

Table 1: Allocations for Calculation of HRZ Earnings Sharing

Category	Rate Zone	Revised ESM	Total Alectra	Rate Zones				Explanation / Reference
	Actual/Allocation	HRZ- Staff #17		HRZ	BRZ	ERZ	PRZ	
Alectra Direct Allocations								
Cost of Power	Actual	\$ 510,177,988	\$ 2,776,778,326	\$ 510,177,988	\$ 468,678,841	\$ 791,265,940	\$ 1,006,655,557	
Distribution Revenues	Actual	\$ 113,495,042	\$ 521,314,962	\$ 113,495,042	\$ 74,436,566	\$ 131,932,386	\$ 201,450,968	
Other Revenue	Actual	\$ 5,300,163	\$ 32,013,512	\$ 5,300,163	\$ 4,450,643	\$ 6,318,438	\$ 15,944,267	
Alectra OM&A - Direct Allocations:								
OM&A	Actual	\$ 5,266,751	\$ 29,971,130	\$ 5,266,751	\$ 6,398,891	\$ 6,321,238	\$ 11,984,250	
Alectra OM&A - Formula Allocations:								
Distribution - Operations	Allocation	\$ 13,707,080	\$ 55,776,105	\$ 13,631,915	\$ 7,035,318	\$ 13,604,287	\$ 21,504,585	Alectra (11/10 months) allocation for OM&A based on historical 3 year average based of legacy utilities (2014-2016), excluding merger related costs.
Distribution - Maintenance	Allocation	\$ 6,800,274	\$ 27,671,305	\$ 6,762,983	\$ 3,490,320	\$ 6,749,277	\$ 10,668,725	
Billing & Collecting	Allocation	\$ 10,828,049	\$ 44,060,911	\$ 10,768,672	\$ 5,557,622	\$ 10,746,847	\$ 16,987,770	
Community Relations	Allocation	\$ 750,496	\$ 3,053,879	\$ 746,381	\$ 385,201	\$ 744,868	\$ 1,177,429	
Administrative & General Expenses	Allocation	\$ 23,670,282	\$ 96,317,830	\$ 23,540,483	\$ 12,149,048	\$ 23,492,774	\$ 37,135,526	
Property Taxes & Donations	Allocation	\$ 754,782	\$ 3,071,318	\$ 750,643	\$ 387,401	\$ 749,122	\$ 1,184,153	
Net Merger Costs	Allocation	\$ (495,777)	\$ (2,032,671)	\$ (495,777)	\$ (256,391)	\$ (496,802)	\$ (783,701)	
Total OM&A Formula Allocations		\$ 56,015,186	\$ 227,918,678	\$ 55,705,300	\$ 28,748,518	\$ 55,590,373	\$ 87,874,487	Ref. Exhibit 2, Tab 1, Schedule 6, Table 28
Total Alectra OM&A		\$ 61,281,937	\$ 257,889,808	\$ 60,972,051	\$ 35,147,409	\$ 61,911,611	\$ 99,858,737	
Rate Base								
Opening Net Fixed Assets - Direct Allocations	Actual	\$ 436,391,621	\$ 2,376,442,007	\$ 436,391,621	\$ 350,797,724	\$ 664,020,095	\$ 925,232,567	
Capital Additions - Direct Allocations								
Distribution Plant	Actual	\$ 51,430,152	\$ 300,110,508	\$ 51,430,152	\$ 35,770,525	\$ 56,468,245	\$ 156,441,586	
Capital Additions - Formula Allocations								
General Plant	Allocation	\$ 2,833,456	\$ 14,313,050	\$ 2,833,456	\$ 714,171	\$ 7,426,596	\$ 3,338,827	Ref. Exhibit 2, Tab 1, Schedule 6, Table 33
Merger Capital Net Savings	Allocation	\$ 2,891,170	\$ 17,174,112	\$ 2,891,170	\$ 3,941,707	\$ 1,199,302	\$ 9,141,933	Ref. Exhibit 2, Tab 1, Schedule 6, Table 33
Depreciation - Direct Allocations								
Distribution Plant	Actual	\$ 15,231,321	\$ 89,752,970	\$ 15,231,321	\$ 12,422,030	\$ 23,222,853	\$ 38,876,766	
Depreciation - Formula Allocations								
General Plant	Allocation	\$ 7,020,923	\$ 31,244,277	\$ 7,020,923	\$ 4,749,606	\$ 10,005,323	\$ 9,468,425	Ref. Exhibit 2, Tab 1, Schedule 6, Table 29
Asset Retirements - Direct Allocations	Actual	\$ 1,629,843	\$ 7,807,008	\$ 1,629,843	\$ 843,961	\$ 1,563,803	\$ 3,769,401	
Work in Progress		\$ 3,158,696	\$ 21,287,460	\$ 3,158,696	\$ 460,295	\$ 1,468,007	\$ 16,200,462	
Capital Contributions	Actual	\$ 4,761,239	\$ 61,155,634	\$ 4,761,239	\$ 11,891,967	\$ 3,733,074	\$ 40,769,354	
Closing Net Fixed Assets		\$ 461,744,377	\$ 2,496,792,328	\$ 461,744,377	\$ 360,856,268	\$ 689,121,178	\$ 985,070,505	
Average NFA for Rev. Req. Purposes		\$ 449,067,999	\$ 2,436,617,168	\$ 449,067,999	\$ 355,826,996	\$ 676,570,637	\$ 955,151,536	
Working Capital Allowance Rate		12.00%		12.00%	13.00%	13.50%	7.50%	
Working Capital Allowance		\$ 68,575,191	\$ 332,202,959	\$ 68,538,005	\$ 65,497,412	\$ 115,178,969	\$ 82,988,572	
Total Rate Base		\$ 517,643,190	\$ 2,768,820,126	\$ 517,606,004	\$ 421,324,408	\$ 791,749,606	\$ 1,038,140,108	
Regulatory Net Income before interest & tax		\$ 33,631,181	\$ 166,634,411	\$ 33,941,067	\$ 25,724,203	\$ 41,547,234	\$ 65,421,906	
Regulatory Deemed Debt		\$ 10,427,077	\$ 71,653,874	\$ 10,426,328	\$ 14,692,458	\$ 23,232,974	\$ 23,302,114	Cost of Capital Calculation - See Table 2
Regulatory Net Income before tax		\$ 23,204,103	\$ 94,980,536	\$ 23,514,739	\$ 11,031,746	\$ 18,314,261	\$ 42,119,792	
ESM Adjustments per Settlement Agreement		\$ 487,232	\$ 487,232	\$ 487,232	\$ -	\$ -	\$ -	Reference Table 20 ESM Adjustments
PILs		\$ 3,578,190	\$ 13,482,778	\$ 4,194,008	\$ 1,593,953	\$ 728,387	\$ 6,966,430	Categories set out in HRZ-Staff-21 - See Table 3
Regulatory Net Income		\$ 20,113,145	\$ 81,984,990	\$ 19,807,963	\$ 9,437,793	\$ 17,585,874	\$ 35,153,362	
Regulatory Deemed Equity		\$ 207,057,276	\$ 1,107,528,050	\$ 207,042,401	\$ 168,529,763	\$ 316,699,842	\$ 415,256,043	
Regulatory ROE		9.714%	7.40%	9.57%				
Per Annual Filing EB-2016-0077		8.780%		8.78%				
Return in Excess		\$ 1,933,516		\$ 1,629,640				
Amount Payable to Ratepayers		\$ 966,758		\$ 814,820				

Table 2: Capitalization / Cost of Capital 2017 Actual (12 Months)

Horizon					
	Actual Rate Base		\$	517,606,004	
		(%)		(\$)	(%)
	Debt				(\$)
8	Long-term Debt	56.00%		\$289,859,362	3.47%
9	Short-term Debt	4.00%		\$20,704,240	1.76%
10	Total Debt	60.00%		\$310,563,602	3.36%
	Equity				
11	Common Equity	40.00%		\$207,042,401	8.78%
12	Preferred Shares	0.00%		\$ -	0.00%
13	Total Equity	40.00%		\$207,042,401	8.78%
14	Total	100.00%		\$517,606,004	5.53%
PowerStream					
	Actual Rate Base		\$	1,038,140,108	
		(%)		(\$)	(%)
	Debt				(\$)
8	Long-term Debt	56.00%		\$581,358,461	3.88%
9	Short-term Debt	4.00%		\$41,525,604	1.76%
10	Total Debt	60.00%		\$622,884,065	3.74%
	Equity				
11	Common Equity	40.00%		\$415,256,043	8.78%
12	Preferred Shares	0.00%		\$ -	0.00%
13	Total Equity	40.00%		\$415,256,043	8.78%
14	Total	100.00%		\$1,038,140,108	5.76%
Enersource					
	Actual Rate Base		\$	791,749,606	
		(%)		(\$)	(%)
	Debt				(\$)
8	Long-term Debt	56.00%		\$443,379,779	5.09%
9	Short-term Debt	4.00%		\$31,669,984	2.08%
10	Total Debt	60.00%		\$475,049,764	4.89%
	Equity				
11	Common Equity	40.00%		\$316,699,842	8.93%
12	Preferred Shares	0.00%		\$ -	0.00%
13	Total Equity	40.00%		\$316,699,842	8.93%
14	Total	100.00%		\$791,749,606	6.51%
Brampton					
	Actual Rate Base		\$	421,324,408	
		(%)		(\$)	(%)
	Debt				(\$)
8	Long-term Debt	56.00%		\$235,941,669	6.07%
9	Short-term Debt	4.00%		\$16,852,976	2.16%
10	Total Debt	60.00%		\$252,794,645	5.81%
	Equity				
11	Common Equity	40.00%		\$168,529,763	9.30%
12	Preferred Shares	0.00%		\$ -	0.00%
13	Total Equity	40.00%		\$168,529,763	9.30%
14	Total	100.00%		\$421,324,408	7.21%
ALECTRA					
	Actual Rate Base		\$	2,768,820,126	
		(%)		(\$)	(%)
	Debt				(\$)
8	Long-term Debt	56.00%		\$1,550,539,271	4.48%
9	Short-term Debt	4.00%		\$110,752,805	1.91%
10	Total Debt	60.00%		\$1,661,292,076	4.31%
	Equity				
11	Common Equity	40.00%		\$1,107,528,050	8.90%
12	Preferred Shares	0.00%		\$ -	0.00%
13	Total Equity	40.00%		\$1,107,528,050	8.90%
14	Total	100.00%		\$2,768,820,126	6.15%

Table 3: Reconciliation of additions / (deductions) for tax

11 months: (February 1 - December 31, 2017)								
	AUC - LDC Provision IFRS	Per Original Filing HRZ Portion	HRZ - Staff #21 Revised HRZ Portion	ERZ	BRZ	PRZ	Non-Regulated, MIFRS & Merger	Allocation Basis
Net Income before tax	99,454,037							
Additions:								
Interest and penalties on taxes	75,819					75,819		
Amortization of tangible assets	116,773,494	21,953,638	20,355,959	30,375,678	14,386,972	48,344,970	3,309,915	From ESM depreciation calculation
Derecognition expense	5,635,328	1,564,672	1,564,672	1,737,468	678,504	1,654,684		HRZ specific
Non-deductible club dues and fees	140,792	34,410	34,410	34,339	17,754	54,290		OM&A %
Non-deductible meals	235,230	57,490	57,490	57,373	29,663	90,705		OM&A %
Non-deductible automobile expenses	15,452	3,776	3,776	3,769	1,948	5,958		OM&A %
Amortization	265,786	-	-				265,786	Not Attributable to HRZ
Non-deductible reserves - closing	80,364,899	30,754,715	30,754,715	7,831,661	5,514,859	26,276,409	9,987,254	HRZ specific
Capital Items Expensed	140,000	140,000	140,000					HRZ specific
Debt issuance cost	102,227	-	-	102,227				Not Attributable to HRZ
Interest on capital lease - building	957,924	234,117	-			957,924		Not Attributable to HRZ
12(1)(x) income on capital contributions	61,886,099	4,687,789	4,687,789	4,590,989	11,891,968	40,715,354		HRZ specific
Total Additions	266,593,050	59,430,607	57,598,811	44,733,504	32,521,668	118,176,112	13,562,955	
Deductions:								
Accounting loss (gain) on sale of assets	(518,417)	(368,527)	(368,526)	(47,115)	(9,042)	(93,733)		HRZ specific
Reverse book income on joint venture	(121,856)	-	-			(121,856)		Not Attributable to HRZ
Removal Costs (Included in deprecation above; deductible for tax)	(94,469)	-	-		(94,469)			Not Attributable to HRZ
SR&ED and Apprenticeship ITCs	(460,402)	6,285	6,285	(466,687)				HRZ specific
CCA	(165,769,927)	(29,755,422)	(29,755,422)	(42,446,887)	(18,731,641)	(62,239,337)	(12,596,640)	HRZ specific
Capitalized Interest (AFUDC) (income recorded in P&L)	(2,668,430)	-	(306,323)	(480,683)	(342,153)	(1,539,272)		HRZ specific
Deductible OMERS contributions 20.1(q); capitalized for accounting	(223,631)	-	-		(223,631)			Not Attributable to HRZ
Less: Amortization of deferred revenue (IFRS)	(6,510,214)	-	-				(6,510,214)	Not Applicable
Stranded Meter Rate Rider applied against UCC	(2,438,301)	-	-				(2,438,301)	Not Attributable to HRZ
13(7.4) election	(61,886,099)	(4,687,789)	(4,687,789)	(4,590,989)	(11,891,968)	(40,715,354)		HRZ specific
Non-deductible - opening	(76,554,199)	(34,443,812)	(34,443,812)	(7,145,433)	(5,223,726)	(23,963,454)	(5,777,774)	HRZ specific
Cash payment on capital leases	(1,310,752)	(320,348)	-			(1,310,752)		Not Attributable to HRZ
20(1)(e)	(233,437)	-	-	(44,128)	(8,583)	(180,726)		Not Attributable to HRZ
Regulatory Balance Movement - Energy Accounts	(9,693,160)	-	-				(9,693,160)	Not Applicable
Accounting accrual for ITCs	(800,000)	-	(195,520)	(195,120)	(100,880)	(308,480)		OM&A %
Total Deductions	(329,283,295)	(69,569,612)	(69,751,106)	(55,417,042)	(36,626,092)	(130,472,964)	(37,016,090)	
Total	36,763,792	(10,139,005)	(12,152,295)	(10,743,500)	(4,104,424)	(12,296,852)	(23,393,172)	
Donation carryforward utilization	(1,185,131)							
Loss utilization	35,578,661							
	(35,578,661)							
	-							
	26.50%							
Current Tax Expense	-	[A]						
One-time adjustments to current tax for prior years	(28,065)	[A]						
Deferred Tax Expense	28,506,495	[A]						
Total IFRS Tax Expense	28,478,430	SUM OF [A]						