<b>9995</b> -		
Total – Other comprehensive income . . . . .	<b>9998</b> +		
<b>Net income/loss after taxes and extraordinary items (mandatory field)</b> . . . . .	<b>9999</b> =	25,136	24,034

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## Notes Checklist

Corporation's name  CHAPLEAU PUBLIC UTILITIES CORPORATION	Business number  89149 3322 RC0001	Tax year-end Year Month Day 2017-12-31
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- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and T4012, *T2 Corporation – Income Tax Guide*.
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

**Part 1 – Information on the accountant who prepared or reported on the financial statements**

Does the accountant have a professional designation? ..... **095** 1 Yes ☒ 2 No ☐

Is the accountant connected\* with the corporation? ..... **097** 1 Yes ☐ 2 No ☒

**Note**

If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you **do have** to complete Part 4, as applicable.

\* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

**Part 2 – Type of involvement with the financial statements**

Choose the option that represents the highest level of involvement of the accountant: **198**

Completed an auditor's report ..... 1 ☒

Completed a review engagement report ..... 2 ☐

Conducted a compilation engagement ..... 3 ☐

**Part 3 – Reservations**

If you selected option 1 or 2 under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation? ..... **099** 1 Yes ☐ 2 No ☒

**Part 4 – Other information**

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: ..... **110**

Prepared the tax return (financial statements prepared by client) ..... 1 ☐

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) ..... 2 ☐

Were notes to the financial statements prepared? ..... **101** 1 Yes ☒ 2 No ☐

If **yes**, complete lines 104 to 107 below:

Are subsequent events mentioned in the notes? ..... **104** 1 Yes ☐ 2 No ☒

Is re-evaluation of asset information mentioned in the notes? ..... **105** 1 Yes ☐ 2 No ☒

Is contingent liability information mentioned in the notes? ..... **106** 1 Yes ☒ 2 No ☐

Is information regarding commitments mentioned in the notes? ..... **107** 1 Yes ☒ 2 No ☐

Does the corporation have investments in joint venture(s) or partnership(s)? ..... **108** 1 Yes ☐ 2 No ☒



**Part 4 – Other information (continued)****Impairment and fair value changes**

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . .

**200**1 Yes ☐2 No ☐☒

If **yes**, enter the amount recognized:

**In net income**  
Increase (decrease)

**In OCI**  
Increase (decrease)

Property, plant, and equipment . . . . .	<b>210</b>		<b>211</b>	
Intangible assets . . . . .	<b>215</b>		<b>216</b>	
Investment property . . . . .	<b>220</b>			
Biological assets . . . . .	<b>225</b>			
Financial instruments . . . . .	<b>230</b>		<b>231</b>	
Other . . . . .	<b>235</b>		<b>236</b>	

**Financial instruments**

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . .

**250**1 Yes ☐2 No ☐☒

Did the corporation apply hedge accounting during the tax year? . . . . .

**255**1 Yes ☐2 No ☐☒

Did the corporation discontinue hedge accounting during the tax year? . . . . .

**260**1 Yes ☐2 No ☐☒**Adjustments to opening equity**

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . .

**265**1 Yes ☐2 No ☐☒

If **yes**, you have to maintain a separate reconciliation.

**SCHEDULE 100****GENERAL INDEX OF FINANCIAL INFORMATION – GIF**

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

**Assets – lines 1000 to 2599**

<b>1001</b>	409,729	<b>1062</b>	586,472	<b>1064</b>	83,981
<b>1122</b>	37,889	<b>1184</b>	263,272	<b>1484</b>	6,100
<b>1599</b>	1,387,443	<b>1600</b>	141	<b>1740</b>	329,396
<b>1741</b>	-75,866	<b>1774</b>	188,462	<b>1775</b>	-136,582
<b>1900</b>	847,677	<b>1901</b>	-73,594	<b>2008</b>	1,365,676
<b>2009</b>	-286,042	<b>2420</b>	1,352,488	<b>2589</b>	1,352,488
<b>2599</b>	3,819,565				

**Liabilities – lines 2600 to 3499**

<b>2621</b>	491,264	<b>2680</b>	4,126	<b>2770</b>	20,584
<b>3139</b>	515,974	<b>3321</b>	1,219,351	<b>3450</b>	1,219,351
<b>3499</b>	1,735,325				

**Shareholder equity – lines 3500 to 3640**

<b>3500</b>	1,121,529	<b>3520</b>	1,121,529	<b>3600</b>	-158,818
<b>3620</b>	2,084,240	<b>3640</b>	3,819,565		

**Retained earnings – lines 3660 to 3849**

<b>3660</b>	-183,954	<b>3680</b>	25,136	<b>3849</b>	-158,818
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**SCHEDULE 125****GENERAL INDEX OF FINANCIAL INFORMATION – GIF**

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

**Description**

Operating name . . . . .	<b>0001</b>	CHAPLEAU PUBLIC UTILITES CORPORATION
Sequence number . . . . .	<b>0003</b>	01

**Revenue – lines 8000 to 8299**

<b>8000</b>	3,437,373	<b>8089</b>	3,437,373	<b>8094</b>	9,313
<b>8230</b>	57,842	<b>8299</b>	3,504,528		

**Cost of sales – lines 8300 to 8519**

<b>8320</b>	2,697,631	<b>8518</b>	2,697,631	<b>8519</b>	739,742
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**Operating expenses – lines 8520 to 9369**

<b>8670</b>	49,114	<b>8710</b>	4,020	<b>9010</b>	352,656
<b>9270</b>	2,000	<b>9273</b>	121,220	<b>9284</b>	248,625
<b>9367</b>	777,635	<b>9368</b>	3,475,266	<b>9369</b>	29,262

**Extraordinary items and taxes – lines 9970 to 9999**

<b>9970</b>	29,262	<b>9990</b>	4,126	<b>9999</b>	25,136
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PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Canada Revenue Agency  
Agence du revenu du Canada**Net Income (Loss) for Income Tax Purposes****Schedule 1**

Corporation's name	Business number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

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

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125 ..... 25,136 **A**

**Add:**

Provision for income taxes – current	<b>101</b>	4,126	
Amortization of tangible assets	<b>104</b>	49,114	
Subtotal of additions		53,240	▶
			53,240

**Other additions:****Miscellaneous other additions:**

1 Description	2 Amount			
<b>605</b>	<b>295</b>			
Total of column 2		<b>296</b>		
		Subtotal of other additions	<b>199</b>	0 ▶
		Total additions	<b>500</b>	53,240 ▶
				53,240 <b>B</b>
Amount A plus amount B				78,376 <b>C</b>

**Deduct:**

Capital cost allowance from Schedule 8	<b>403</b>	50,871	
Subtotal of deductions		50,871	▶
			50,871

**Other deductions:****Miscellaneous other deductions:**

1 Description	2 Amount			
<b>705</b>	<b>395</b>			
Total of column 2		<b>396</b>		
		Subtotal of other deductions	<b>499</b>	0 ▶
		Total deductions	<b>510</b>	50,871 ▶
				50,871 <b>D</b>

**Net income (loss) for income tax purposes** (amount C minus amount D) ..... 27,505 **E**

Enter amount E on line 300 of the T2 return.



## Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

- Use this schedule if, during the tax year, the corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
  - is claiming provincial or territorial tax credits or rebates (see Part 2); or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- All legislative references mentioned in this schedule are from the *Income Tax Regulations*.
- For more information, see the *T2 Corporation – Income Tax Guide*.
- Enter the regulation number in field 100 of Part 1.

## Part 1 – Allocation of taxable income

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year.*		B Total salaries and wages paid in jurisdiction	C (B x taxable income) / G	D Gross revenue	E (D x taxable income) / H	F Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	<b>003</b> 1 Yes <input type="checkbox"/>	<b>103</b>		<b>143</b>		
Newfoundland and Labrador Offshore	<b>004</b> 1 Yes <input type="checkbox"/>	<b>104</b>		<b>144</b>		
Prince Edward Island	<b>005</b> 1 Yes <input type="checkbox"/>	<b>105</b>		<b>145</b>		
Nova Scotia	<b>007</b> 1 Yes <input type="checkbox"/>	<b>107</b>		<b>147</b>		
Nova Scotia Offshore	<b>008</b> 1 Yes <input type="checkbox"/>	<b>108</b>		<b>148</b>		
New Brunswick	<b>009</b> 1 Yes <input type="checkbox"/>	<b>109</b>		<b>149</b>		
Quebec	<b>011</b> 1 Yes <input type="checkbox"/>	<b>111</b>		<b>151</b>		
Ontario	<b>013</b> 1 Yes <input type="checkbox"/>	<b>113</b>		<b>153</b>		
Manitoba	<b>015</b> 1 Yes <input type="checkbox"/>	<b>115</b>		<b>155</b>		
Saskatchewan	<b>017</b> 1 Yes <input type="checkbox"/>	<b>117</b>		<b>157</b>		
Alberta	<b>019</b> 1 Yes <input type="checkbox"/>	<b>119</b>		<b>159</b>		
British Columbia	<b>021</b> 1 Yes <input type="checkbox"/>	<b>121</b>		<b>161</b>		
Yukon	<b>023</b> 1 Yes <input type="checkbox"/>	<b>123</b>		<b>163</b>		
Northwest Territories	<b>025</b> 1 Yes <input type="checkbox"/>	<b>125</b>		<b>165</b>		
Nunavut	<b>026</b> 1 Yes <input type="checkbox"/>	<b>126</b>		<b>166</b>		
Outside Canada	<b>027</b> 1 Yes <input type="checkbox"/>	<b>127</b>		<b>167</b>		
<b>Total</b>		<b>129</b> <b>G</b>		<b>169</b> <b>H</b>		

\* "Permanent establishment" is defined in subsection 400(2).

\*\* For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

## Notes:

- After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
- If the corporation has provincial or territorial tax payable, complete Part 2.
- If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

**Part 2 – Ontario tax payable, tax credits, and rebates**

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
27,505	27,505	27,505	1,238

**Ontario basic income tax** (from Schedule 500) ..... **270** 3,163

Ontario small business deduction (from Schedule 500) ..... **402** 1,925

Subtotal (line 270 **minus** line 402) ..... **1,238** ▶ 1,238 5A

Ontario additional tax re Crown royalties (from Schedule 504) ..... **274**

Ontario transitional tax debits (from Schedule 506) ..... **276**

Recapture of Ontario research and development tax credit (from Schedule 508) ..... **277**

Subtotal (total of lines 274 to 277) ..... ▶ 5B

Gross Ontario tax (amount 5A plus amount 5B) ..... **1,238** 5C

Ontario resource tax credit (from Schedule 504) ..... **404**

Ontario tax credit for manufacturing and processing (from Schedule 502) ..... **406**

Ontario foreign tax credit (from Schedule 21) ..... **408**

Ontario credit union tax reduction (from Schedule 500) ..... **410**

Ontario political contributions tax credit (from Schedule 525) ..... **415**

Ontario non-refundable tax credits (total of lines 404 to 415) ..... ▶ 5D

Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0") ..... **1,238** 5E

Ontario research and development tax credit (from Schedule 508) ..... **416**

Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** amount 416) (if negative, enter "0") ..... **1,238** 5F

Ontario corporate minimum tax credit (from Schedule 510) ..... **418**

Ontario community food program donation tax credit for farmers (from Schedule 2) ..... **420**

Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative enter "0") ..... **1,238** 5G

Ontario corporate minimum tax (from Schedule 510) ..... **278**

Ontario special additional tax on life insurance corporations (from Schedule 512) ..... **280**

Subtotal (line 278 **plus** amount 280) ..... ▶ 5H

Total Ontario tax payable before refundable credits (amount 5G **plus** amount 5H) ..... **1,238** 5I

Ontario qualifying environmental trust tax credit ..... **450**

Ontario co-operative education tax credit (from Schedule 550) ..... **452**

Ontario apprenticeship training tax credit (from Schedule 552) ..... **454**

Ontario computer animation and special effects tax credit (from Schedule 554) ..... **456**

Ontario film and television tax credit (from Schedule 556) ..... **458**

Ontario production services tax credit (from Schedule 558) ..... **460**

Ontario interactive digital media tax credit (from Schedule 560) ..... **462**

Ontario sound recording tax credit (from Schedule 562) ..... **464**

Ontario book publishing tax credit (from Schedule 564) ..... **466**

Ontario innovation tax credit (from Schedule 566) ..... **468**

Ontario business-research institute tax credit (from Schedule 568) ..... **470**

Ontario refundable tax credits (total of lines 450 to 470) ..... ▶ 5J

**Net Ontario tax payable or refundable credit** (amount 5I **minus** amount 5J) ..... **290** 1,238

(if a credit, enter a negative amount) Include this amount on line 255.

**Summary**

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

**Net provincial and territorial tax payable or refundable credits** ..... **255** 1,238

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.

If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.



## Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under *Regulation 1101(5q)*? **101** Yes ☐ No ☒

1 Class number *	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8)	3 Cost of acquisitions during the year (new property must be available for use)  (see note 1 below)	4 Adjustments and transfers  (see note 2 below)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)  (see note 3 below)	7 Reduced undepreciated capital cost (column 2 <b>plus</b> column 3 <b>plus</b> or <b>minus</b> column 4 <b>minus</b> column 5 <b>minus</b> column 6)	8 CCA rate %  (see note 4 below)	9 Recapture of capital cost allowance (line 107 of Schedule 1)  (see note 5 below)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (for declining balance method, column 7 <b>multiplied</b> by column 8, or a lower amount) (line 403 of Schedule 1)  (see note 6 below)	12 Undepreciated capital cost at the end of the year (column 6 <b>plus</b> column 7 <b>minus</b> column 11)
<b>200</b>		<b>201</b>	<b>203</b>	<b>205</b>	<b>207</b>	<b>211</b>		<b>212</b>	<b>213</b>	<b>215</b>	<b>217</b>	<b>220</b>
1.	1 BUILDING	678			0		678	4	0	0	27	651
2.	1 ELECT DIST EQUIPMENT	1,259,067	24,057		0	12,029	1,271,095	4	0	0	50,844	1,232,280
3.	12 Software				0			100	0	0		
<b>Totals</b>		1,259,745	24,057			12,029	1,271,773				50,871	1,232,931

\* Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed.

Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see *Regulation 1100(2)* and (2.2).

Note 2. Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost.

Items that **increase** the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that **reduce** the undepreciated capital cost include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the *T2 Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

Note 3. The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For information on the exceptions to the 50% rule, as well as how to calculate the amounts to enter in column 6 in those cases, see Interpretation Bulletin IT-285, *Capital Cost Allowance - General Comments*.

Note 4. Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

Note 5. For every entry in column 9, "Recapture of capital cost allowance", there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

Note 6. If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

**RELATED AND ASSOCIATED CORPORATIONS**

Name of corporation	Business Number	Tax year end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

Name	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
<b>100</b>	<b>200</b>	<b>300</b>	<b>400</b>	<b>500</b>	<b>550</b>	<b>600</b>	<b>650</b>	<b>700</b>
1. Chapleau Energy Services Corporati	CA	86191 8134 RC0001	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.

Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

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**Agreement Among Associated Canadian-Controlled Private Corporations  
to Allocate the Business Limit**

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

**Column 1:** Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* not to be associated for purposes of the small business deduction.

**Column 2:** Provide the business number for each corporation (if a corporation is not registered, enter "NR").

**Column 3:** Enter the association code from the list below that applies to each corporation:

- 1 – Associated for purposes of allocating the business limit (unless code 5 applies)
- 2 – CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 – Non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 – Associated non-CCPC
- 5 – Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"

**Column 4:** Enter the business limit for the year of each corporation in the associated group.

**Column 5:** Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

**Column 6:** Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A does not exceed \$500,000.

**Allocating the business limit**

Date filed (do not use this area) .....		<b>025</b>	Year Month Day	
Enter the calendar year to which the agreement applies .....		<b>050</b>	Year 2017	
Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? .....		<b>075</b>	1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	

	1 Names of associated corporations  <b>100</b>	2 Business number of associated corporations  <b>200</b>	3 Association code  <b>300</b>	4 Business limit for the year before the allocation \$  <b>400</b>	5 Percentage of the business limit %  <b>350</b>	6 Business limit allocated* \$  <b>400</b>
1	CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	1	500,000	100.0000	500,000
2	Chapleau Energy Services Corporation	86191 8134 RC0001	1	500,000		
<b>Total</b>					100.0000	500,000 <b>A</b>

**Business limit reduction under subsection 125(5.1) of the Act**

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula  $0.225\% \times (D - \$10,000,000)$ . Details of this formula and variable D are in subsection 125(5.1) of the Act.

\* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

**Special rules for business limit**

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year, whichever is less.

**SHAREHOLDER INFORMATION**

Name of corporation	Business Number	Tax year end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Provide only one number per shareholder					
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
<b>100</b>	<b>200</b>	<b>300</b>	<b>350</b>	<b>400</b>	<b>500</b>
1 CORPORATION OF THE TOWNSHIP OF CHAPLEAU	10808 9400 RC0001			100.000	
2					
3					
4					
5					
6					
7					
8					
9					
10					

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## Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

- Use this schedule if the corporation had a permanent establishment, under section 400 of the federal *Income Tax Regulations*, in Ontario at any time in the tax year and had Ontario taxable income in the year.
- Legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only and is not required to be filed with your *T2 Corporation Income Tax Return*.

## Part 1 – Ontario basic rate of tax for the year

Ontario basic rate of tax for the year ..... 11.5 % A

## Part 2 – Ontario basic income tax

Ontario taxable income \* ..... 27,505 B

Ontario basic income tax: Amount B multiplied by Ontario basic rate of tax for the year (amount A from Part 1) ..... 3,163 C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

\* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

## Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1).

Amount from line 400 of the T2 return ..... 27,505 1

Amount from line 405 of the T2 return ..... 27,505 2

Amount from line 427 of the T2 return ..... 500,000 3

Enter the least of amounts 1, 2 or 3 ..... 27,505 D

Ontario domestic factor (ODF):  

$$\frac{\text{Ontario taxable income}^*}{\text{Taxable income earned in all provinces and territories}^{**}} = \frac{27,505.00}{27,505} = \dots\dots\dots 1.00000 \text{ E}$$

Amount D x amount E ..... 27,505 a

Ontario taxable income  
(amount B from Part 2) ..... 27,505 b

Ontario small business income (lesser of amount a or b) ..... 27,505 F

Number of days in the tax year before January 1, 2018 ..... 365 x 7 % = ..... 7.00000 % G1  
 Number of days in the tax year ..... 365

Number of days in the tax year after December 31, 2017 ..... x 8 % = ..... % G2  
 Number of days in the tax year ..... 365

OSBD rate for the year (rate G1 plus G2) ..... 7.00000 % G3

Ontario small business deduction (Amount F multiplied by amount G3) ..... 1,925 H

Enter amount H on line 402 of Schedule 5.

\* Enter amount B from Part 2.

\*\* Includes the offshore areas for Nova Scotia and Newfoundland and Labrador.

**Part 4 – Ontario adjusted small business income**

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

**Ontario adjusted small business income** (lesser of amount D and amount b) ..... 27,505 I

Enter amount I at amount K in Part 5 of this schedule or at amount B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

**Part 5 – Credit union tax reduction**

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17 ..... J

Ontario adjusted small business income (amount I) ..... K

Subtotal (amount J **minus** amount K) (if negative, enter "0") ..... L

Amount L **multiplied** by amount G3 ..... M

Ontario domestic factor (amount E) ..... 1.00000 N

**Ontario credit union tax reduction** (amount M **multiplied** by amount N) ..... O

Enter amount O on line 410 of Schedule 5.

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## Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  - 1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  - 2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  - 3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  - 4) a congregation or business agency to which section 143 of the federal Act applies;
  - 5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  - 6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

## Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	3,819,565
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	716,193
Total assets (total of lines 112 to 116)		4,535,758
Total revenue of the corporation for the tax year **	142	3,504,528
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	81,168
Total revenue (total of lines 142 to 146)		3,585,696

The corporation is subject to CMT if:

- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than \$5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than \$10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than \$50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than \$100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

## \* Rules for total assets

- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

## \*\* Rules for total revenue

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

**Part 2 – Adjusted net income/loss for CMT purposes**

Net income/loss per financial statements *	210	25,136
<b>Add</b> (to the extent reflected in income/loss):		
Provision for current income taxes/cost of current income taxes	220	4,126
Provision for deferred income taxes (debits)/cost of future income taxes	222	
Equity losses from corporations	224	
Financial statement loss from partnerships and joint ventures	226	
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230	
<b>Other additions</b> (see note below):		
Share of adjusted net income of partnerships and joint ventures **	228	
Total patronage dividends received, not already included in net income/loss	232	
281	282	
283	284	
	Subtotal	4,126 A
<b>Deduct</b> (to the extent reflected in income/loss):		
Provision for recovery of current income taxes/benefit of current income taxes	320	
Provision for deferred income taxes (credits)/benefit of future income taxes	322	
Equity income from corporations	324	
Financial statement income from partnerships and joint ventures	326	
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330	
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332	
Gain on donation of listed security or ecological gift	340	
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342	
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344	
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346	
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348	
<b>Other deductions</b> (see note below):		
Share of adjusted net loss of partnerships and joint ventures **	328	
Tax payable on dividends under subsection 191.1(1) of the federal Act multiplied by 3	334	
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336	
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338	
381	382	
383	384	
385	386	
387	388	
389	390	
	Subtotal	B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)	490	29,262

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

**Note**

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

**\* Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

**Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)**

- Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.
- Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.
- Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.
- \*\* The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.
- \*\*\* A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.
- \*\*\*\* A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.
- \*\*\*\*\* A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

**Part 3 – CMT payable**

Adjusted net income for CMT purposes (line 490 in Part 2, if positive) ..... **515**

**Deduct:**

CMT loss available (amount R from Part 7) ..... 85,413

**Minus:** Adjustment for an acquisition of control \* ..... **518**

Adjusted CMT loss available ..... 85,413 **C**

Net income subject to CMT calculation (if negative, enter "0") ..... **520**

Amount from line 520 ..... x  $\frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}}$  365 x 4 % = ..... 1

Amount from line 520 ..... x  $\frac{\text{Number of days in the tax year after June 30, 2010}}{\text{Number of days in the tax year}}$  365 x 2.7 % = ..... 2

Subtotal (amount 1 plus amount 2) ..... **3**

Gross CMT: amount on line 3 above x OAF \*\* ..... **540**

**Deduct:**

Foreign tax credit for CMT purposes \*\*\* ..... **550**

CMT after foreign tax credit deduction (line 540 minus line 550) (if negative, enter "0") ..... **D**

**Deduct:**

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) ..... 1,238

Net CMT payable (if negative, enter "0") ..... **E**

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

\* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

\*\*\* Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

**\*\* Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

$$\frac{\text{Ontario taxable income ****}}{\text{Taxable income *****}} = \underline{\hspace{2cm}}$$

Ontario allocation factor ..... **1.00000 F**

\*\*\*\* Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were \$1,000.

\*\*\*\*\* Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

**Part 4 – Calculation of CMT credit carryforward**

CMT credit carryforward at the end of the previous tax year *	.....	G
<b>Deduct:</b>		
CMT credit expired *	..... <b>600</b>	
CMT credit carryforward at the beginning of the current tax year * (see note below)	.....	<b>620</b>
<b>Add:</b>		
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)	.....	<b>650</b>
CMT credit available for the tax year (amount on line 620 <b>plus</b> amount on line 650)	.....	H
<b>Deduct:</b>		
CMT credit deducted in the current tax year (amount P from Part 5)	.....	I
	Subtotal (amount H <b>minus</b> amount I)	J
<b>Add:</b>		
Net CMT payable (amount E from Part 3)	.....	
SAT payable (amount O from Part 6 of Schedule 512)	.....	
	Subtotal	K
CMT credit carryforward at the end of the tax year (amount J <b>plus</b> amount K)	.....	<b>670</b> L

\* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

**Note:** If you entered an amount on line 620 or line 650, complete Part 6.

**Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable**

CMT credit available for the tax year (amount H from Part 4)	.....	M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	..... 1,238 1	
For a corporation that is not a life insurance corporation:		
CMT after foreign tax credit deduction (amount D from Part 3)	..... 2	
For a life insurance corporation:		
Gross CMT (line 540 from Part 3)	..... 3	
Gross SAT (line 460 from Part 6 of Schedule 512)	..... 4	
The <b>greater</b> of amounts 3 and 4	..... 5	
	<b>Deduct:</b> line 2 or line 5, whichever applies:	6
	Subtotal (if negative, enter "0")	1,238 N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	..... 1,238	
<b>Deduct:</b>		
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 <b>minus</b> line 450 from Schedule 5)	.....	
	Subtotal (if negative, enter "0")	1,238 O
CMT credit deducted in the current tax year (least of amounts M, N, and O)	.....	P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? ..... **675** 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.



**Part 6 – Analysis of CMT credit available for carryforward by year of origin**

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	<b>680</b>
9th previous tax year	<b>681</b>
8th previous tax year	<b>682</b>
7th previous tax year	<b>683</b>
6th previous tax year	<b>684</b>
5th previous tax year	<b>685</b>
4th previous tax year	<b>686</b>
3rd previous tax year	<b>687</b>
2nd previous tax year	<b>688</b>
1st previous tax year	<b>689</b>
Total **	

\* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

\*\* Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

**Part 7 – Calculation of CMT loss carryforward**

CMT loss carryforward at the end of the previous tax year \* ..... 85,413 Q

**Deduct:**

CMT loss expired \* ..... **700**

CMT loss carryforward at the beginning of the tax year \* (see note below) ..... 85,413 **720** 85,413

**Add:**

CMT loss transferred on an amalgamation under section 87 of the federal Act \*\* (see note below) ..... **750**

CMT loss available (line 720 plus line 750) ..... 85,413 R

**Deduct:**

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) ..... 29,262

Subtotal (if negative, enter "0") ..... 56,151 S

**Add:**

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) ..... **760**

CMT loss carryforward balance at the end of the tax year (amount S plus line 760) ..... **770** 56,151 T

\* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

\*\* Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

**Note:** If you entered an amount on line 720 or line 750, complete Part 8.

**Part 8 – Analysis of CMT loss available for carryforward by year of origin**

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	<b>810</b>	<b>820</b>
9th previous tax year	<b>811</b>	<b>821</b>
8th previous tax year	<b>812</b>	<b>822</b>
7th previous tax year	<b>813</b>	<b>823</b>
6th previous tax year	<b>814</b>	<b>824</b>
5th previous tax year	<b>815</b>	<b>825</b>
4th previous tax year	<b>816</b>	<b>826</b>
3rd previous tax year	<b>817</b>	<b>827</b>
2nd previous tax year	<b>818</b>	<b>828</b>
1st previous tax year		<b>829</b>
Total ***		

\* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

\*\* Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

\*\*\* The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

**ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS  
AND REVENUE FOR ASSOCIATED CORPORATIONS**

Name of corporation	Business Number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

Names of associated corporations	Business number (Canadian corporation only) (see Note 1)	Total assets* (see Note 2)	Total revenue** (see Note 2)
<b>200</b>	<b>300</b>	<b>400</b>	<b>500</b>
1 Chapleau Energy Services Corporation	86191 8134 RC0001	716,193	81,168
<b>Total</b>		<b>450</b> 716,193	<b>550</b> 81,168

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.  
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter "NR" if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

**\* Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**\*\* Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

**CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS**

Name of corporation	Business Number	Tax year-end Year Month Day
CHAPLEAU PUBLIC UTILITIES CORPORATION	89149 3322 RC0001	2017-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit [www.ServiceOntario.ca](http://www.ServiceOntario.ca) for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

**Part 1 – Identification**

<b>100</b> Corporation's name (exactly as shown on the MGS public record) CHAPLEAU PUBLIC UTILITIES CORPORATION			
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent <b>Ontario</b>	<b>110</b> Date of incorporation or amalgamation, whichever is the most recent Year Month Day 1999-08-19	<b>120</b> Ontario Corporation No. 1800066	

**Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)**

<b>200</b> Care of (if applicable)			
<b>210</b> Street number 110	<b>220</b> Street name/Rural route/Lot and Concession number Lorne Street	<b>230</b> Suite number P.O. Box 6	
<b>240</b> Additional address information if applicable (line 220 must be completed first)			
<b>250</b> Municipality (e.g., city, town) Chapleau	<b>260</b> Province/state ON	<b>270</b> Country CA	<b>280</b> Postal/zip code P0M 1K0

**Part 3 – Change identifier**

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit [www.ServiceOntario.ca](http://www.ServiceOntario.ca).

- 300** ☐ 1 If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."  
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

**Part 4 – Certification**

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

<b>450</b> CYR	<b>451</b> JENNIFER
Last name	First name
<b>454</b> _____ Middle name(s)	

- 460** ☐ 3 Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Complete the applicable parts to report changes in the information recorded on the MGS public record.

### Part 5 – Mailing address

<b>500</b>	<input type="checkbox"/> Please enter one of the following numbers in this box: <div style="display: flex; flex-direction: column; margin-left: 10px;"> <div>1 - Show no mailing address on the MGS public record.</div> <div>2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.</div> <div>3 - The corporation's complete mailing address is as follows:</div> </div>							
<b>510</b>	Care of (if applicable)							
<b>520</b>	Street number	<b>530</b>	Street name/Rural route/Lot and Concession number	<b>540</b>	Suite number			
<b>550</b>	Additional address information if applicable (line 530 must be completed first)							
<b>560</b>	Municipality (e.g., city, town)		<b>570</b>	Province/state	<b>580</b>	Country	<b>590</b>	Postal/zip code

### Part 6 – Language of preference

<b>600</b>	<input type="checkbox"/> Indicate your language of preference by entering <b>1</b> for English or <b>2</b> for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.
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## Corporate Taxpayer Summary

## Corporate information

Corporation's name . . . . . CHAPLEAU PUBLIC UTILITIES CORPORATION																
Taxation Year . . . . . 2017-01-01 to 2017-12-31																
Jurisdiction . . . . . Ontario																
BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporation is associated . . . . . Y																
Corporation is related . . . . . Y																
Number of associated corporations . . . . . 1																
Type of corporation . . . . . Canadian-Controlled Private Corporation																
Total amount due (refund) federal and provincial* . . . . . 4,126																
* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensitive help.																

## Summary of federal information

Net income . . . . .	27,505
Taxable income . . . . .	27,505
Donations . . . . .	
Calculation of income from an active business carried on in Canada . . . . .	27,505
Dividends paid . . . . .	
Dividends paid – Regular . . . . .	
Dividends paid – Eligible . . . . .	
Balance of the low rate income pool at the end of the previous year . . . . .	
Balance of the low rate income pool at the end of the year . . . . .	
Balance of the general rate income pool at the end of the previous year . . . . .	
Balance of the general rate income pool at the end of the year . . . . .	
Part I tax (base amount) . . . . .	10,452
<b>Credits against part I tax</b>	<b>Summary of tax</b>
Small business deduction . . . . . 4,813	Part I . . . . . 2,888
M&P deduction . . . . .	Part IV . . . . .
Foreign tax credit . . . . .	Part III.1 . . . . .
Investment tax credits . . . . .	Other* . . . . .
Abatement/Other* . . . . . 2,751	Provincial or territorial tax . . . . . 1,238
	<b>Balance due/refund (–)</b> . . . . . 4,126
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.	

**Summary of provincial information – provincial income tax payable**

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	27,505		
Taxable income	27,505		
% Allocation	100.00		
Attributed taxable income	27,505		
Tax payable before deduction*	3,163		
Deductions and credits	1,925		
Net tax payable	1,238		
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	1,238		
Instalments and refundable credits			
Balance due/Refund (-)	1,238		

**Logging tax payable (COZ-1179)**

Tax payable	N/A		N/A
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\* For Québec, this includes special taxes.

\*\* For Québec, this includes compensation tax and registration fee.

\*\*\* For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

**Summary of provincial carryforward amounts****Other carryforward amounts****Ontario**

Corporate minimum tax loss that can be carried forward over 20 years – Schedule 510	56,151
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**Summary – taxable capital****Federal**

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
CHAPLEAU PUBLIC UTILITIES CORPORATION	2,059,104	2,059,104	2,084,240	2,084,240
Chapleau Energy Services Corporation	497,141	497,141	522,794	522,794
<b>Total</b>	<b>2,556,245</b>	<b>2,556,245</b>	<b>2,607,034</b>	<b>2,607,034</b>

**Québec**

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN)	Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E)
<b>Total</b>			

**Ontario**

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

**Other provinces**

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

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## Five-Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
<b>Federal information (T2)</b>					
Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Net income	27,505	27,077	34,524	128,491	228,924
Taxable income	27,505	12,674			
Active business income	27,505	27,077	34,524	128,491	228,924
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations					
Balance due/refund (-)	4,126	1,902			
<b>Line 996 – Amended tax return</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Loss carrybacks requested in prior years to reduce taxable income</b>					
Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Taxable income before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A			
<b>Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)</b>					
Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Adjusted taxable income before current year loss carrybacks*	N/A	12,674			N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A	12,674			N/A
* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.					

**Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax**

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

**Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)**

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

\*\* The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

\*\*\* The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

**Federal taxes**

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Part I	2,888	1,331			
Part IV					
Part III.1					
Other*					

\* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.

**Credits against part I tax**

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Small business deduction	4,813	2,218			
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*	2,751	1,267			

\* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.

**Refunds/credits**

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
ITC refund					
Dividend refund					
Instalments					
Other*					

\* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.

**Ontario**

Taxation year end	2017-12-31	2016-12-31	2015-12-31	2014-12-31	2013-12-31
Net income	27,505	27,077	34,524	128,491	228,924
Taxable income	27,505	12,674			
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income	27,505	12,674			
Surtax					
Income tax payable before deduction	3,163	1,458			
Income tax deductions /credits	1,925	887			
Net income tax payable	1,238	571			
Taxable capital					
Capital tax payable					
Total tax payable*	1,238	571			
Instalments and refundable credits					
Balance due/refund**	1,238	571			

\* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

\*\* For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

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**Appendix C – PDF of PILs Model**

2

# Income Tax/PILs Workform for 2019 Filers

Version 1.10

Utility Name	Chapleau Public Utilities Corporation
Assigned EB Number	EB-20180087
Name and Title	Jennifer Cyr, Manager of Finance
Phone Number	705 864-0111
Email Address	jcyr.puc@chapleau.ca
Date	2018-08-31
Last COS Re-based Year	2012

Note: Drop-down lists are shaded blue; input cells are shaded green.

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*While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.*

## Instructions

### Purpose

The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab **T0** and is based on the inputs on the other tabs.

Tab **S Summary** is a summary of the amounts to be transferred to the Data Input Sheet of the Revenue Requirement Workform.

Tab **S1 Integrity Checks** must be completed after the completion of the PILS calculation in this workbook.

### Methodology

To calculate the PILs for the Test Year:

- 1) input the balances from the income tax return of the Historical Year in tabs **H1** to **H13**.
- 2) input the balances for the Bridge Year and the Test Year.

Inputs should include:

- non-deductible expenses (Schedule 1 - **B1** and **T1**)
- loss carryforward (Schedule 4 - **B4** and **T4**)
- capital cost allowance (Schedule 8 - **B8** and **T8**)
- non-deductible reserves (Schedule 13 - **B13** and **T13**)

- 3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab **T0** is reasonable.

### Other Notes

Tabs **H0** to **H13** relate to the Historical Year.

Tabs **B0** to **B13** relate to the Bridge Year.

Tabs **T0** to **T13** relate to the Test Year.

The amounts on tabs **H0** to **H13** should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab **A**.

On tab "A. Data Input Sheet", input the "Rate Base" amount and "Return on Rate Base" amounts.



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# Income Tax/PILs Workform for 2019 Filers

[1. Info](#)  
[S. Summary](#)  
[A. Data Input Sheet](#)  
[B. Tax Rates & Exemptions](#)

## Historical Year

[H0 - PILs, Tax Provision Historical Year](#)  
[H1 - Adj. Taxable Income Historical Year](#)  
[H4 - Schedule 4 Loss Carry Forward Historical Year](#)  
[H8 - Schedule 8 Historical](#)  
[H13 - Schedule 13 Tax Reserves Historical](#)

## Bridge Year

[B0 - PILs, Tax Provision Bridge Year](#)  
[B1 - Adj. Taxable Income Bridge Year](#)  
[B4 - Schedule 4 Loss Carry Forward Bridge Year](#)  
[B8 - Schedule 8 CCA Bridge Year](#)  
[B13 - Schedule 13 Tax Reserves Bridge Year](#)

## Test Year

[T0 PILs, Tax Provision Test Year](#)  
[T1 Taxable Income Test Year](#)  
[T4 Schedule 4 Loss Carry Forward Test Year](#)  
[T8 Schedule 8 CCA Test Year](#)  
[T13 Schedule 13 Reserve Test Year](#)



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## **Income Tax/PILs Workform for 2019 Filers**

No inputs required on this worksheet.

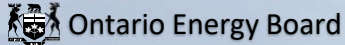
## Income Tax/PILs Workform for 2019 Filers

### Integrity Checks

The applicant must ensure the following integrity checks have been completed and confirm this in the table below, or provide an explanation if this is not the case:

	Item	Utility Confirmation (Y/N)	Notes
1	The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application		
2	The capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge and test years		
3	Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non- distribution tax amounts on Schedule 8.		
4	The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the UCC schedules for the same years filed in the application		
5	Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application		
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized		
7	CCA is maximized even if there are tax loss carry-forwards		
8	Accounting OPEB and pension amounts added back on Schedule 1 to reconcile accounting income to net income for tax purposes, must agree with the OM&A analysis for compensation. The amounts deducted must be reasonable when compared with the notes in the audited financial statements, FSCO reports, and the actuarial valuations.		
9	The income tax rate used to calculate the tax expense must be consistent with the utility's actual tax facts and evidence filed in the application.		





# Income Tax/PILs Workform for 2019 Filers

			Test Year	Bridge Year
Rate Base		\$	1,750,767	\$ 1,805,851
Return on Ratebase				
Deemed ShortTerm Debt %	4.00%	T	\$ 70,031	$W = S \cdot T$
Deemed Long Term Debt %	56.00%	U	\$ 980,429	$X = S \cdot U$
Deemed Equity %	40.00%	V	\$ 700,307	$Y = S \cdot V$
Short Term Interest Rate	2.29%	Z	\$ 1,604	$AC = W \cdot Z$
Long Term Interest	4.16%	AA	\$ 40,786	$AD = X \cdot AA$
Return on Equity (Regulatory Income)	9.00%	AB	\$ 63,028	$AE = Y \cdot AB$
Return on Rate Base			\$ 105,417	$AF = AC + AD + AE$

### Questions that must be answered

1. Does the applicant have any Investment Tax Credits (ITC)?
2. Does the applicant have any SRED Expenditures?
3. Does the applicant have any Capital Gains or Losses for tax purposes?
4. Does the applicant have any Capital Leases?
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?
6. Since 1999, has the applicant acquired another regulated applicant's assets?
7. Did the applicant pay dividends?  
*If Yes, please describe what was the tax treatment in the manager's summary.*
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

[illegible]



# Income Tax/PILs Workform for 2019 Filers

**Tax Rates**  
**Federal & Provincial**  
**As of June 29, 2018**
**Federal income tax**

General corporate rate

Federal tax abatement

Adjusted federal rate

Rate reduction

**Federal Income Tax****Ontario income tax****Combined federal and Ontario****Federal & Ontario Small Business**

Federal small business threshold

Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
<b>Federal Income Tax</b>	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
<b>Ontario income tax</b>	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
<b>Combined federal and Ontario</b>	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
<b>Federal small business threshold</b>	500,000	500,000	500,000	500,000	500,000	500,000
<b>Ontario Small Business Threshold</b>	500,000	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	10.50%	10.00%	9.00%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	3.50%	3.50%

**Notes**

1. The Ontario Energy Board's proxy for taxable capital is rate base.

2. Regarding the small business deduction, if applicable,

a. If taxable capital exceeds \$15 million, the small business rate will not be applicable.

b. If taxable capital is below \$10 million, the small business rate would be applicable.

c. If taxable capital is between \$10 million and \$15 million, the appropriate small business rate will be calculated.



Ontario Energy Board

# Income Tax/PILs Workform for 2019 Filers

## PILs Tax Provision - Historical Year

Note: Input the actual information from the tax returns for the historical year.

Regulatory Taxable Income  
Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%)  
Federal tax rate (Maximum 15%)  
Combined tax rate (Maximum 26.5%)

11.50%  
15.00%

B  
C

H1

Wires Only

\$ 27,505 A

26.50% D = B + C

Total Income Taxes

Investment Tax Credits  
Miscellaneous Tax Credits

Total Tax Credits

\$ 7,289 E = A \* D

F

G

\$ - H = F + G

Corporate PILs/Income Tax Provision for Historical Year

\$ 7,289 I = E - H



Ontario Energy Board

# Income Tax/PILs Workform for 2019 Filers

## Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
<b>Income before PILs/Taxes</b>	<b>(A + 101 + 102)</b>	25,136		25,136
<b>Additions:</b>				
Interest and penalties on taxes	103	4,126		4,126
Amortization of tangible assets	104	49,114		49,114
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111			0
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121			0
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
<b>Other Additions</b>				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0

				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
<b>Total Additions</b>		<b>53,240</b>	<b>0</b>	<b>53,240</b>
<b>Deductions:</b>				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	50,871		50,871
Terminal loss from Schedule 8	404			0
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
				0
<b>Total Deductions</b>		<b>50,871</b>	<b>0</b>	<b>50,871</b>
<b>Net Income for Tax Purposes</b>		<b>27,505</b>	<b>0</b>	<b>27,505</b>
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
<b>TAXABLE INCOME</b>		<b>27,505</b>	<b>0</b>	<b>27,505</b>



Ontario Energy Board

# Income Tax/PILs Workform for 2019 Filers

## Schedule 7-1 Loss Carry Forward - Historical

### Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
<b>Non-Capital Loss Carry Forward Deduction</b>			
Actual Historical			0

[B4](#)

	Total	Non-Distribution Portion	Utility Balance
<b>Net Capital Loss Carry Forward Deduction</b>			
Actual Historical			0

[B4](#)

# Income Tax/PILs Workform for 2019 Filers

### Schedule 8 - Historical Year

<b>Class</b>	<b>Class Description</b>	<b>UCC End of Year Historical per tax returns</b>	<b>Less: Non-Distribution Portion</b>	<b>UCC Regulated Historical Year</b>
<b>1</b>	Distribution System - post 1987	\$ 1,259,745.00		\$ 1,259,745.00
<b>1 Enhanced</b>	Non-residential Buildings Reg. 1100(1)(a.1) election			\$ -
<b>2</b>	Distribution System - pre 1988			\$ -
<b>8</b>	General Office/Stores Equip			\$ -
<b>10</b>	Computer Hardware/ Vehicles			\$ -
<b>10.1</b>	Certain Automobiles			\$ -
<b>12</b>	Computer Software			\$ -
<b>13<sub>1</sub></b>	Lease # 1			\$ -
<b>13<sub>2</sub></b>	Lease #2			\$ -
<b>13<sub>3</sub></b>	Lease # 3			\$ -
<b>13<sub>4</sub></b>	Lease # 4			\$ -
<b>14</b>	Franchise			\$ -
<b>17</b>	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			\$ -
<b>42</b>	Fibre Optic Cable			\$ -
<b>43.1</b>	Certain Energy-Efficient Electrical Generating Equipment			\$ -
<b>43.2</b>	Certain Clean Energy Generation Equipment			\$ -
<b>45</b>	Computers & Systems Software acq'd post Mar 22/04			\$ -
<b>46</b>	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			\$ -
<b>47</b>	Distribution System - post February 2005			\$ -
<b>50</b>	Data Network Infrastructure Equipment - post Mar 2007			\$ -
<b>52</b>	Computer Hardware and system software			\$ -
<b>95</b>	CWIP			\$ -
<b>14.1</b>	Eligible Capital Property (acq'd pre Jan 1, 2017) <sup>1</sup>			\$ -
<b>14.1</b>	Eligible Capital Property (acq'd post Jan 1, 2017) <sup>1</sup>			\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
	SUB-TOTAL - UCC	1,259,745	0	1,259,745



Ontario Energy Board

# Income Tax/PILs Workform for 2

## Schedule 13 Tax Reserves - Historical

### Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
<b>Tax Reserves Not Deducted for accounting purposes</b>			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0



Other			0
			0
			0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>



Ontario Energy Board

## Income Tax/PILs Workform for 2019 Filers

### PILS Tax Provision - Bridge Year

#### Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	3.5%	\$ 4,327	3.5%	B
Federal (Max 15%)	15.0%	10.0%	-\$ 12,362	10.0%	C
Combined effective tax rate (Max 26.5%)					

#### Total Income Taxes

Investment Tax Credits  
Miscellaneous Tax Credits

#### Total Tax Credits

#### Corporate PILs/Income Tax Provision for Bridge Year

#### Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.

#### Wires Only

Reference

B1

-\$ 123,621 A

13.50% D = B + C

\$ - E = A \* D

F

G

\$ - H = F + G

\$ - I = E - H



# Income Tax/PILs Workform for 2019 Filers

## Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	(A + 101 + 102)		-159,950
<b>Additions:</b>			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		154,279
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	0
Reserves from financial statements- balance at end of year	126	B13	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



# Income Tax/PILs Workform for 2019 Filers

## Adjusted Taxable Income - Bridge Year

<b>Other Additions</b>			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
<b>Total Additions</b>			<b>154,279</b>
<b>Deductions:</b>			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	117,950
Terminal loss from Schedule 8	404		
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	B13	0
Reserves from financial statements - balance at beginning of year	414	B13	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
<i>Other deductions: (Please explain in detail the nature of the item)</i>			



# Income Tax/PILs Workform for 2019 Filers

## Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
<b>Total Deductions</b>		calculated	<b>117,950</b>
<b>Net Income for Tax Purposes</b>		calculated	<b>-123,621</b>
Charitable donations from Schedule 2	311		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	B4	0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	B4	0
Limited partnership losses of preceding taxation years from Schedule 4	335		
<b>TAXABLE INCOME</b>		calculated	<b>-123,621</b>



Ontario Energy Board

# Income Tax/PILs Workform for 2019 Filers

## Corporation Loss Continuity and Application

### Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<a href="#">H4</a>	0
Amount to be used in Bridge Year	<a href="#">B1</a>	0
Loss Carry Forward Generated in Bridge Year (if any)	<a href="#">B1</a>	123,621
Other Adjustments		
Balance available for use post Bridge Year	calculated	123,621

[T4](#)

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	<a href="#">H4</a>	0
Amount to be used in Bridge Year		
Loss Carry Forward Generated in Bridge Year (if any)	<a href="#">B1</a>	
Other Adjustments		
Balance available for use post Bridge Year	calculated	0

[T4](#)

 Ontario Energy Board

# Income Tax/PILs Workform for 2019 Filers

## Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	H6	\$ 1,259,745.00	\$ 32,500	\$ -	\$ 1,292,245	\$ 16,250	\$ 1,275,995	4%	\$ 51,040	\$ 1,241,205
Enhanced 1	Non-residential Buildings Reg. 1100(1)(a.1) election	H9							6%	-	-
2	Distribution System - pre 1988	H6				\$ -	\$ -	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip.	H6		\$ 8,039		\$ 8,039	\$ 4,020	\$ 4,020	20%	\$ 804	\$ 7,235
10	Computer Hardware/ Vehicles	H6				\$ -	\$ -	\$ -	30%	\$ -	\$ -
10.1	Certain Automobiles	H6		\$ 389,010		\$ 389,010	\$ 194,505	\$ 194,505	30%	\$ 58,352	\$ 330,659
12	Computer Software	H6		\$ 12,761		\$ 12,761	\$ 6,381	\$ 6,381	100%	\$ 6,381	\$ 6,381
13.1	Lease # 1	H6				\$ -	\$ -	\$ -	-	\$ -	\$ -
13.2	Lease #2	H6				\$ -	\$ -	\$ -	-	\$ -	\$ -
13.3	Lease # 3	H6				\$ -	\$ -	\$ -	-	\$ -	\$ -
13.4	Lease # 4	H6				\$ -	\$ -	\$ -	-	\$ -	\$ -
14	Franchise	H6				\$ -	\$ -	\$ -	-	\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	H6				\$ -	\$ -	\$ -	8%	\$ -	\$ -
42	Fibre Optic Cable	H6				\$ -	\$ -	\$ -	12%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	H6				\$ -	\$ -	\$ -	30%	\$ -	\$ -
43.2	Certain Clean Energy Generation Equipment	H6				\$ -	\$ -	\$ -	50%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	H6				\$ -	\$ -	\$ -	45%	\$ -	\$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H6				\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	H6		\$ 34,352		\$ 34,352	\$ 17,176	\$ 17,176	8%	\$ 1,374	\$ 32,978
50	Data Network Infrastructure Equipment - post Mar 2007	H6				\$ -	\$ -	\$ -	55%	\$ -	\$ -
52	Computer Hardware and system software	H6				\$ -	\$ -	\$ -	100%	\$ -	\$ -
95	CWIP	H6				\$ -	\$ -	\$ -	0%	\$ -	\$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017) <sup>1</sup>	H6				\$ -	\$ -	\$ -	7%	\$ -	\$ -
14.1	Eligible Capital Property (acq'd post Jan 1, 2017) <sup>1</sup>	H6				\$ -	\$ -	\$ -	5%	\$ -	\$ -
						\$ -	\$ -	\$ -	-	\$ -	\$ -
						\$ -	\$ -	\$ -	-	\$ -	\$ -
						\$ -	\$ -	\$ -	-	\$ -	\$ -
						\$ -	\$ -	\$ -	-	\$ -	\$ -
						\$ -	\$ -	\$ -	-	\$ -	\$ -
						\$ -	\$ -	\$ -	-	\$ -	\$ -
TOTAL			\$ 1,259,745	\$ 476,862	\$ -	\$ 1,736,407	\$ 238,331	\$ 1,498,076		\$ 117,950 \$1	\$ 1,618,457

# Income Tax/PILs Workform for 2019 Filers

## Schedule 13 Tax Reserves - Bridge Year

### Continuity of Reserves

Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
					Additions	Disposals			
Capital Gains Reserves ss.40(1)	H13	0		0			0	T13	0
<b>Tax Reserves Not Deducted for accounting purposes</b>		0					0		0
Reserve for doubtful accounts ss. 20(1)(j)	H13	0		0			0	T13	0
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0			0	T13	0
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0			0	T13	0
Debt & Share Issue Expenses ss. 20(1)(e)	H13	0		0			0	T13	0
Other tax reserves	H13	0		0			0	T13	0
		0		0			0		0
		0		0			0		0
<b>Total</b>		0	0	0	B1	0	0	B1	0
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>									
General Reserve for Inventory Obsolescence (non-specific)	H13	0		0			0	T13	0
General reserve for bad debts	H13	0		0			0	T13	0
Accrued Employee Future Benefits	H13	0		0			0	T13	0
Medical and Life Insurance	H13	0		0			0	T13	0
Short & Long-term Disability	H13	0		0			0	T13	0
Accumulated Sick Leave	H13	0		0			0	T13	0
Termination Cost	H13	0		0			0	T13	0
Other Post-Employment Benefits	H13	0		0			0	T13	0
Provision for Environmental Costs	H13	0		0			0	T13	0
Restructuring Costs	H13	0		0			0	T13	0
Accrued Contingent Litigation Costs	H13	0		0			0	T13	0
Accrued Self-Insurance Costs	H13	0		0			0	T13	0
Other Contingent Liabilities	H13	0		0			0	T13	0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	H13	0		0			0	T13	0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	H13	0		0			0	T13	0
Other	H13	0		0			0	T13	0
		0		0			0		0
		0		0			0		0
<b>Total</b>		0	0	0	B1	0	0	B1	0





Ontario Energy Board

# Income Tax/PILs Workform for 2019 Filers

## PILs Tax Provision - Test Year

### Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	3.5%	\$ -	0.0%	<b>B</b>
Federal (Max 15%)	15.0%	9.0%	\$ -	0.0%	<b>C</b>
Combined effective tax rate (Max 26.5%)					

### Total Income Taxes

Investment Tax Credits  
Miscellaneous Tax Credits

### Total Tax Credits

### Corporate PILs/Income Tax Provision for Test Year

Corporate PILs/Income Tax Provision Gross Up <sup>1</sup>

Income Tax (grossed-up)

### Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

### Wires Only

**T1** \$ - **A**

0.00% **D = B + C**

\$ - **E = A \* D**

**F**  
**G**

\$ - **H = F + G**

\$ - **I = E - H**

[S. Su](#)

100.00% **J = 1-D** \$ - **K = I/J-I**

\$ - **L = K + I**

[S. Su](#)



Ontario Energy Board

# Income Tax/PILs Workform for 2019 Filers

## Taxable Income - Test Year

	Working Paper Reference	Test Year Taxable Income
<b>Net Income Before Taxes</b>	<b>A</b>	<b>63,028</b>

	T2 S1 line #		
<b>Additions:</b>			
Interest and penalties on taxes	103		
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104		120,706
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	<b>T13</b>	0
Reserves from financial statements- balance at end of year	126	<b>T13</b>	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
<i>Other Additions: (please explain in detail the nature of the item)</i>			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
	295		
	296		
	297		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			





# Income Tax/PILs Workform for 2019 Filers

## Schedule 7-1 Loss Carry Forward - Test Year

### Corporation Loss Continuity and Application

	Working Paper Reference	Total	Non-Distribution Portion	Utility Balance
<b>Non-Capital Loss Carry Forward Deduction</b>				
Actual/Estimated Bridge Year Carried Forward	B4	123,621		123,621
<b>Amount to be used in Test Year and Price Cap Years</b>	T1	21,195		21,195
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
<b>Amount to be used in Test Year</b>	calculated	21,195		21,195
Loss Carry Forward Generated in Test Year (if any)	T1	0		0
Other Adjustments				0
Balance available for use in Future Years	calculated	102,425		102,425

		Total	Non-Distribution Portion	Utility Balance
<b>Net Capital Loss Carry Forward Deduction</b>				
Actual/Estimated Bridge Year Carried Forward	B4	0		0
<b>Amount to be used in Test Year and Price Cap Years</b>				0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
<b>Amount to be used in Test Year</b>	T1	0		0
Loss Carry Forward Generated in Test Year (if any)				0
Other Adjustments				0
Balance available for use in Future Years		0		0

Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
1	Distribution System - post 1987	B8	\$ 1,241,205			\$ 1,241,205		\$ 1,241,205	6%	\$ 49,648		\$ 1,191,557
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
2	Distribution System - pre 1988	B8	\$ -			\$ -	\$ -	\$ -	6%	\$ -		\$ -
8	General Office/Business Equip.	B8	\$ 7,235			\$ 7,235	\$ -	\$ 7,235	20%	\$ 1,447		\$ 5,788
10	Computer Hardware/ Vehicles	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
10.1	Certain Automobiles	B8	\$ 330,659			\$ 330,659	\$ -	\$ 330,659	30%	\$ 99,198		\$ 231,461
12	Computer Software	B8	\$ 6,361			\$ 6,361	\$ -	\$ 6,361	100%	\$ -		\$ -
13.1	Lease #1	B8	\$ -			\$ -	\$ -	\$ -	-	\$ -		\$ -
13.2	Lease #2	B8	\$ -			\$ -	\$ -	\$ -	-	\$ -		\$ -
13.3	Lease #3	B8	\$ -			\$ -	\$ -	\$ -	-	\$ -		\$ -
13.4	Lease #4	B8	\$ -			\$ -	\$ -	\$ -	-	\$ -		\$ -
14	Franchise	B8	\$ -			\$ -	\$ -	\$ -	-	\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	B8	\$ -			\$ -	\$ -	\$ -	8%	\$ -		\$ -
42	Fibre Optic Cable	B8	\$ -			\$ -	\$ -	\$ -	13%	\$ -		\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	B8	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
46	Computers & Systems Software acq'd post Mar 22/04	B8	\$ -			\$ -	\$ -	\$ -	45%	\$ -		\$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	B8	\$ 32,978	80,667		\$ 113,645	\$ 40,334	\$ 73,311	8%	\$ 5,865		\$ 107,780
50	Data Network Infrastructure Equipment - post Mar 2007	B8	\$ -			\$ -	\$ -	\$ -	55%	\$ -		\$ -
52	Computer Hardware and system software	B8	\$ -			\$ -	\$ -	\$ -	100%	\$ -		\$ -
85	CWIP	B8	\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017/1)	B8	\$ -			\$ -	\$ -	\$ -	7%	\$ -		\$ -
14.1	Eligible Capital Property (acq'd post Jan 1, 2017/1)	B8	\$ -			\$ -	\$ -	\$ -	5%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
TOTAL			\$ 1,619,487	\$ 80,667	\$ -	\$ 1,699,124	\$ 40,334	\$ 1,658,791		\$ 162,638	11	\$ 1,536,686

1. New CCA class 14.1 effective January 1, 2017. The class includes property that was eligible capital property immediately before January 1, 2017. For tax years that end prior to 2027, transitional rules apply to class 14.1 that were acquired before January 1, 2017

# Income Tax/PILs Workform for 2019 Filers

## Schedule 13 Tax Reserves - Test Year

### Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
					Additions	Disposals			
Capital Gains Reserves ss.40(1)	B13	0		0			0	0	
<b>Tax Reserves Not Deductible for accounting purposes</b>									
Reserve for doubtful accounts ss. 20(1)(i)	B13	0		0	0	0	0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0			0	0	
Other tax reserves	B13	0		0			0	0	
		0		0			0	0	
<b>Total</b>		0	0	0	11	0	0	11	0
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>									
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0			0	0	
General reserve for bad debts	B13	0		0			0	0	
Accrued Employee Future Benefits:	B13	0		0			0	0	
- Medical and Life Insurance	B13	0		0			0	0	
- Short & Long-term Disability	B13	0		0			0	0	
- Accumulated Sick Leave	B13	0		0			0	0	
- Termination Cost	B13	0		0			0	0	
- Other Post-Employment Benefits	B13	0		0			0	0	
Provision for Environmental Costs	B13	0		0			0	0	
Restructuring Costs	B13	0		0			0	0	
Accrued Contingent Litigation Costs	B13	0		0			0	0	
Accrued Self-Insurance Costs	B13	0		0			0	0	
Other Contingent Liabilities	B13	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0			0	0	
Other	B13	0		0			0	0	
		0		0			0	0	
<b>Total</b>		0	0	0	11	0	0	11	0

1

## **Appendix D – Procurement Policy**

2

# Chapleau Public Utilities Corp.

Chapleau, Ontario  
P.O. Box 670  
P0M 1K0

Telephone (705) 864-0111  
Fax (705) 864-1962  
E-mail [chec@onlink.net](mailto:chec@onlink.net)

## Schedule "A"

### SECTION A

#### Preamble

- 1.0.0 Chapleau Public Utilities Corporation has ascertained that a procurement policy is required:
- To encourage competition among bidders;
  - To obtain the highest quality of goods and services for the best possible price;
  - To ensure that the procurement process is conducted in an efficient and effective manner;
  - To ensure fairness among bidders;
  - To ensure openness, accountability and transparency while protecting the financial interests of the municipality.

### SECTION B

#### Policy Statement

- 1.0.0 The Secretary-Treasurer shall be responsible for the execution of this policy.
- 2.0.0 The Secretary-Treasurer by resolution as Department Head shall be responsible for the purchase of goods or services.
- 3.0.0 It shall be the policy of the Corporation to ensure a fair purchasing policy which is, administratively, easy to manage.

### SECTION C

#### Definitions

- 1.0.0 "Best Value" shall not be limited to the lowest price but shall be a combination of price and quality. Such determination shall be left up to the discretion of the Board of Directors.
- 2.0.0 "Capital Project" shall refer to a project that has been budgeted within the annual Capital Budget or if not Budgeted, shall refer to projects that would normally appear within the Capital expenditures of the PUC.
- 3.0.0 "Corporation" shall mean Chapleau Public Utilities Corporation.
- 4.0.0 "Board" shall mean the Board of Directors of Chapleau Public Utilities Corporation.
- 6.0.0 "Immediate Family Member" shall mean a spouse, common law spouse, same-sex partner, child or stepchild.
- 8.0.0 "Secretary-Treasurer" shall refer to the Treasurer of the Corporation.

### SECTION D



## **Procurement Process**

**1.0.0** Refer to Schedule "B" attached hereto and forming part of this procurement.

## **SECTION E**

### **Regulations**

#### **1.0.0 Restrictions**

**1.0.1** No other forms of procurement shall be permitted, unless prior approval is obtained by PUC Board resolution.

**1.0.2** Notwithstanding the above, adherence to this purchasing policy is not required with respect to those items listed below:

- Utilities, including postage, hydro, propane, telephone, etc.
- Payroll and payments to Government agencies, carriers or unions
- Boards and Committees Levies
- Vehicle Licenses
- Board of Directors Honorarium
- Courier and other shipping charges
- Licenses, certificates and other approvals required
- Petty cash vouchers
- Subscriptions and memberships
- Petty Cash
- Training and Education
- Refundable Employee Expenses
- Ongoing maintenance for existing computer hardware and software
- Reciprocal or shared agreements

**1.0.3** No one associated with the Corporation including Board members and employees shall accept any gifts from any suppliers participating in or who have participated in procurement processes with the Corporation.

#### **2.0.0 Conflict of Interest**

**2.0.1** Where an employee involved in the award of any contract, either on his or her own behalf or while acting for, by with or through another person, has any pecuniary interest, direct or indirect, in the contract, the employee

- Shall immediately disclose the interest and the general nature thereof to the Secty-Treasurer
- Shall not take part in the award of the contract; and
- Shall not attempt in any way to influence the award of the contract;

An employee has an indirect pecuniary interest in any contract in which the Corporation is concerned, if the employee or his immediate family member

- Is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the contract,
- Has a controlling interest in or is a director or senior officer, of a corporation that offers its securities to the public that has a pecuniary interest in the contract, or
- Is a member of an incorporated association or partnership, that has a pecuniary interest in the matter, or
- Is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the contract.

**2.0.2** Where a Board of Directors member, either on his/her own behalf or while acting for, by with or through another person, has any pecuniary interest, direct or indirect, in the contract, that Board Member

- Shall disclose his/her pecuniary interest
- Shall not take part in the award of the contract; and
- Shall not attempt in any way to influence the award of the contract.

A Board of Directors member has an indirect pecuniary interest in any contract in which the corporation is concerned, if he or she or his or her immediate family member

- Is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the contract,
- Has a controlling interest in or is a director or senior officer of, a corporation that offers its securities to the public that has a pecuniary interest in the contract, or Is a member of an incorporated association or partnership, that has a pecuniary interest in the matter, or
- Is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the contract.

### **3.0.0 Non-Competitive Purchases**

#### **3.0.1 Sole Source Purchases:**

**3.0.1.1** Exemption from this policy is granted in circumstances where there is only one supplier available and no alternative or substitute exists and/or where there is a statutory monopoly on the product or service.

### **4.0.0 Purchasing Procedures**

#### **4.0.1 Purchasing Responsibilities**

The Board of Directors has the responsibility for procurement activities, and has ultimate authority for all expenditures. All contracts are subject to Board approval. The Board may delegate, by resolution, staff members who shall have the authority to purchase goods and/or services within the boundaries of this policy. The Treasurer cannot pay for any items that have not been authorized by the Board through budget approvals or specific resolution. The purchasing policy provides guidelines outlining how spending authority is to be used.

#### **4.0.2 Access to Information**

The disclosure of information requests made in writing to the Board, or other person designated by the Board, relevant to the issue of bid solicitations or the award of contracts emanating from bid solicitations shall be in accordance with the provisions of the *Municipal Freedom and Protection of Privacy Act*, as amended.

#### **4.0.3 Contract Without Budgetary Approval**

Where a requirement exists to initiate a project for goods, services or construction and funds are not contained within the approved budget, the Department Head requesting the goods/services shall, prior to commencement of the purchasing process, submit a report to the Secty- Treas. containing:

- Information surrounding the requirements to contract;
- The terms of reference to be provided in the contract;
- Information on the availability of the funds within existing estimates that were originally approved by the Corporation for other purposes, or on the requirement of additional funds.

#### **4.0.4 Purchases – General**

A purchase order is required for all purchases made by Employees.

#### **4.0.5 Purchase – Emergency**

This procedure recognizes that there may occur circumstances where the health, safety, life or convenience of the citizens of the municipality may be in jeopardy. Under these conditions, an emergency purchase shall be permitted.

The Secty-Treasurer may, under these circumstances, permit the Employee to circumvent the policy to effect an emergency purchase. A purchase may be made to obtain the required supplies or services regardless of the amount.

The Employee shall be responsible to file a complete report on the circumstances with the Secty-Treasurer and the Board as soon as possible thereafter.

### **SECTION F**

#### **1.0.0 Tender and Proposal Procedures**

**1.0.1** Tenders may be called either by public advertising or invitation only.

**1.0.2** Tenders will be called for all capital work, equipment and materials by way of public advertising, as outlined in this section.

**1.0.3** Advertisements must include the following information:

- Site meeting (if applicable) – time, date and location
- Contact names for technical and purchasing inquiries
- Document fee (if applicable)
- Location for picking up tender packages
- Location for dropping off tender packages
- Deadline for submission of tender packages
- The privilege clause: “Lowest or any bid may not necessarily be accepted”

**1.0.4** The closing date shall be a minimum of 10 calendar days after the date of advertising. However, a tender may be closed in a shorter or longer period of time depending on the urgency or complexity of the item(s) tendered.

**1.0.5** Depending on the complexity of the item(s) being purchased, the Corporation may obtain professional assistance from qualified individuals to assist with the preparation and competition of the tender specifications.

**1.0.6** All tenders submissions must be addressed to the Secty-Treasurer or consulting firm and returned in the envelope provided with the tender package. Upon receipt of a tender, the Secty-Treasurer or consulting firm shall:

- Date and time recorded on the sealed envelope
- Assign a tender number to the tender package and record the submission on the “Tender Log”
- Deposit the sealed tender in a tender envelope or box

**1.0.7** The Secty-Treasurer shall refuse to accept any tender submission that is:

- Not sealed
- Received after the closing deadline. Secty-Treasurer or designate is to record on late tender received, the date and time received and make a copy of the sealed envelope to retain on file. Envelope to be returned to the bidder.
- Submitted after a tender has been cancelled

**1.0.8** Requests for withdrawal of a tender shall be allowed if the request is made by the bidder in writing before the closing time for the contract to which it applies. A senior official of the company must direct requests to the Secty-Treasurer by letter or in person, with a signed

withdrawal confirming the details. Telephone requests will not be considered. The withdrawal of a tender does not disqualify the bidder from submitting another tender on the same contract.

- 1.0.9** Tenders close at 4:30 p.m. on the appointed day, and are opened publicly at a regular or special meeting of Chapleau PUC.
- 1.0.10** The amount of each bid shall be recorded in the minutes of the meeting and on the “Tender Log”, (Appendix “I”) attached to and forming part of this By-Law.
- 1.0.11** The Secty-Treasurer shall review each tender to determine whether a bid irregularity exists, and action is to be taken according to the nature of the irregularity. For List of bid irregularities, (See Appendix “II”) attached to and forming part of this By-Law.
- 1.0.12** The Secty-Treasurer shall submit a report for consideration by the Board and approval by resolution. Such report shall include:
  - List of rejected bids and reasons for the rejection
  - A recommendation in support of one of the bids
  - The rationale for this recommendation

## **2.0.0 Bid Irregularities**

- 2.0.1** For the purposes of this policy, bid irregularities are further classified as “major irregularities” or “minor irregularities”. See Appendix “II” attached to and forming part of this by-law for types of irregularities and their classification.
- 2.0.2** Major irregularity is a deviation from the bid request that affects the price, quality, quantity or delivery, and is material to the award. If the deviation is permitted, the bidder could gain an unfair advantage over competitors. Chapleau Public Utilities Corporation must reject any bid, which contains a major irregularity.
- 2.0.3** Minor irregularity is a deviation from the bid request, which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not material to the award. If the deviation is permitted or corrected, the bidder would not gain an unfair advantage over competitors. The Board may permit the bidder to correct a minor irregularity.
- 2.0.4** The Secty-Treasurer or consulting firm will be responsible for all action taken in dealing with bid irregularities, and acts in accordance with the nature of the irregularity:
  - Major irregularity – automatic rejection
  - Minor irregularity – bidder may rectify
  - Errors in calculations (including errors in taxes) – may be corrected and the unit prices will govern
- 2.0.5** In the event that the successful bidder withdraws its bid due to the identification of a major irregularity before the Board enters into a written contract with that bidder, the Board, by resolution, may disqualify such vendor from participating in further quotations and tenders for a period of up to one year.

## **3.0.0 Procurement Documentation**

- 3.0.1** Procurement documentation for bid requests shall void use of specific products or brand names.
- 3.0.2** The use of standards in procurement that have been certified, evaluated, qualified, registered or verified by independent and nationally recognized and industry-supported organizations such as the Standards Council of Canada shall be preferred.
- 3.0.3** Notwithstanding Clauses 3.0.1, the Board may specify a specific product or brand name for essential functionality purposes to avoid unacceptable risk or for some other valid

purpose. In such instances, the Board shall manage the procurement in order to achieve a competitive situation if possible.

**3.0.4** Awards shall typically be made to the lowest bidder who has complied with the terms and conditions in the Request for Quotation or Request for Tender, all other factors being equal. In addition to price, consider of factors as set out below may result in the acceptance of a bid other than the lowest bid.

- Ability and experience to perform in accordance with the Terms of the invitation
- Record of past performance with Chapleau Public Utilities Corporation
- Past performance with other municipalities or boards
- Financial and technical resources
- Knowledge of Chapleau Public Utilities Corporation's operations, systems and services
- Compatibility with other goods and services of the PUC
- The percentage of local content, including supplies, materials and sub-contractors from within the municipal boundaries
- Any other factors, including a scoring system which may be used by the Board in evaluating bids received
- All bid requests shall include the privilege clause "The lowest or any bid may not necessarily be accepted". When using such privilege clause the specific reasons for not accepting the bids shall be disclosed to all bidders.

#### **4.0.0 Guarantee of Contract Execution and Performance**

**4.0.1** The Board may require that a bid bond or other similar security to guarantee entry into a contract shall be submitted with all bids. Unless otherwise specified, in circumstances where a bid bond or other security is required, the refundable deposit requirements for Request for Tenders shall be a minimum of 10%.

**4.0.2** Prior to commencement of the work, the successful bidder may be required to provide the following security in addition to the security provided to in Clause 4.0.1.

- A performance bond, percentage to be pre-determined in original tender documents, to guarantee the performance of a contract, and
- A payment bond, percentage to be pre-determined in original tender documents, to guarantee the payment for labour and materials supplied in connection with a contract

**4.0.3** The Board shall select the appropriate means to guarantee execution and performance of the contract. Means may include one or more of, but are not limited to, certified cheque, bank draft, irrevocable letter of credit, money-order and, where appropriate, a bid bond issued by an approved guarantee company properly licensed in the province of Ontario, on bond forms acceptable by the Board.

**4.0.4** Prior to commencement of work, evidence of Health & Safety Policy, Safety Orientation, Liability and Workplace Safety Insurance coverage satisfactory to Chapleau Public Utilities Corporation must be obtained, ensuring indemnification of Chapleau Public Utilities Corporation from any and all claims, demands, losses, costs or damages resulting from the performance of a Bidder's obligations under the contract and from any risk determined by Chapleau Public Utilities Corporation as requiring coverage.

**4.0.5** Prior to payment to a supplier, a Certificate of Clearance from the Workplace Safety Insurance Board shall be obtained ensuring all premiums or levies have been paid to the Workplace Safety and Insurance Board to the date of payment.

#### **5.0.0 Evaluation of Bids Received and Award**

**5.0.1** The Secty-Treasurer and Department Head requesting the goods/services, shall review all bids against the established criteria and reach consensus on the final rating results and the Secty-Treasurer shall ensure that the final rating results are kept with the procurement file.

**5.0.2** The Secty-Treasurer shall submit a summary of the procurement and provide a recommendation to the Board respecting award of contract to the bidder whose bid meets all mandatory requirements as specified in the bid solicitation and provides best value to the Board based on the evaluation criteria specified in the bid solicitation.

**5.0.3** In the event that more than one bidder has submitted a tender in the same amount, the Board shall make its decision based on the merit of the bid (i.e. including such factors as time for completion and previous performance of the bidder). If the merit for each bid is equal, then the bid to be accepted shall be decided by means of a draw. The names of the tied bidders shall be placed in a container and the bid to be awarded shall be drawn by a member of the Board. The Secty-Treasurer shall set the time and location of the draw and notify all bidders in order that they may be present.

**6.0.0 Bids in Excess of Project Estimates**

**6.0.1** Where bids are received in response to a bid solicitation but exceed the project estimates, the Secty-Treasurer, with the authority of the Board, may enter into negotiations with the Lowest Responsive Bidder to attempt to achieve an acceptable bid within the project estimate.

**6.0.2** The Board may cancel a competition or call a new competition when an original bid cannot be negotiated that falls within budget limits.

**7.0.0 Contractual Agreements**

**7.0.1** The award of a contract shall be made by way of an agreement.

**7.0.2** A more formal agreement shall be used when the contract is complex and will contain terms and conditions other than the Board's standard terms and conditions.

**7.0.3** The Board shall approve any and all changes in a contract that affect price or terms of the original contract.

**7.0.4** All contracts shall specify conditions under which the contract may be terminated by either the Board or the bidder.

**SECTION G**

**1.0.0 Supplier Performance**

- All staff participating in a procurement process shall document evidence where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions or for Health and Safety Violations. The Department Head shall maintain such documentation on file for the respective vendors.
- The Department Head requesting the goods/services shall complete a performance evaluation to rate the performance of the contractor, supplier or consultant on criteria determined by the Board. Such criteria shall be appropriate in determining if Chapleau Public Utilities Corporation has obtained a satisfactory level of performance by the successful bidder. The performance evaluation and criteria adopted from time to time shall be provided to the successful bidder in advance of the contract, and shall remain constant for the duration of the contract. The same evaluation criteria shall apply to all procurement activities. The Department Head shall provide the bidder with the written results of the performance evaluation and the bidder shall have 20 days following delivery of the evaluation to request an appeal. The Board shall hear from both parties at a time and place appointed in writing by the Secty-Treasurer. The decision of the Board shall be in writing, a copy of which shall be provided to the contractor, supplier or consultant, and the decision of a majority of Board members present and voting shall be final.

## **SECTION H**

### **Contract Options**

#### **1.0.0    Exercise of Contract Renewal Options**

- 1.0.1**    Where a contract contains an option for renewal, the Board may exercise such option provided that:
- The supplier's performance in supplying the goods, services or construction is considered to have met the requirements of the contract, and
  - The Board agrees that the exercise of the option is in the best interest of Chapleau PUC, and
  - Funds are available in appropriate accounts within Chapleau PUC's approved estimates including authorized revisions to meet the proposed expenditure.
- 1.0.2**    The authorization from the Board shall include a written explanation as to why the renewal is in the best interest of Chapleau PUC and include comment on the market situation and trend.

#### **2.0.0    Execution and Custody of Documents**

- 2.0.1**    The Head of the Board and Secty-Treasurer are authorized to execute formal agreements in the name of Chapleau PUC that have been approved by by-law.
- 2.0.2**    The Department Head requesting the goods/services shall have the authority to purchase items in accordance with this by-law.
- 2.0.3**    The Secty-Treasurer shall be responsible for the safeguarding of original purchasing and contract documentation for the contracting or all goods, services or construction awards.

## **SECTION I**

#### **1.0.0    Review and Evaluation**

- 1.0.1**    Chapleau Public Utilities Corporation shall review this policy every three years commencing from the date of adoption. Such review shall include the evaluation of the effectiveness and efficiency of all policies.

### SCHEDULE “B”

Amount of Purchase	Procurement Process to be Used	Conditions/Explanations
\$0 to \$2000.00	Direct Acquisition	Dept Head is permitted to purchase goods and/or services with the Secty-Treas. approval by a PO
\$2001.00 to \$10,000.00	Informal Quotations	<p>Dept Head is permitted to purchase goods and/or services provided that:</p> <ul style="list-style-type: none"> <li>• The goods and/or services have been included in the annual budget estimates approved by the Board.</li> <li>• Dept Head obtains a minimum of 2 verbal quotations, where possible and practicable</li> <li>• Written documentation is maintained for each quotation</li> <li>• Where only one supplier is available, the Dept Head will file that supplier’s quote plus details of refusals.</li> <li>• With Secty-Treasurer approval by a PO under \$2,000.00</li> </ul>
\$10,001.00 to \$25,000.00	Quotations (Request for Quotations-RFQ)	<ul style="list-style-type: none"> <li>• Dept Head obtains a minimum of 3 quotations, where possible and practicable.</li> <li>• Copies of quotations are provided to the Board with a recommendation</li> <li>• The Board shall make the final decision, by resolution, based on the quotations provided.</li> <li>• Expenditures must be made so as to obtain the best value for the Corporation</li> <li>• Where only one supplier is available, the Dept Head will file that supplier’s quote plus details of refusals.</li> </ul>
\$25,001.00 and up	Tendering (Request for Tenders-RFT)	<ul style="list-style-type: none"> <li>• The tender process outlined in Section “F” of this policy shall be followed</li> </ul>
No \$ Limit	Proposal (Request for Proposal-RFP)	<ul style="list-style-type: none"> <li>• Used when a unique proposal designed to meet a broad outcome to a complex problem or need for which there is no clear or single solution</li> </ul>



**APPENDIX I**

**TENDER LOG**  
**Chapleau Public Utilities Corporation**

<b>Project Name:</b>	
<b>Tender Deadline:</b>	

<b>Name of Bidder</b>	<b>Envelope No.</b>	<b>Date Submitted</b>	<b>Time Submitted</b>	<b>Tender Amount**</b>

\*\* To be completed only after tenders are opened in accordance with Tender Document.

## APPENDIX II

Description of Irregularity	Major	Minor	Action to be Taken
Late bid (by any amount of time)	X		Automatic rejection
Bids completed in pencil	X		Automatic rejection
Bid surety not submitted with the bid when the bid request (or any addenda) indicated that such surety is required	X		Automatic rejection
Execution of Agreement to bond: a) bond company corporate seal or equivalent proof of authority to bind company or signature missing b) surety company not licensed to do business in Ontario	X		Automatic rejection
Execution of Bid Bonds: a) corporate seal or equivalent proof of authority to bind company or signature of the BIDDER or both missing b) corporate seal or equivalent proof of authority to bind company or signature of BONDING COMPANY missing.	X		Automatic rejection
Other Bid Security: Cheque has not been certified	X		Automatic rejection
Bidders not attending mandatory site meeting	X		Automatic rejection
Unsealed tender envelopes	X		Automatic rejection
Proper response envelope or label not used		x	Acceptable if officially received on time
Pricing or signature pages missing	X		Automatic rejection
Insufficient financial security (i.e. <b>no</b> deposit or bid bond or insufficient deposit)	X		Automatic rejection
Bid received on documents other than those provided in request	X		Not acceptable unless specified otherwise in the request
Execution of bid document – proof of Authority to bind corporation is missing	X		Automatic rejection
Part bids (all items not bid)	x or	x	Acceptable unless complete bid has been specified in the request
Bids containing minor clerical errors		x	2 Working days to correct errors and initial changes. Chapleau PUC reserves the right to waive initialing and accept bid
Other mathematical errors which are not consistent with the unit prices		x	2 Working days to correct errors and initial changes. Unit prices will prevail
Pages requiring completion of information by vendor are missing	X		Automatic rejection
Bid documents which suggest that the bidder has made a major mistake			Consultation with a solicitor on a case-by-case basis and referenced within the staff report if applicable.

NOTE: The above list of irregularities should not be considered all-inclusive. The Secty-Treasurer in consultation with the Board will review minor irregularities not listed. The Secty-Treasurer may then accept the bid, or request that the bidder rectify the deviation.

1

**Appendix E – Service Agreement**

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**AMENDED FEBRUARY 13, 2007**

**THIS OPERATION AND MAINTENANCE SERVICES AGREEMENT** (hereinafter referred to as the “Agreement”) is entered into as of January 1, 2002.

**B E T W E E N :**

**CHAPLEAU PUBLIC UTILITIES CORPORATION**, a corporation incorporated pursuant to the provisions of the laws of Ontario, having its registered head office in the corporation of the Township of Chapleau in the District of Sudbury.

OF THE FIRST PART  
(hereinafter referred to as the “**Corporation**”).

-and-

**CHAPLEAU ENERGY SERVICES CORPORATION**, a corporation incorporated pursuant to the provisions of the laws of Ontario, having its registered head office in the corporation of the Township of Chapleau in the District of Sudbury.

OF THE SECOND PART  
(hereinafter referred to as the “**Affiliate**”).

**WHEREAS:**

- (1) The Corporation is an electricity distributor and transmitter;
- (2) Notwithstanding the articles of incorporation the Affiliate is a corporation incorporated to permit among other things, the sale of related services and is wholly owned by the same share holder as the corporation, and is in the business of providing staffing, operation and maintenance services to corporations and other entities operating electrical or telecommunications facilities;
- (3) The Corporation shares services or resources with the Affiliate, it shall do so in accordance with this Agreement; and
- (4) It is a condition precedent for the sharing of services or resources that the Corporation and the Affiliate enter into this Agreement pursuant to the *Affiliate Relationships Code for Electricity Distributors and Transmitters* effective April 1, 1999.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained

herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, **IT IS AGREED:**

### **1.1 Service**

The Affiliate will provide services to the Corporation in respect to the staffing operations and maintenance of the Corporation's operations in accordance with this Agreement comprising the Services, throughout the Term.

### **1.2 Duties and Responsibilities of the Affiliate**

- (a) The Affiliate shall have the duties and responsibility during the Term to administer, operate and maintain the Corporation's operations, including without limitation providing the necessary staff to provide the Services to the Corporation. Without limiting the generality of the foregoing, the Affiliate shall have the following duties and responsibilities:
  - (i) to prepare an annual budget for the performance of the Services by the Affiliate and to submit such Operating and Maintenance Plan to the Corporation for its approval for the 2002 fiscal year by May 31, 2002 and for subsequent fiscal years at least 30 days prior to the beginning of each fiscal year;
  - (ii) to provide the services of trained and licensed (where applicable) Affiliate personnel to provide the Services to the Corporation and otherwise meet the Affiliate's obligation under this Agreement (the "Operations Staff");
  - (iii) to assist the Corporation in obtaining and maintaining and fulfilling all necessary permits, consents and permissions, or other regulatory requirements related to the Services, including any licensing requirements pursuant to the OEB act;
  - (iv) to use its reasonable efforts to secure and maintain from vendors, suppliers and subcontractors the best indemnities, warranties and guarantees as may be commercially available regarding all supplies, equipment and services purchased in relation to the Services, all of which shall be assigned to the Corporation, and assist the Corporation in preserving and enforcing such indemnities, warranties or guarantees;

- (v) to promptly notify the Corporation of:
  - (1) any default hereunder;
  - (2) any condition or occurrence which is likely to result in a material difference in the Operating and Maintenance Expenses and/or the schedule of operations as projected in the Operating and Maintenance plan;
  - (3) any occurrence, accident, safety violation, lawsuit claim by any person which might reasonably be expected to result in an investigation or penalty under applicable laws or any material violation of any applicable laws; or
  - (4) any other event which might reasonably be expected to have a material adverse effect on the services;
- (b) it shall provide the staff and resources that are sufficient for the area serviced by the Affiliate;
- (c) it shall, where applicable, provide and maintain the quality of Service provided by the Affiliate at least equal to the service levels required by the Ontario Energy Board ("OEB") for the term of the Agreement and which are comparable to the service and reliability levels enjoyed by customers of the Corporation; and
- (d) it shall make all necessary filings and reports to the OEB with respect to the levels of services as the OEB may require from time to time.

### **1.3 Failure to Maintain Service Levels**

In the event the Affiliate fails to maintain Service at levels referred to in Section 1.1 during the term of this Agreement:

- (a) the Corporation shall be entitled to retain a qualified professional to review and analyze all records and reports of the Affiliate to determine proper service levels are being met; and

- (b) the Corporation and the Affiliate shall meet to discuss remediation and agree, acting reasonably, on the appropriate course of action to be taken by the Affiliate.

#### **1.4 Appointment of Risk**

In the case of any actions that may arise during the course of this Agreement, each of the Corporation and the Affiliate shall:

- (a) indemnify, defend and save harmless the other from all fines, suits, proceedings, liabilities, losses, damages, costs, expenses, claims, demands or actions of any nature or kind whatsoever caused directly or indirectly related to its assets or operations which are the subject of this Agreement through a failure of either party to fully its obligations under this Agreement;
- (b) be individually responsible for all liability which results from:
  - a. the operations of the Corporation or the Affiliate; or
  - b. any products, goods or materials brought onto the property or used by the Corporation or the Affiliate.

#### **2. Conduct of Work**

In connection with the terms of this Agreement, each of the Corporation and the Affiliate shall ensure:

- (a) their respective employees, agents, contractors and subcontractors are duly qualified under any applicable federal and provincial laws; and
- (b) that all work performed by their respective employees, agents, contractors and subcontractors are in compliance with any applicable federal and provincial laws.

### **3. Pricing**

- (a) where the Corporation provides the Service or shares a resource with the Affiliate, the Corporation shall ensure that the sale price is no less than the fair market value of the service or resource;
- (b) in obtaining a Service or resource from the Affiliate, the Corporation shall pay no more than the fair market value of the service or resource, and
- (c) where a fair market value is not available for any Service or resource, the cost-based price of producing the service or resource shall be used.
- (d) Cost-based price shall be determined by allocating the actual cost of the Service or shared resource to the Affiliate and the Corporation. The allocation of cost shall be based upon direct labour hours utilized by the Affiliate and the Corporation, as calculated quarterly.
- (e) To assist in the cash flow of the Affiliate, the Corporation shall advance on a monthly basis, the estimate cost of those shared Services or resources.
- (f) Once the direct labour hours have been apportioned for a quarter, the actual cost of services and shared resources shall be allocated between the Affiliate and the Corporation.
- (g) It is agreed by the Corporation and the Affiliate, that the above cost allocation formula will be reviewed on a semi-annual basis. Amendments of the formula will be made as determined appropriate by mutual agreement of the Affiliate and the Corporation.

### **4. Confidentiality**

In connection with terms of this Agreement, the Affiliate shall execute and deliver in favor of the Corporation a confidentiality agreement substantially in the form attached hereto as Schedule A and be bound by such an agreement as a condition of undertaking the activities referred to in this Agreement.



## **5. Dispute Resolution**

- (a) Any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement, or the performance, breach or validity thereof, shall be settled by arbitration. Either party may initiate arbitration within a reasonable time after such dispute, controversy or claim has arisen by delivering a written demand for arbitration upon the other Party. The arbitration shall be conducted in accordance with the Arbitration Act. The arbitration shall take place in Chapleau, Ontario, and shall be conducted in English.
- (b) The arbitration shall be conducted by a single arbitrator having no financial or personal interest in the business affairs of either of the Parties. The arbitrator shall be appointed jointly by agreement of the Parties, failing which an arbitrator shall be appointed by application to the Superior Court of Ontario, in Sudbury.
- (c) Absent agreement or an award in the arbitration to the contrary, the arbitrations fees and expenses shall be paid by the Parties jointly, and
- (d) The arbitral award shall be in writing, stating the reasons for the award and be final and binding on the Parties with no rights of appeal. The award may include an award of costs, including reasonable legal fees and disbursements and fees and expenses of the arbitrator. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the Parties or their assets.
- (e) Confidentiality of Arbitration – The arbitration shall be kept confidential and the existence of the proceedings and any element of it (including but not limited to any pleadings, briefs or other documents submitted and exchanged, and testimony or other oral submission and any awards) shall not be disclosed beyond the arbitrator, the Parties, their counsel and any other person necessary to the conduct of the proceedings, except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.

## **6. Applicable Law**

This agreement shall be constructed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the court of such province and all court competent to hear appeals therefrom.

**7. Severability**

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

**8. Amendments and Waivers**

No amendment or waiver of any provision of this Agreement shall be binding unless consented to in writing. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver otherwise provided.

**9. Term**

The term of this Agreement shall commence upon the date of execution hereto for a period of two (2) years. The Corporation shall have a right in its sole discretion to renew this Agreement no later than six (6) months from the end of the term for an additional period of two (2) years.

**10. Time of the Essence**

Time shall be of the essence.

**11. Counterparts**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

**IN WITNESS WHEREOF** this Agreement has been executed by the Parties as of the date first above written

Signed, sealed and delivered in the presence of:

Per: Chapleau Public Utilities Corporation

\_\_\_\_\_  
Authorized signing officer  
I have authority to bind the Corporation

Per: Chapleau Public Utilities Corporation

\_\_\_\_\_  
Authorized signing officer  
I have authority to bind the Corporation

Per: Chapleau Energy Services Corporation

\_\_\_\_\_  
Authorized signing officer  
I have authority to bind the Corporation

Per: Chapleau Energy Services Corporation

\_\_\_\_\_  
Authorized signing officer  
I have authority to bind the Corporation

### **Schedule A**

Confidentiality Arrangements. Pursuant to the Affiliate Relationships Code, the Parties hereby agree to establish and maintain the following confidentiality arrangements:

1. The Corporation shall not release to the Affiliate confidential information relating to a consumer, retailer or generator without the consent of that consumer, retailer, or generator.
2. The Corporation shall not disclose confidential information to the Affiliate without the consent in writing of the consumer, retailer or generator, as the case may be, except where confidential information is required to be disclosed:
  - For billing or market operation purposes;
  - For law enforcement purposes;
  - For the purpose of complying with a legal requirement; or
  - For the processing of past due accounts of the consumer which have been passed to a debt collection agency.
3. Confidential information may be disclosed where the information has been sufficiently aggregated such that any individual consumer, retailer, or generator's information cannot reasonably be identified. If such information is aggregated it must be disclosed on a non-discriminatory basis to any party requesting the information.

**Schedule B**

“Services” means all the administrative, operational and maintenance activities of the Corporation which are services which shall be provided to the Corporation by the Affiliate including without limitation:

- all meter installation and reading operations
- all system control and data acquisition and control room operations
- all customer billing and collections operations
- all customer care services
- all health, security and risk management and safety programs
- all inventory and material management activities
- all accounting and bookkeeping services; and
- all activities associated with the overhead and underground distribution, transformation, subtransmission and system monitoring and operations.