



February 24, 2020

Ontario Energy Board P.O.
Box 2319 27th Floor
2300 Yonge Street Toronto,
Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary
Regarding: 2020 Cost of Service Application (EB-2019-0041)

Dear Ms. Walli,

Hydro 2000 Inc is pleased to submit to the Ontario Energy Board its 2020 Cost of Service Application. This application is being filed pursuant to the Board's e-Filing Services.

Hard copies of the application are currently being printed by a third-party printer and will be sent to the OEB's offices via UPS withing 5 business days.

Should you have any questions relative to this application, please do not hesitate to contact me at the information provided below.

Yours truly,

A handwritten signature in green ink, appearing to be "Lise Wilkinson", written in a cursive style.

Lise Wilkinson, Manager
Hydro 2000 Inc.
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Alfred, ON, K0B 1A0
Phone 613-679-4093

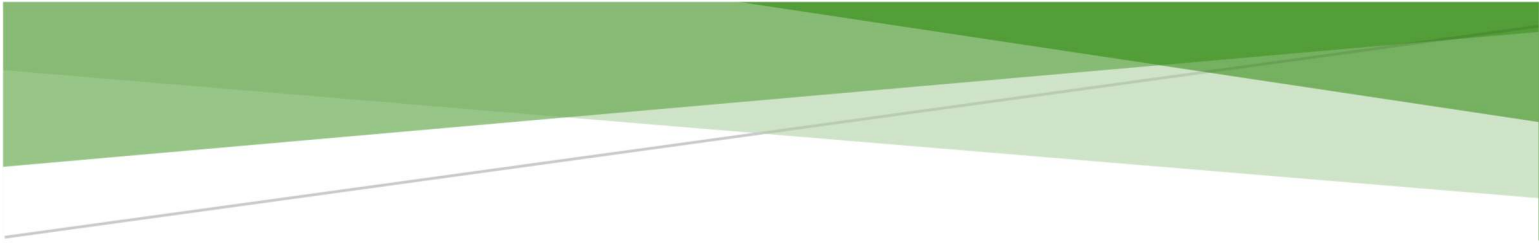


EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

2020 Cost of Service

Hydro 2000 Inc
EB-2019-0041

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1.2 EXECUTIVE SUMMARY

1.2.1 INTRODUCTION

Hydro 2000. ("Hydro 2000") is pleased to present its Cost of Service application for rates effective May 1, 2020. This application consists of the following Exhibits, and Excel live models in support of the evidence presented in this application.

- ✓ Exhibit 1: Administrative Documents
 - ✓ Exhibit 2: Rate Base and DSP
 - ✓ Exhibit 3: Revenues
 - ✓ Exhibit 4: Operation, Maintenance and Administrative Costs
 - ✓ Exhibit 5: Cost of Capital
 - ✓ Exhibit 6: Revenue Requirement
 - ✓ Exhibit 7: Cost Allocation
 - ✓ Exhibit 8: Rate Design
 - ✓ Exhibit 9: Deferral and Variance Accounts
-
- ✓ EB-2019-0041 H2000 2020 Benchmarking Forecast Model
 - ✓ EB-2019-0041H2000 2020 Cost Allocation
 - ✓ EB-2019-0041H2000 2020 LRAMVA Workform
 - ✓ EB-2019-0041H2000 2020 PILs Workform
 - ✓ EB-2019-0041H2000 2020 Rev Req Workform
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 - ✓ EB-2019-0041H2000 2020 Load Forecast Model
 - ✓ EB-2019-0041H2000 2020 Update Demand Data
 - ✓ EB-2019-0041H2000 2020 COS Checklist
 - ✓ EB-2019-0041H2000 2020 DVA Continuity Schedule

✓ EB-2019-0041 H2000 2020 Chapter 2 Appendices ¹

All documents have been submitted to the OEB via their website.

The application along with all supporting evidence will also be posted on the utility's website and customers informed of the filing via Twitter and Facebook once the application is accepted by the Ontario Energy Board (OEB).

SUMMARY OF APPLICATION INTENDED FOR HYDRO 2000 CUSTOMERS²

Hydro 2000 is pleased to present at the next page a brief summary of the application. The summary will be posted as a stand-alone document on the OEB's website for review by the general public and be made available to customers of Hydro 2000 via its website and social media.

¹ MFR - Chapter 2 appendices in live Microsoft Excel format

² MFR – Summary of Application



Hydro 2000 Inc 2020 Rate Application

Dear Hydro 2000 Inc. customers,

Hydro 2000 Inc. has applied to the Ontario Energy Board to increase its electricity distribution rates effective May 1, 2020. If the application is approved, a typical residential customer of Hydro 2000 Inc. will see decrease of \$1.15 per month and a typical General Service < 50kW customer of Hydro 2000 Inc. will see an decrease of approximately \$7.58 per month. (ref: Exhibit 8 for detailed bill impacts)

The application, which was filed with the Ontario Energy Board on February 24, 2020 is called a "Cost of Service" and involves the setting and approval of new rate based on the value of the utility's assets and the cost incurred in providing service to its customers. For Hydro 2000 Inc., this involves the maintenance and service of poles, lines, transformers, and meters. (ref: Exhibit 2) All wages and material related to the distribution of power form the basis for the costs included in the application (ref: Exhibit 4).

CPUC is requesting a Revenue Requirement of \$581,156. This represents an increase of \$60,680 from its last Cost of Service in 2012.(ref: Exhibit 6). The table below shows the major changes since the utility's last Cost of Service in 2012. Over the past 7 years, Hydro 2000 Inc. has added approximately 280K in assets (ref: Exhibit 2) on which it's allowed to recover a return of 11K (Exhibit 5). The increase in assets has resulted in a decrease in yearly depreciation expense of 29.5K as a result of the adoption of new mandatory accounting standards. Hydro 2000 Inc.'s yearly operating costs have increased by 106K since 2012. Taxes have been eliminated, and revenues from charges other than rates, which offset the revenue requirement have increased by 5K. the table below shows the movement in revenue requirement since 2012.

2012 Revenue Requirement	\$520,475	2012 OEB Approved Revenue Requirement
Average Balance	\$280,677	Added Assets since 2012
Working Capital Allowance	-\$154,031	Reduction in Working Cash Allowance
Regulated Return on Capital	-\$10,728	Decrease in return on assets
OM&A	\$106,133	Increase in Operation and Maintenance Costs and Billing and Collecting
Depreciation Expense	-\$29,484	Reduction in depreciation expense as a result of MIFRS
PILs	-\$187	Redction in Taxes
Revenue Offset	-\$5,053	Increase in Revenue Offsets
2020 Revenue Requirement	\$581,156	2020 Proposed Revenue Requirement

Aligning Rates with Costs

There are several reasons why Hydro 2000 Inc. is seeking a rate increase starting in May of 2020. The main reason is that Hydro 2000 Inc.'s current base rates were approved set in 2012 and subsequently updated for the rate of inflation in 2015. As such, revenues from rates can no longer support Hydro 2000 Inc.s current costs.

Operating costs have increased by approximately \$106K over the past five years. The major contributing factors include:

- ✓ An increase in outside services to support accounting and regulatory requirements. (ref: Exhibit 4)
- ✓ Increase in Operation and Maintenance costs to address much needed investment in the distribution infrastructure. (ref: Exhibit 4)
- ✓ Increased Billing and Collecting Costs. (ref: Exhibit 4)

Aging Infrastructure

Like most utilities in Ontario, Hydro 2000 Inc. faces the need to renew aging electrical infrastructure. Much of the province's electrical system was built 30 to 50 years ago and has reached the end of its productive life.

- ✓ Hydro 2000 Inc. is working on balancing its need for assets and the money needed to pay for assets keeping in mind its customers' need for value. Hydro 2000 Inc. has invested over \$280K in assets since 2012 – all of which are related to 'field' assets - the wires, transformers and meters that are needed to reliably and safely deliver power to its customers. (ref: Exhibit 2)

Hydro 2000 Inc. has incurred other costs (wages and materials) in order to be able to make use of new systems. Much like other utilities, Hydro 2000 Inc. also faces external cost pressures, such as inflation. (ref: Exhibit 4)

Hydro 2000 Inc. has continued its efforts to improve operational performance and service excellence. Some highlights include:

- ✓ Reliability has improved steadily year after year, for the past ten years. (ref: Exhibit 2)
- ✓ Hydro 2000 Inc. has consistently exceeded OEB standards for customer service – responding to 90% of its customer calls within 30 seconds. (ref: Exhibit 2)
- ✓ In 2019 21.8M million kWh were delivered to Hydro 2000 Inc. customers. Even though customer counts have decreased, energy deliveries are largely unchanged due to Hydro 2000 Inc. customer uptake of conservation and demand management initiatives. (ref: Exhibit 3)

Focus on Customers

By focusing on customer engagement and communications, Hydro 2000 Inc. is helping customers make better choices and create healthy, sustainable results for the community it serves.

Hydro 2000 Inc. has taken a new attitude towards informing, educating and responding to customer needs as a top priority. (ref: Exhibit 1)

This includes Hydro 2000 Inc.'s ongoing efforts to instill a conservation culture and promote the adoption of conservation to its customers.

Results from a Customer Satisfaction Survey, undertaken by Hydro 2000 Inc. in the fall of 2018, demonstrate that the company is moving in a positive direction. It has helped to identify customer attitudes about the utility's conservation programs, smart meters and TOU rates, electricity prices and Hydro 2000 Inc.'s standing and reputation in the community. The results will assist Hydro 2000 Inc. in fine tuning its programs, services and communications use direct and reliable customer feedback.

Overall Hydro 2000 Inc. customer satisfaction came in at a 91.48% approval rating. (ref: Exhibit 1)

Rebuild and Respond

Hydro 2000 Inc. is focusing its efforts going forward on enhancing performance levels in all aspects of its operation and planning activities to comply with its regulatory obligations and responsibilities to the Ontario Energy Board (OEB) and the Electrical Safety Authority (ESA).

At the core of Hydro 2000 Inc.'s mandate, is the responsibility to deliver a trusted source of safe, efficient, and reliable power to its customers. A critical element in that equation is the ongoing pole replacement programs that will

ensure the long-term integrity and sustainability of the distribution system.

A newly developed Distribution System Plan (DSP) forms the basis for the utility's capital and maintenance programs. The DSP reflects the latest performance priorities of the distribution system and serves as a placeholder for the longer term projects recommended from the condition (age risk ratings) assessments.

Under a 5-year capital investment plan, the company has embarked on a prudent course to maintain the utility's equipment assets. (ref: Exhibit 2)

Pass-through charges

Hydro 2000 Inc. is responsible for billing the customer for pass-through charges which are generally set by the province of the OEB. The billing and collecting of these charges most often create variance accounts which need to be disposed of. The total amount to be refunded to the residential class is a credit of \$243,661 and the total amount to be collected from the small business class is \$69,030. The proposed disposition period is of 48 months. (ref: Exhibit 9)

Conclusion

With this filing, Hydro 2000 Inc. now looks to the future with the intent to provide essential electricity services to benefit our community and our customers.

1 1.2.2 BUSINESS PLAN³

2 In compliance with the Rates Handbook issued on October 13, 2016, the utility is pleased to
3 present its 2020 Business Plan in the next Section.

4

³ MFR - Plain language description of objectives and business plan and how they relate to the application and the RRFE objectives. Description should aid the OEB in understanding the impacts of the business plan on key areas such as customer service, system reliability, costs and bill impacts. Description of how customer feedback is reflected

HYDRO 2000 2020 BUSINESS PLAN

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2. Executive Summary

Hydro 2000 Inc. ("Hydro 2000" or the "Utility") is a fully licensed distributor of electricity under distribution license ED-2002-0542 issued by the Ontario Energy Board (the "OEB" or the "Board") under the Ontario Energy Board Act, 1998 (the "Act").

The utility develops and manages an electrical distribution network in the townships of Alfred and Plantagenet and delivers electricity to five customer classes via its distribution system: residential, commercial (small and large general service classes), street lighting, and unmetered scattered loads. Hydro 2000 earns income based on fixed and volumetric service charges for the distribution of this electricity. The service charges are set through a periodic rate making process via applications to the OEB.

The utility currently operates with a revenue requirement of \$533,820 (2018) and has applied for a revenue requirement of \$581,156 for the 2020 rate year. This projected revenue requirement will form the base revenue requirement for rates during a 2020-2025 term of rates under the Board's Renewed Regulatory Framework for Electricity Distributors (the "RRFE"). Hydro 2000 plans to use the incremental funds mainly to:

- Invest consistently and prudently in asset replacements such as poles, transformers, smart meters; Hydro 2000 Distribution Network is mature. Change in Managers and Board of Directors created a disturbance in the asset replacement flow. There is work to do to bring the network up to standards, meet regulations and provide reliable service.
- fund the costs associated with a 3rd party engineering firm to develop the Distribution System Plan required under the RRFE.
- Fund the cost of reviewing Cyber Security requirements and implement the findings of that review.
- Determining the necessary financial resources and workforce needs now and into the future.
- Improve communication with customers in accordance with the objectives of the RRFE.
- Fund increased use of accounting services to comply with increased demands from the OEB.

2.1 Mission

Hydro 2000 strives to be the best possible Electrical Local Distribution Company, providing the reliable, safe, efficient supply of electricity, as a profitable company, while ensuring local accountability and dependable service, in accordance with OEB codes, regulatory agencies and the laws of the Province of Ontario

The vision and Mission Statement are categorized as follow:

For ourselves:

To be part of a productive and effective work force where fulfillment, self-esteem and team spirit fuel the desire to be our best.

For each other:

To function as a team, cooperating, supporting and building a company that is known for its excellence.

For our company:

To be recognized as a company with integrity both on a personal and professional basis while providing excellence.

To ensure the safe, dependable and environmentally friendly supply of electricity in our service area, while providing policies and goals to ensure profitability and accountability to the shareholder.

For our community:

To be a responsible corporate leader in the community, respected for a strong work ethic and commitment to quality services.

Hydro 2000 takes pride in servicing its customers and embraces its business values.

- **Reliability:** Hydro 2000's network reliability is a primary goal, designed to ensure appropriate management of its assets to provide a sustainable and reliable service to its customers. In previous year, with the change of the Board of Directors, the change in Managers and the cash-flow situation, this was not feasible. Hydro 2000 has seen the importance of appropriate asset management. The new Board of Directors with the new Manager have develop a more proactive approach.
- **Safety:** Hydro 2000 planning takes in consideration the safety of its staff and of the public. Safety remains its number one priority over the planning period.
- **Trustworthy** – Hydro 2000's employees are taking responsibility for their conduct and obligations to service their community. The turnover of employees since the last Cost of Service has made Hydro 2000's new employees aware of the importance of this aspect in the industry. The obligation towards the client is well understood and is being developed further through training and understanding of their needs.
- **Asset Stewardship** – Hydro 2000's understands the responsibility entrusted from the clients to be financially responsible and to make best efforts to maintain and protect its assets. With the changed in employees with more awareness of asset stewardship, it ensures continual enhancement of its asset management process as the basis for any increased investment.
- **Customer Focused** – Hydro 2000 effectively meets the service expectations to its customers and delivers a good value for the money. This standard of service is one Hydro 2000 intends to preserve. The Board of Directors and employees understand the importance of being customer focused and ensures the highest standards are put in place.
- **Collaborative** – Decisions are made jointly, in cooperation with all stakeholders who are represented by an appointed Board of Directors, as required, to optimize the planning process. The Board of Directors meet on a monthly basis to discuss and adapt new bylaws to better the business functionality. In time of urgency, like budget planning for the Cost of Service, the Board meets with 48 hours notice. There is continuous communication between the Stakeholder, in this case the Board of Directors, and the utility employees.

2.2 Strategic Goals and Initiatives (result)

Hydro 2000 has identified five key areas of focus that support the utility's mission:

- ✓ To keep providing safe, efficient, and reliable delivery of electricity to customers.
- ✓ To maintain costs at the lowest cost possible while maintaining efficient service.
- ✓ To provide a safe and engaging work environment for its employees.
- ✓ To improve engagement with customers and the community.
- ✓ To plan and deliver system improvements required, including better asset management to ensure future supply.

2.3 Objectives (steps to get to the result)

Hydro 2000 plans on achieving its strategic goals by setting and meeting the following objectives:

- ✓ Make "reliability" a priority.
- ✓ Maintain a service-based utility whose primary goal is to exceed customers' expectations at a reasonable cost.
- ✓ Develop a better plan to improve customer experience.
- ✓ Promote the long-term, efficient provision of utility services consistent with OEB policy.
- ✓ Continue to work with other utilities in the promotion of both efficient and sustainable environment.
- ✓ Operate effectively with the staff currently in place.
- ✓ Educate the staff and the stakeholder with better understanding Hydro 2000 mission.
- ✓ Reduce operational costs where and when possible.

2.4 Utility Description

Hydro 2000 is a licensed electricity distribution business operating in the Township of Alfred and Plantagenet. Hydro 2000 has 21 kilometers of lines comprised of 18 kilometers of overhead lines and 3 kilometers of underground lines. The lines are made up of 10 kilometers of 3-phase wire, 2 kilometer of 2-phase wire, and 9 kilometers of single-phase wire. Hydro 2000 leases two distribution stations at 4.8KV each. These are supplied by the 44KV in Longueil TS. The first of the 4.8KV distribution station is located approximately 1 km outside of Alfred and the other is located in Plantagenet. The distributor does not have any transmission or high voltage assets deemed by the Board as distribution assets and as such is not seeking approvals from the Board in that regards.

Hydro 2000's last Cost of Service application was for rates effective May 1, 2012.

2.4 Utility Ownership

Hydro 2000 is incorporated under the Ontario Business Corporations Act and is 100% owned by the Township of Alfred and Plantagenet. Hydro 2000 is managed by a Board of Directors appointed by the Township of Alfred and Plantagenet. Hydro 2000 has 3 employees: a Manager, an Administrative Coordinator and a Customer Service Clerk.

Hydro 2000 is a utility that is tasked with the delivery of electricity. Profits are either reinvested for infrastructure or distributed to its shareholder in the form of dividends.

3. Economic Overview and Customer Description

3.1 Economic Overview of the Service Area

Hydro 2000 expects the status quo for the business conditions over the planning horizon of this report; no growth and no decline. There are no known expansion plans for industrial, commercial or residential segments of the economy. The future of the local college building is unknown. Besides that, there are no known planned closures in the industrial or commercial segments of the economy. The lack of change in the economy means that there is no growth-based capital work proposed by Hydro 2000

Introduction

The Township of Alfred and Plantagenet offers a unique charm of historical rural community, nestled in Eastern Ontario along the Ottawa River. The township is made up of seven essentially francophone villages including Alfred, Curran, Lefaire, Pendleton, Plantagenet, Treadwell and Wendover. Near the town of Alfred, the Ontario Ministry of Natural Resources has designated the Alfred Bog as "a provincial significant wetland and an Area of Natural and Scientific Interest". The bog is open to the public with a 272 metre (892 ft) boardwalk of nature walks. The primary economic engine is agriculture. With almost 40% of all the farms specialized in dairy production, the dairy industry constitutes the principal activity of overall farming agriculture operation in the region. The Township of Alfred and Plantagenet is reputed to having the highest daily output of dairy across Canada.

Location

The Township of Alfred and Plantagenet is advantageously located between the major urban centres of Ottawa and Montreal. County Road 17, which runs from Ottawa to Highway 417 near the Quebec border provides a continuous flow of visitors to the region. In addition, Route 9 allows one to cross the region from north to south which will lead to Cornwall via Highway 138 and the village of Lefaire provides a ferry to access directly to the province of Quebec. International travel can be accommodated at the Ottawa International airport and the Montreal Pierre Elliott Trudeau International Airport.

Climate

The Township of Alfred and Plantagenet has a continental climate with cool winters, humid summers and sort autumns and springs.

Labour Force

The Township of Alfred and Plantagenet is home to a labour force of 5,070 persons whom 720 are self-employed. Median income levels are slightly higher than the provincial average.

Participation rate is 60.3% is in line with 65.1% in Ontario. Employment rate is 53.9% in the Township of Alfred and Plantagenet vs. 61.3% in Ontario and Unemployment rate is 5.3% in the Township of Alfred and Plantagenet vs. 5.6% in Ontario.

The largest percentage of labour force (by industry) in the Township of Alfred and Plantagenet is employed in the Construction which accounts for 16% of the labour force compared to 6.8% for Ontario. The percentage of labour force in the Health care and social assistance industry (13.3%) and in the Public Administration (11%) locally are also high. The largest public sector employer is Valoris which is an agency for adult developmental services; Children's Aid society; mental health services for children and families; agency for children and youth developmental services and agency for gender-based violence services. The largest private sector employers are Terimax Construction Inc with 45 employees and Bissonnette Valu-Mart with 35 employees.

37.6% of the population commute outside the census division of residence to work.

4. Outcomes of the Renewed Regulatory Framework

On October 18, 2012, the Ontario Energy Board ("The Board") issued its *"Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach."* The report set out a comprehensive performance-based approach for the Renewed Regulatory Framework which promotes the achievement of outcomes that;

- ✓ benefit existing and future customers
- ✓ align customer and distributor interests
- ✓ continue to support the achievement of important public policy objectives
- ✓ place a greater focus on delivering value for money

On March 5, 2014, the Board issued its report on *"Performance Measurement for Electricity Distributors: A Scorecard Approach."* The report set out the Board's policies on the measures that are to be used to assess a distributor's effectiveness and improvement in achieving customer focus, operational efficiencies, public policy responsiveness, and financial performance to the benefit of existing and future customers.

With the above in mind, the next section provides an account of how Hydro 2000 continues to improve in its understanding of the needs and expectations of its customers and its delivery of services.

4.1 Customer Focus

Hydro 2000 values customer input and feedback. Customers are engaged through surveys and directly by the utility for input on the main initiatives. Customer satisfaction is measured on the Distributor Scorecard as well as a bi-annual survey and then incorporated into goal setting and planning processes with a focus on ensuring and improving customer satisfaction.

By increasing and enhancing customer engagement and communications, Hydro 2000 is enabling customers to make better choices and to create a healthy, sustainable results for the community it serves.

4.2 ***Seeking Customer Input***

Customer satisfaction largely depends on whether a utility's products or services fulfill a customer's expectations—i.e., whether it meets, exceeds, or falls short of expectations. Quantifying customer satisfaction involves accumulating customer perceptions, measured through bi-annual surveys—in Hydro 2000's case, using a 5- or 10-point scale, ranging from "poor" to "excellent. Customer Satisfaction Surveys are useful tools to understand how customers perceive the service they receive. Hydro 2000 is also embracing new ways to effectively connect with its customers such as the opening of a new Facebook and Twitter account, both launched in 2015 to help with customer communications for outages, safety and during conservation campaigns.

In advance of its 2020 Cost of Service, the utility opened lines of communication with its customers to get valuable feedback on the utility's proposed capital and operational budget. The utility further engaged with its customers using the following activities.

✓ **Website Update**

The utility has updated its website to show it's current and upcoming capital projects. This new section of the website will be updated monthly so that Hydro 2000's customers can understand and comment on the utility's decision regarding its operational and capital planning.

✓ **Info letter via bill insert**

Bill inserts are an excellent way to communicate relevant information to our customers. Hydro 2000s has created an electronic letter which was posted on Facebook and Twitter.

4.3 ***Alignment of Goals to Needs and Preference of Customers***

Hydro 2000's customer satisfaction results and finding based on discussions with its customers supports the valid hypothesis that good service—i.e., high levels of reliability, or low SAIDI—combined with reasonable prices are essential to satisfying customers. In other words, all customers expect reliable service at the lowest prices possible.

High level of reliability requires system-wide investments - notably enhancing the distribution system to provide more reliable service can be expensive. Much like other utilities, Hydro 2000 must frequently consider trade-offs between costs and benefits; that is, to target initiatives that will provide the biggest bang—or increase in customer satisfaction.

In addition to system-wide investments, Hydro 2000 continues to focus on maintaining its cost as low as possible to demonstrate to customers that they are delivering as much value per dollar as possible. Hydro 2000 has found that the key is to reach the right balance in delivering initiatives, such as properly pacing upgrades to its distribution system when possible, all while improving its customer interfaces or customizing customer engagement programs.

Although the utility did not receive much feedback from its customers, Hydro 2000 is confident that with the communication plan in place, the utility's capital budget, as proposed in the Distribution System Plan, supports Hydro 2000's customer priority and preferences. The priority going forward is to maintain Hydro 2000's distribution assets in proper order and manage its distribution system so that the utility can provide electricity to its customers in a reliable and responsible manner. Other priorities involve maintenance of its poles and meters at a steady pace to minimize rate shock.

Hydro 2000 is committed to providing its employees and third-party contractors which represents the utility, with a safe and injury-free workplace as well as delivering its services in a manner that ensures both customer and public safety. Hydro 2000's customers have high expectations of reliability and Hydro 2000 strives to meet and exceed those expectations on a daily basis, now and into the future, as demonstrated by Hydro 2000's comprehensive Distribution System Plan.

4.4 Public Policy Responsiveness

In 2016, The Urban Environment Centre (operating as GreenSaver), continued to focus on the commercial and institutional sector which represent Hydro 2000 largest potential for conservation and savings. As expected, the Retrofit Program continued to generate the largest proportion of energy savings.

Greensaver's Program Delivery Team and our Key Account Reps continually provided front-end uptake services to prospective Retrofit participants. We found that customers often do not have internal resources available to prepare Retrofit applications, especially in smaller companies. Therefore, GreenSaver's services as Applicant Representatives has empowered customers with the ability to apply for the Retrofit Program and opened a new dialogue about energy conservation.

In the late 2016, Greensaver has launched an extensive Commercial Outreach campaign. The Outreach Campaign employed a three-prong approach:

- ✓ Targeting the Top 10 Commercial Customers to develop or strengthen an ongoing CDM relationship;
- ✓ Researching business profiles and preparing industry specific letters and outreach plans for the over all customers, and
- ✓ Doing a wo-phases telephone outreach campaign, first to the over 25kW users, then the remaining, smaller customers.

In 2016, GreenSaver prepared Version 2 of the Joint CFF 2015-2020 CDM Plan. The CDM Plan revision allowed Hydro 2000 to redistribute targets based on 2015 results, to create a more realistic forecast for the CFF Frameworks. PSUI and HPNC were added as available programs in order to allow Hydro 2000 customers to access these programs if requested.

Portfolio delivery activities show that Conservation First continues to deliver strong results, support current participants, and maintain our focused outreach efforts to engage with new participants and foster additional applications. Furthermore, we expect that the launch of new Province Wide Programs will help deliver additional savings.

5. Financial Performance

Hydro 2000 has recently put in place a financial performance checks to ensure solid performance going forward. Key factors to this financial success are effective business planning, a continuous focus on operational efficiency, and managing capital and expense expenditures to budget. The Business Plan and Distribution System Plan will serve a major role in providing the future direction of financial investment and performance. Financial Results are discussed in detail in Section 7 of this Business Plan.

Under the new Board of Directors and the new Manager, the budgets were set in place and are monitored on a regular basis. There is a better understanding on the provision of funds but also on the respect of approved OEB expenditures versus repair as needed approach.

The previous Cost of Service had little provision for Capital Assets. With regulations regarding smart meters, transformer PCB and other aspect of Capital Assets, it is imperative to budget for and develop a plan to meet those regulations.



Hydro 2000

Q4 2018 Energy Savings

As we close out 2018, we start looking ahead to the last stretch of the Conservation First Framework, which will take place in 2019-2020. GreenSaver has developed strong relationships with Hydro 2000's clients, increased the portfolio of programs offered, and established various productive collaboration. As we begin the last two years of the framework, we are confident in our ability to deliver the expected results to Hydro 2000.

GreenSaver has invested, and is continuing to invest, significant resources to ensure we are entering 2019 with a variety of tools and initiatives which will best position us to meet our goals. These steps, such as the launch of our dedicated CDM website and our initiative to collaborate with local organizations such as BIAs and Real Estate agencies, will result in immediate impact which will be noticeable and lasting.

We anticipate that HYD Energy's 2018 energy savings will add up to ~270 MWh. These estimated results will bring HYD's four-year savings to ~970 MWh, and to ~72% of the 2015-2020 CFF target. So far in 2018 HYD has on-going and completed projects encompassing 86% of its savings target for 2018. We are on track to achieve ~90% of the 2018 target, as of December 31th, 2018.

Observations

In our Q2 and Q3 Reports we have identified several trends and reasons for the fluctuations in the annual estimates, that still hold true today. Mainly, we identified 3 factors: the 2018 Preliminary Verified still not published, GreenSaver's steps taken to increase program participation will generate savings past 2018, and plans made and executed relating to large clients will likely see projects completed and savings accrued past 2018.

In addition to these factors, the IESO Instant Savings' Deal Days program had seen a significant decline in participation.

Table 1 lists Anticipated 2018 Energy Savings based on complete projects, projects currently in process (with approved pre-application and a 2018 estimated Project End Date), and projections based on historical participation and application leads.

projects in process for all active programs in HYD Energy's territory. *Actual 2018 Savings* are generated from projects that have final applications approved and submitted to the IESO.

Table 1: Anticipated 2018 Energy Savings by Program

Program	2018 Expected Savings (gross MWh) ¹	2018 HYD Target (MWh)
Commercial Programs		
Retrofit and Audit Funding	49.90	82.80
Small Business Lighting ²	0.00	31.25
PSUI	0.00	0.00
BRI ³	20.98	14.55
HPNC	0.00	0.00
Energy Manager	0.00	0.00
Unassigned Business	0.00	74.23
Residential Programs		
Home Assistance Program ⁴	0.00	19.60
Coupon Program/Instant Discount, HVAC Program ⁵	151.91	33.50
Residential New Construction	0.00	1.80
Smart Thermostat	0.00	50.96
2016-17 Roll-over Savings	43.03	0.00
CDM Portfolio Total	265.82	308.69
Percentage of 2018 Target	86%	

¹ Actual and In-Process savings plus projections for centrally managed programs.

² Launched in Fall 2018

³ Launched in Fall 2018

⁴ Now a centrally-delivered program

⁵ Full accurate amounts have not yet been posted by the IESO

Key Updates

As mentioned in previous formal and informal communications, GreenSaver believes that as we move into 2019 the savings targets should be viewed in a full CFF framework context, and less as a year-by-year target. As different years have fluctuating goals and targets, GreenSaver has taken the long-term view of its initiatives. We acknowledge that investments made and initiatives taken in one year, may only yield savings in the following year. By operating with the Framework targets as a whole in mind, we are able to strategically plan our actions and achieve a better use of the available resources, while maximizing HYD's customer satisfaction. In addition, employing this approach will allow GreenSaver to utilize HYD's CDM budget in a conscientious manner, while allowing customers to access savings throughout the CFF.

GreenSaver's approach to the CFF in an at-large manner has ensured that HYD would not experience a depleted budget entering the last two years of the Framework, as is a concern of many LDCs. Entering the second half of CFF with a robust budget allowed programs like the Small Business Lighting and Business Refrigeration Incentive to be financially feasible, and ensured that the small-medium business segment would be well served with conservation programs. As this is a large customer segment for HYD we recognize that it is important that they were not negatively affected by budget constraints.

Below are key updates from Q4 of 2018:

- **Small Business Lighting (SBL) and Business Refrigeration Incentive (BRI) Programs** – In Q4 of 2018 GreenSaver has started the ongoing delivery of these two small-to-medium business-focused programs. We anticipate these turn-key programs to generate noteworthy savings for HYD, while assisting these businesses to reduce their electricity costs and improve different aspects of their business, such as health and safety and esthetics.
- **CDM Plan** – in December 2018 GreenSaver had submitted to the IESO an updated CDM plan. We are anticipating a response in Q1 of 2019. GreenSaver delivered on several goals in this latest plan update. First, we reassigned previous unassigned targets. Second, we removed the Home Assistance Plan (HAP), which is now centrally delivered by the IESO. Finally, we further aligned the budget to properly support our forecasts for program participation. Third, we have removed the HVAC program due to insufficient cost-effectiveness. As we progress through the CDM Plan towards the Framework's final two years, we are persisting in our continued efforts to accurately and effectively manage HYD's CFF Portfolio.

Q1 2019 Plans

In January 2019 GreenSaver will initiate several key outreach initiatives, which will assuredly increase the savings intake as we pursue the 2019-2020 targets.

Here are the key highlights from GreenSaver's plan to action for Q1 of 2019:

- The launch of a dedicated CDM Website, allowing for a streamlined outreach and communication with a large array of clients and stakeholders. This website will allow us to consolidate outreach efforts and target specific segments with key program information, while allowing for an easy communication with our CDM experts.
- The launch of a series of local Chamber of Commerce and BIA-endorsed information events, dedicated to increase project participation and client awareness.
- A planned collaboration with local commercial realtors to train them on conservation programs and to enlist their assistance in advocating for available programs and establishing connection between their clients and GreenSaver.
- Continuing our three-faceted Outreach Plan, focusing on:
 - Mid-size Customer Outreach - GreenSaver is engaged in an email and telephone outreach campaign to pursue Retrofit program opportunities with HYD's mid-sized commercial clients, including retail businesses, School Boards, industrial clients etc.
 - Builders and municipalities – centered around New Construction Programs (RNC, HPNC), and municipal-specific opportunities
 - Application representatives and contractors – focusing on program updates, the application process, and GreenSaver's free assistance
- Ramp up of Business Refrigeration Incentive (BRI) and the Small Business Lighting (SBL) Programs canvassing – following a successful launch, we intend to focus on these programs in the coming months, to leverage the desire for such programs amongst HYD's small-to-medium business clients.

These action items will allow us to lead HYD Energy to further success in meeting its energy conservation targets and engaging its customers in energy conserving and cost reducing programs.

6. Performance Metrics and Benchmarking

Another development that has brought utility customer satisfaction to the forefront is the use of benchmarking studies, which compare levels of customer satisfaction across utilities. High scores in benchmarking studies can show that utilities are recognized as being the best in class.

Perhaps the most widely known benchmark of efficiency rating comes from the PEG report which surveys all 71 utilities in Ontario. The PEG analysis is one of the only instruments that compares utilities' cost efficiencies on a consistent basis and is publicly available.

PEG produces an annual report that provides a ranking of the utilities included in the study, summarizes the results, and provides insight into the trends in utility efficiency scoring.

Because of this study, Hydro 2000 has expended considerable effort to understand the drivers of their efficiency ranking and has undertaken initiatives to improve their scores.

The following section reviews past performances and introduces future performances based on load forecast and forecasted capital and operational expenditures.

5.1 Past performances

The PEG Past Performance table below shows Hydro 2000's rating for the last four historical years of business. The PEG report uses econometrics to determine the cost efficiency of distributors. Group 1 (of 5) is ranked as the most efficient group.

Table 1 - PEG Past Performance (Stretch Factor)

	2015	2016	2017	2018
<i>Stretch Factor Cohort - Annual Result</i>	3	2	2	2

The percentage difference between actual and predicted cost is the measure of cost performance. Utilities with larger negative differences between actual and predicted costs, such as Hydro 2000, are better cost performers and therefore eligible for lower stretch factors. This table shows Hydro 2000's difference between its actual costs and predicted, and although total costs have increased, costs performances are improving.

Table 2 - Summary of Cost Performance Results

	2015	2016	2017	2018
	(History)	(History)	(History)	(History)
Cost Benchmarking Summary				
Actual Total Cost	667,233	658,309	708,562	686,783
Predicted Total Cost	709,745	811,103	892,212	801,408
Difference	(42,512)	(152,794)	(183,651)	(114,624)
Percentage Difference (Cost Performance)	-6.18%	-20.87%	-23.0%	-15.44%
Stretch Factor Cohort - Annual Result	3	2	2	2

Table 3 - Historical Capital Spending

	2015	2016	2017	2018
Capital Additions	38,167	19,822	52,147	41,247

The utility's Rate Base has increased proportionally to its capital investments and as such has remained historically as stable as its other financial metrics.

Table 4 - Historical Revenues

	Year	2015	2016	2017	2018
Residential	Fixed	\$14.87	\$18.31	\$22.10	\$22.10
	Variable	\$0.0150	\$0.0120	\$0.0091	\$0.0091
	Cust/Conn	1,075	1,068	1,083	1,085
	kWh	13,022,914	12,346,401	12,078,410	12,791,618
	Revenues	\$387,194.16	\$382,726.22	\$397,058.83	\$404,167.82
General Service < 50 kW	Fixed	\$22.12	\$22.12	\$22.47	\$22.47
	Variable	\$0.0096	\$0.0096	\$0.0098	\$0.0098
	Cust/Conn	142	143	142	141
	kWh	4,333,237	4,261,434	3,971,545	4,062,996
	Revenues	\$79,169.04	\$78,867.69	\$77,232.50	\$77,836.60
General Service > 50 kW - 4999 kW	Fixed	\$82.10	\$82.10	\$83.41	\$83.41
	Variable	\$1.4209	\$1.4209	\$1.4436	\$1.4436
	Cust/Conn	11	11	12	12
	kWh	4,194,222	3,976,846	4,195,330	4,274,766
	kW	10,151	13,326	12,007	10,589
	Revenues	\$14,616.08	\$19,122.47	\$17,538.47	\$15,496.61
Unmetered Scattered Load	Fixed	\$15.23	\$15.23	\$15.47	\$15.47
	Variable	\$0.0430	\$0.0430	\$0.0437	\$0.0437
	Cust/Conn	4	4	4	4
	kWh	17,280	17,280	17,280	17,280
	Revenues	\$1,474	\$1,474	\$1,498	\$1,498
Streetlighting	Fixed	\$1.21	\$1.21	\$1.23	\$1.23
	Variable	\$7.0812	\$7.0812	\$7.1945	\$7.1945

Hydro 2000 Inc

	Cust/Conn	370	370	370	370
	kWh	152,105	152,560	153,257	153,342
	kW	420	420	420	420
	Revenues	\$34,414.63	\$34,414.63	\$34,965.27	\$34,965.27
Total	Cust/Conn	1,602	1,596	1,611	1,612
	kWh	21,719,758	20,754,521	20,415,822	21,300,002
	kW	478,408	476,814	488,216	494,511
	\$	\$516,868.00	\$516,605.09	\$528,292.76	\$533,964.00

The utility's revenues per class and overall revenues have also been historically steady.

5.2 Target Performance

This section summarizes the projected performance of the utility taking into consideration the long-term perspective of the health and age of the distribution assets. It captures the results of Hydro 2000's expected PEG performance, Rate Base and projected revenues based on its priorities for capital investments and operational expenditures.

Table 5 - PEG Target Performance (Stretch Factor)

	2019	2020
<i>Stretch Factor Cohort - Annual Result</i>	1	1

Table 6 - Target Cost Performance Results

	2019	2020
<i>Cost Benchmarking Summary</i>		
<i>Actual Total Cost</i>	641,209	657,985
<i>Predicted Total Cost</i>	927,954	967,553
<i>Difference</i>	(286,745)	(309,568)
<i>Percentage Difference (Cost Performance)</i>	-37.0%	-38.56%
<i>Stretch Factor Cohort - Annual Result</i>	1	1

Table 7 - Proposed Capital Additions for 2019-2020

	2019	2020
<i>Capital Additions</i>	121,554	196,298

Table 8 - Proposed Revenues by Class

	Year	2019	2020
Residential	Fixed	\$25.92	\$31.40
	Variable	\$0.0062	\$0.0034
	Cust/Conn	1,087	1,113
	kWh	12,775,525	12,367,886
	Revenues	\$417,308.74	\$461,220.30
General Service < 50 kW	Fixed	\$22.77	\$24.25
	Variable	\$0.0099	\$0.0105
	Cust/Conn	141	141
	kWh	3,995,372	3,861,286
	Revenues	\$78,081.02	\$81,728.95
General Service > 50 kW - 4999 kW	Fixed	\$84.54	\$84.54
	Variable	\$1.4631	\$1.4678
	Cust/Conn	13	13
	kWh	4,084,117	3,984,230
	kW	10,939	10,671
	Revenues	\$29,192.51	\$28,850.97
Unmetered Scattered Load	Fixed	\$15.68	\$5.35
	Variable	\$0.0443	\$0.0151
	Cust/Conn	4	4
	kWh	17,280	17,280

Hydro 2000 Inc

Sentinel	Revenues	\$1,485	\$518
	Fixed		
	Variable		
	Cust/Conn		
	kWh		
Streetlighting	kW		
	Revenues	\$0.00	\$0.00
	Fixed	\$1.25	\$1.28
	Variable	\$7.2916	\$7.4755
	Cust/Conn	370	370
Total	kWh	152,908	153,000
	kW	420	421
	Revenues	\$8,615.82	\$8,837.17
	Cust/Conn	1,615	1,641
	kWh	21,025,202	20,383,683
	kW	508,233	554,559
	\$	\$534,683.07	608,497.25

5.3 Short and Long-Term Capital Spending

Hydro 2000 is well aware of the importance to maintain existing property, network & equipment, and invest in other assets to meet higher standards. Its focus is to maintain high-performance levels in all aspects of its capital investments and planning activities to comply with its regulatory obligations and responsibilities to the Ontario Energy Board (OEB) and the Electrical Safety Authority (ESA).

At the core of Hydro 2000's mandate is to maintain high-quality service including but not limited to the delivery of a trusted source of safe, efficient, and reliable power to its customers, which supports growth and accommodates economic development in the Township of Alfred and Plantagenet.

The previous Capital Assets budget was more reactive than proactive. This approach did not allow the utility to properly meet its needs and keep up with the constantly evolving legislation and

regulatory environment as they arose. The new mandate is a proactive approach where there is a high priority on the upkeep and replacement of its aging infrastructure. Distribution equipment that was placed in-service many years ago, in many cases, has reached its normal useful life. Therefore, Hydro 2000 is faced with the ongoing replacement of this aging infrastructure. Customer expectations for reliability are high and can only be met with a well-maintained distribution system. Thus, investment in replacement equipment along with its associated operational costs has become a continuous reality for Hydro 2000 as it commits to satisfying the essential community needs.

Table 6 – Table of Major Capital Projects for 2019-2022

<i>Forecast period</i>	2020	2021	2022	2023	2024
<i>Capital Spending</i>	196,298	143,950	143,950	143,950	143,950

2019-2020 Capital Planning

A newly developed Distribution System Plan forms the basis for the utility's capital and maintenance programs. The Distribution System Plan review the fundamental principles of the network needs and its performance, to ensure that it reflects the current and foreseeable substantial changes that are becoming priorities of the distribution system and serves as a placeholder for the longer-term projects recommended from the condition (age risk ratings) assessments. These challenges are poised to place increased financial pressures on Hydro 2000 to continue delivering its targeted outcomes and maintain desired service levels. With this in mind, in order to maintain its excellent, safe, reliable service Hydro 2000 planning reinforce a proactive approach to prepare for the impacts of external influences such as constantly evolving regulatory environment but also to prevent power outage, safety issues as encountered in the last 2 years and even-out the financial burden of renewing it's network.

Priorities and strategies for budget development include the following:

- Maintenance of aging pad mount transformers through various forms of monitoring and testing ensuring that the assets can remain in service until the next Cost of Service application
- Following a professional pole drilling, replacement of poles will be conducted from higher percentage of decay to the lower percentage of unsafe margin and as they show sign of deterioration
- Replacement of smart meters to meet Metering Canada standards

5-10 Year Capital Planning to Accommodate Aging Infrastructure

Under a 5-10-year capital investment plan, the company has embarked on a proactive course to maintain the utility's equipment assets.

Hydro 2000 places a high priority on balancing its obligations to accommodate growth while addressing the upkeep and replacement of its aging infrastructure. The following are the actions that Hydro 2000 plans to take over the next 5-10 years to bring about the desired future.

- Priority will be given to Hydro 2000's legislated/mandatory requirements, for example:
 - System access including the obligation to connect customers – mostly Residential, but Commercial as well.
 - Accommodate City, Region, Ministry, etc. mandatory project requirements.
 - Meet the OEB's – and other regulatory bodies' – quality, reliability, health, safety, environmental, etc. performance standards.
- To safeguard the major investments already made in its critical assets and continue to maintain and upgrade as necessary.
- Continue to invest prudently in modern information technology to provide customers with clear, meaningful bills that can assist them in managing their electricity usage.
- Optimal life extension, for example:
 - Intensify condition monitoring to minimize uncertainty regarding decisions relating to equipment maintenance, renewal, and replacement.
 - Where economically viable, refurbish cables and equipment in-situ to extend their reliable useful lives.

5.4 Operational Costs

Hydro 2000's Operations strategy is to provide safe, reliable service at an appropriate level of quality throughout the licensed service areas.

Hydro 2000 continually reviews its business and operational goals against its workforce needs, its financial strength and the impact on its customers. Hydro 2000 recognizes the importance and value of maintaining a skilled and engaged workforce, where all employees are customer focused and enjoy working for the utility. Hydro 2000's analyzes its operation budget on a monthly basis as to not stray far from its budgets thus ensuring that its ROE stays within range of its approved ROE. The utility is very mindful that every dollar of increase in operation costs means that a dollar more is collected from the customers. Therefore, operational planning focuses mainly on efficiency and finding reductions wherever possible. Historical and projected costs are shown in Table 10 below.

Table 9 – Operating Costs

	2012 Board Approved	2015	2016	2017	2018	2019	2020
<i>Operations</i>	\$12,775	\$15,920	\$16,705	\$13,384	\$15,998	\$15,959	\$10,000
<i>Maintenance</i>	\$2,050	\$6,015	\$28,132	\$42,888	\$28,940	\$28,068	\$41,146
SubTotal	\$14,825	\$21,935	\$44,837	\$56,272	\$44,938	\$44,027	\$51,146
<i>%Change (year over year)</i>		122.1%	104.4%	25.5%	-20.1%	-2.0%	16.2%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>					203.1%	197.0%	245.0%
<i>Billing and Collecting</i>	\$127,734	\$152,424	\$168,966	\$175,254	\$164,389	\$165,283	\$160,231
<i>Community Relations</i>	\$717	\$0	\$0	\$411	\$0	\$0	\$0
<i>Administrative and General+LEAP</i>	\$258,290	\$260,933	\$224,449	\$249,024	\$244,280	\$298,896	\$296,322
SubTotal	\$386,741	\$413,357	\$393,415	\$424,689	\$408,668	\$464,178	\$456,553
<i>%Change (year over year)</i>		10.1%	-4.8%	7.9%	-3.8%	13.6%	-1.6%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>					5.7%	20.0%	18.1%
Total	\$401,566	\$435,292	\$438,252	\$480,961	\$453,606	\$508,206	\$507,699
<i>%Change (year over year)</i>		12.9%	0.7%	9.7%	-5.7%	12.0%	-0.1%

5.5

5.6 Return on Equity

The actual Return on Equity for 2018 is -0.07% which indicates an under earning when compared to the Board Approved 2012 rate of return. Further information on the topic of Return on Equity can be found in Section 7.

5.7 Scorecard Results and Analysis

Efficiency Results

Despite have gone through some hurdles with respect to consistency in management and leadership, the utility has managed to improve its efficiency going from "3" in 2015 to "2" in 2016 to 2018 and projected to be in group "1" being the most efficient group in 2019 and 2020. Hydro 2000 is focused on maintaining its group 1 ranking all while ensuring the reliability of is service, keeping the lines of communication open with its customers and striving to charge rates that are fair and just.

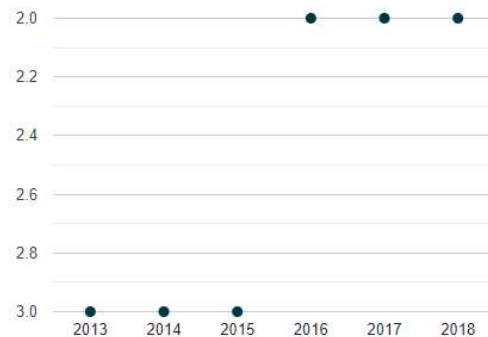
COST CONTROL

Efficiency rating

2 (2018)

The utility must manage its costs successfully in order to help assure its customers they are receiving value for the cost of the service they receive. Utilities' total costs are evaluated to produce a single efficiency ranking. This is divided into five groups based on how big the difference is between each utility's actual and predicted costs. Distributors whose actual costs are lower than their predicted costs are considered more efficient.

- 1 = Actual costs are 25% or more below predicted costs
- 2 = Actual costs are 10% to 25% below predicted costs
- 3 = Actual costs are within +/- 10% of predicted costs
- 4 = Actual costs are 10% to 25% above predicted costs
- 5 = Actual costs are 25% or more above predicted costs



Service Quality

From the period of 2013-2018, the utility recorded near perfect results in all measures; The utility commits to maintaining and improving results where possible by using a new tracking process designed in collaboration with its neighbouring utilities. Hydro 2000 expects that over time its results should remain strong.

SERVICE QUALITY

New residential/small business services connected on time

100% (2018)

The utility must connect new service for the customer within five business days, 90 % of the time, unless the customer agrees to a later date. This timeline depends on the customer meeting specific requirements ahead of time (such as no electrical safety concerns in the building, customer's payment information complete, etc.)

✓ Target met



SERVICE QUALITY

Scheduled appointments met on time

100% (2018)

For appointments during the utility's regular business hours, the utility must offer a window of time that is not more than four hours long, and must arrive within that window, 90 % of the time.

✓ Target met



SERVICE QUALITY

Telephone calls answered on time

99.95% (2018)

During regular call centre hours, the utility's call centre staff must answer within 30 seconds of receiving the call directly or having the call transferred to them, 65 % of the time

✓ Target met



Customer Satisfaction

Hydro 2000 has conducted its bi-annual customer satisfaction survey which is presented at Section 1.7 of this Exhibit. Customers are generally satisfied (91%) with Hydro 2000. While Hydro 2000 manages less than 18% of the total customer bill, it continues its efforts to maintain appropriate cost control while providing a safe and reliable delivery of power to its customers.

CUSTOMER SATISFACTION

Billing accuracy

100% (2018)

An important part of business is ensuring that customer's bills are accurate. The utility must report on its success at issuing accurate bills to its customers.

[More information about billing accuracy](#)



CUSTOMER SATISFACTION

Complaints

1.58 (2018)

This metric measures the number of complaints the Ontario Energy Board received from customers about matters within our authority. Complaints made directly to the utility are not reported here. We measure this per 1000 customers so utilities that serve much larger or smaller populations can be compared against each other.

Year	Complaints per 1000 customers	Total number of complaints
2013	0.00	0
2014	0.00	0
2015	1.63	2
2016	0.00	0
2017	0.00	0
2018	1.58	2

Safety

Safety remains a core attribute of Hydro 2000's as it delivers power to its employees and customers daily. Hydro 2000 continues to strive to communicate on safety throughout our distribution system through various methods including safety orientations, on-line, outreach, and telephone. Results over the past 5 years show no serious electrical incident.

System Reliability

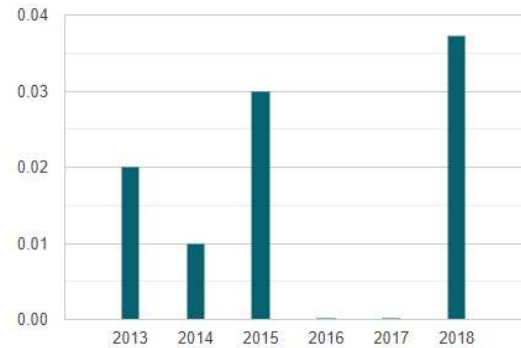
The reliability of the system remains a cornerstone of Hydro 2000 with attention distribution system infrastructure. Most interruptions continue to be because of increased storm activity. 2018 showed abnormally high indicators however, 2012-2018 show excellent results. It is to be noted that 2018 represents a higher than normal number of incidents of interruption caused by HONI related issues.

SYSTEM RELIABILITY

Average number of hours power to a customer was interrupted

0.0372942h (2018)

An important feature of a reliable distribution system is recovering from power outages as quickly as possible. The utility must track the average length of time, in hours, that its customers have experienced a power outage over the past year.



SYSTEM RELIABILITY

Average number of times power to a customer was interrupted

0.809363 (2018)

Another important feature of a reliable distribution system is reducing the frequency of power outages. Utilities must also track the number of times their customers experienced a power outage during the past year.



[More information about interruption frequency](#)

Asset Management

The Distribution System Plan detailing the utility's historical and projected capital plan can be found in Exhibit 2 of this application.

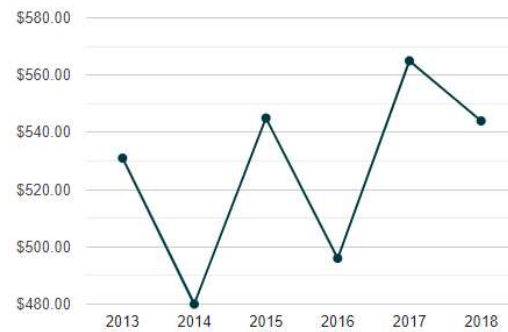
Cost Control

Hydro 2000 has graduated from Group 3 to Group 2 under the PEG efficiency assessment report. Despite having achieved a higher efficiency grouping, Hydro 2000 continues to strive to achieve greater efficiency through productivity improvements and cost control, without compromising safety and reliability. The utility intends on achieving Group 1 efficiency in the next rate period.

COST CONTROL**Cost per customer****\$544 (2018)**

A simple measure that can be used as a comparison with other utilities is the utility's total cost per customer.

Total cost is a sum of all the costs incurred by the utility to provide service to its customers. The amount is then divided by the utility's total number of customers. This amount does not represent how much customers pay for their utility services.



[More information about Cost per Customer](#)

Conservation & Demand Management

Hydro 2000 has develop a strong relationship with its customers and its subtrades to successfully implement the 2015-2020 Conservation First Framework energy savings target. The 2017 program implementation year was successful with a 52.4% of target achievement and 63% target achievement in 2018 of the 2015-2020 energy savings targets. Hydro 2000 continues to support the conservation efforts of its clients and remains committed in meeting the Province target. Effective in March 2019, the Province of Ontario has ended the former Conservation First Framework. Performance on this measure is therefore difficult to forecast at this time.

Connection of Renewable Generation

Hydro 2000 has maintained 100% timely connection of renewable installations. Hydro 2000 will continue to provide the staff resources to maintain an efficient and effective methodology to connect renewable installations. Details on renewable installations can be found in Exhibit 2 of this application.

Financial Ratios

Hydro 2000 financial ratios are discussed in detail at Section 7 of this Business Plan.

5.8 Future Outlook

"It is said that you learn more from mistakes than successes. Even the most successful companies have a litany of stories about bad business decisions and bad investments, choosing to work with the wrong people, and so many times where they knew better, but failed to act appropriately. It appears that failure is inevitable. The key to success is what you make of your failures."

Hydro 2000 has learned vital financial and management lessons through the hands-on preparation of the 2020 Cost of Service application.

Hydro 2000 favors continuous self-improvement identifying areas where the effectiveness of the organization can be improved.

Hydro 2000 took steps to increase client's awareness of conservation features into their homes and businesses. Even though Hydro 2000 is a small utility, planning is something important for the coming years. That being said, being a small physical utility in the community provides the opportunity to discuss different programs on a one-on-one.

Hydro 2000 has turned to social media to improve the customer relation experience. Since then, the utility has launched a series of technology enhancements to increase communication with its customers and plans to upgrade its website in 2020 to include capital projects and educational tools about the industry and regulatory processes.

Hydro 2000 will continue to monitor its business objectives to ensure that they are aligned with the OEB scorecard and actively drive cost reductions and productivity improvement.

Crafting the herein Business Plan has been a worthwhile exercise in that it assisted Hydro 2000 in thinking about how to plan and implement quick wins, mid-term improvements, and longer-term improvements.

Some of the self-assessment measures which informed Hydro 2000's Business Plan include;

- ✓ Reviewing its mission statement to ensure that it informs the direction of the utility and serve as a guide for long-term growth/development.
- ✓ Detailing specific long-term goals and short-term objectives by developing an action plan for each goal and objective.
- ✓ Reviewing its current management structure, including the roles and responsibilities management team and employees. In doing so, Hydro 2000 reviewed areas for improvement in the current management structure to better understand its obstacles.
- ✓ Reviewing its financial burden and set priorities
- ✓ Analyzing its economic conditions to better understand its effect on business strategy – including consideration for load forecast, predicted capital and operational costs, resources.
- ✓ Analyzing its strengths and weaknesses to identify where it is the most vulnerable.

7. Strategy and Implementation Summary

7.1. *SWOT Analysis*

The use of the SWOT (strengths, weaknesses, opportunities, and threats) analysis is new to the utility, however it has already proven to be a valuable management tool that has helped Hydro 2000 review key aspects of the utility to identify factors that will drive performance and decision making going forward.

Strengths and Weaknesses are associated with internal factors such as:

- ✓ Financial resources, such as funding and ability to meet its financial obligations.
- ✓ Physical resources, such as the utility's location, facilities, and equipment.
- ✓ Human resources, such as employees, volunteers, and target audiences
- ✓ Access to natural resources, trademarks, patents and copyrights
- ✓ Current processes, such as employee programs, department hierarchies, and software systems

Opportunities and Threats are associated with external factors such as:

- ✓ Market trends such as new products and technology or shifts in audience needs
- ✓ Economic trends, such as local, national and international financial trends
- ✓ Funding, such as donations, legislature, and other sources
- ✓ Demographics, such as a target audience's age, race, gender and culture
- ✓ Political, environmental and economic regulations.

Hydro 2000 SWOT Analysis



7.2. *Hydro 2000 Strengths*

Personal Edge

While the values of top management have a significant impact on the performance of businesses of all sizes, in small businesses, social performance is more directly and personally shaped by management. A smaller town with a smaller utility such as Hydro 2000 is more socially and economically embedded within the community in which they operate than are managers of big utilities. Managers of a small utility are more likely to meet most of their clients when they come to the office. Each relationship represents a potential personal invitation to get involved in a community organization and to engage with customers. In smaller towns such as the Township of Alfred and Plantagenet, customer engagement is not always done at the utility's office; it is often done while waiting in line at the grocery store, bank or the gas pump.

When customers personally know (and like) the employees, they're more likely to support the idea of having and keeping it local utility in business. Hydro 2000 has the advantage of knowing its customers face-to-face thus providing the utility with an inherent customer engagement in its day to day operation. Getting to know customers face-to-face is a natural and important outreach strategy.

Customers and Close-Knit Community

Hydro 2000 values the input and feedback of its customers and partners and respects the needs and expectations of its customers. Hydro 2000 takes pride in making significant contributions to its community programs in which we can add value such as energy conservation projects and business development activities. It's important to mention that because of the size and closeness of the community, most customer are constantly kept aware of what is happening at the utility. Word of mouth is still the best form of communication in small towns.

Smaller Utilities are Ranked as More Efficient as per the PEG Benchmarking Report

Since the inception of the PEG report and ranking, smaller utilities are consistently ranking higher than the larger ones. Hydro 2000 believes that because of the closeness and size of the utility, the smaller utilities are forced to be more efficient as costs cannot easily be absorbed by a large group of customers. In other words, the impact of costs per customers is often greater for small communities and as such create an environment where all costs are analysed and scrutinized to make sure that they are necessary. This concept forces the smaller utilities to constantly find efficiencies in how they operate.

Group 1 Utilities.

1. Cooperative Hydro Embrun Inc. (2305 Customers)
2. E.L.K. Energy Inc. (12412 Customers)
3. Halton Hills Hydro Inc. (22442 Customers)
4. Hydro Hawkesbury Inc. (5547 Customers)
5. Northern Ontario Wires Inc. (5903 Customers)
6. Wasaga Distribution Inc. (13789 Customers)

Efficiency Ranking	1	2	3	4	5	Total
<i>Number of LDCs with less than 20,000 Customers</i>	6	11	13	5	2	37
<i>Number of LDCs with less than 100,000 Customers</i>	0	8	10	2	0	20
<i>Number of LDCs with more than 100K Customers</i>	0	0	3	2	1	6

7.3. *Hydro 2000 Weaknesses*

✓ **Dependency on third party assistance to meet its regulatory requirements.**

Hydro 2000 has statutory obligations and responsibilities to the Ontario Energy Board (OEB) and the Electrical Safety Authority (ESA). Both regulator issue comprehensive OEB codes and guidelines that come with compliance and reporting requirements. As a small utility with only 3 administrative employees, it can be difficult to conform to an ever-changing regulatory environment. Planning and budgeting for the unexpected can be difficult – especially with the current five-year rate rebasing period. Hydro 2000 is also finding that many of the new requirements require expertise which goes beyond those of its current staff and as such, the utility must often turn to third-party experts (such is the case for the DSP and Cyber Security) to bring external expertise to meet the requirements and level of standards which regulators expect. Under those circumstances, the utility will often “shop around” and negotiate rates and costs to find the best value for money.

✓ **Managing unexpected costs beyond the utility’s control.**

As mentioned in the section above, planning and budgeting for the unexpected can be difficult – especially with the current five-year rate rebasing period. For the most part, the utility plans for significant investments well in advance, however, unexpected costs can arise as a result of a change in legislation or new regulatory requirements. Most larger utilities can absorb these costs without much impact on rates or performance. However, as smaller utility, Hydro 2000 can be materially affected when faced with cost pressures that are beyond its control or ability to plan for.

✓ **Trying to keep up with standards designed for larger utilities.**

The industry assumption is that small utilities should adopt the same management principles as big utilities, only on a smaller scale. Underlying that assumption is the notion that small utilities are the same as larger utilities, except with lower revenues, lesser assets, and fewer employees.

For one thing, management salary in a small utility represents a much larger fraction of costs than in a larger utility, often such a large fraction that little is left over to pay additional managers or to provide dividends to the shareholder. Similarly, small utilities

cannot usually afford to pay for external resources they need, nor can new employees be adequately trained to do their duties.

In addition, external forces tend to have more impact on small utilities than on large utilities. Changes in government regulations, tax laws, labour and interest rates usually affect a greater percentage of expenses for small utilities than they do for large corporations.

✓ **Aging community**

Hydro 2000 tends to be home to a fairly mature community whose primary source of communication is newspaper rather than social media which can eliminate cost efficient customer engagement option. Servicing an aging community can be viewed as an opportunity as well. More mature customers expect more in terms of communication and customer service and as such encourages the utility to go above and beyond in terms of communicating with its customers,

7.4. *Hydro 2000 Opportunities*

✓ **Cost of Service Process**

Although Hydro 2000 did not file its Cost of Service application in August 2019 as planned, the utility has found that the process of putting together an application of such magnitude and depth has created a great opportunity to review, assess and revise its internal processes to be more efficient and more compliant. The utility has used this application as a form of self-auditing and as a result, has put in place many tools, checks and balances in place to ensure that it adopts a more proactive approach to budgeting, tracking, reporting and filing rate application to the Ontario Energy Board.

✓ **New Management, fresh start**

Hydro 2000 has had a high turnover in management and leadership over the past 4 years which created some disruption in the processes and overall reporting back to the regulatory. That said, the utility has put in place a manager that is eager to learn and improve processes to ensure that the utility runs more smoothly going forward and that it rebuilds its reputation with the community, customer and regulator.

The new Board of Directors, which is comprised of directors that bring a wealth of knowledge and experience to the Board, is very much engaged in the day to day activities of the utility.

The Board of Directors has also been very much involved in the Cost of Service process and meeting on a bi-weekly or weekly basis to review the evidence. Hydro 2000 sees this change as an opportunity to work as a team to improve its processes and increase its presence and standing in the community.

Hydro 2000 has also put in place budget checks and balances, trends and performances analysis and now makes decisions that help manage the cost, reliability, and availability of electricity supply to its customers in the long term.

Other opportunities include the following;

- ✓ To form strategic alliances with like-minded LDCs to realize greater efficiencies and integrate new ideas that improve operations and ensure sustainability in an evolving energy sector.
- ✓ To drive down operating costs as much as possible.
- ✓ To position the utility as a reliable and customer focused LDC, with high levels of trust
- ✓ To disaffirm negative perceptions that prevail, particularly in respect to energy increases
- ✓ To build a stronger presence within the community.
- ✓ To engage current and prospective employees and partnerships; inspire them, build trust and position Hydro 2000 as a great place to work or as a great partner.

7.5. *Hydro 2000 Threats*

In addition to its many regulatory responsibilities, the business of distributing electricity has several basic risk considerations that must be managed successfully to ensure business continuity.

The following areas of exposure were identified and evaluated as part of the Hydro 2000 risk profile:

✓ **Reliability**

Although the utility's reliability metrics meets the OEB's standards, customers have very high service expectations, and any system interruptions should be handled quickly and professionally. Reputational risks can occur when incidents and outages are not perceived to be addressed in a quick and efficient manner. Customers accept the occasional power outage, but confidence is eroded when they cannot get access to timely information on the nature of the incident and an estimate of restoration times.

If an unplanned outage occurs within Hydro 2000's service area, Hydro 2000 will immediately contact its operations personnel or contractors and escalate the issues. If an issue occurs where

the utility suspects that it is outside of its territory, the utility will contact Hydro One to let them know that the Hydro 2000 service area is out. For planned outages, the customers affected will be contacted at least 48 hours before by either phone or by mail.

For all outages, Hydro 2000 personnel updates its social medias and attempts to give as much details as possible to its customers regarding the location, area affected and timing of the restoration of power. Hydro 2000 provides Hydro One Storm Centre link on all of its' social media platforms.

✓ **Dependency on Electricity Provider**

Hydro 2000 reliability depends greatly on the electricity provided by HONI. An outage in the area by HONI results more than likely to an outage at Hydro 2000 level. This is a concept that is difficult to explain to customers as their number one priority is to keep the lights on which is often out of the control of the utility.

✓ **Succession Planning**

The utility recognizes that finding a candidate with industry specific competencies in smaller rural LDCs is difficult. As such, over the past year, Hydro 2000 has put substantial effort into its succession planning which involves training its employees on every aspect of the utility. Documenting processes have also become a priority. As a result, the utility has put together a succession plan to ensure that it is prepared for the eventuality of staff retiring or leaving.

✓ **Difficulties in providing backup staffing**

Hydro 2000 values the input and feedback of its customers and partners and respects the needs and expectations of its customers. Hydro 2000 takes pride in making significant contributions to its community programs in which we can add value such as energy conservation projects and business development activities.

✓ **Cross-fuel competition**

Historically, utilities haven't been directly subject to price competition for products due to geographic franchise arrangements – although cross-fuel competition in many areas could be quite fierce.

Investment in utility infrastructure is projected to increase as growth in sales is declining. At the same time, alternatives to the grid are becoming more widespread and cost competitive.

8. Personnel Plan

Hydro 2000 is facing the same challenges the electricity industry is regarding its aging demographics and infrastructure. Matching the resource capability with the work demands in the electricity sector requires planning which is what Hydro 2000 is currently executing. Numerous contributing factors are impacting workforce planning, including a shortage of proficiently skilled labour, and increased work demands, therefore, Hydro 2000 has opted to invest instead in its current staff members on the various aspects of running a utility.

Hydro 2000 currently employs one Manager, an Administrative Coordinator and a Customer Service clerk. Hydro 2000 does not plan to hire additional staff in 2019 and 2020. Hydro 2000 notes that employee pay raises reflect the pay scale for new employees and rate of inflation for all employees. Hydro 2000 must also rely on third party contractors and consultants, mainly for the maintenance of the distribution system and assistance with meeting its regulatory requirements.

Hydro 2000 continues to review its business and operational goals against its workforce needs, its financial strength and the impact on its customers. Hydro 2000 recognizes the importance and value of maintaining a highly skilled and engaged workforce, where all employees are customer focused and proud to work for the utility.

Table 10 - FTE Employment

<i>Trades & Technical Positions</i>	Current #'s	Minimum #'s	2019 Projection	2020 Projections
<i>Manager (formally General Manager)</i>	1	1	1	1
<i>Adm. Coordinator (formally AP Clerk)</i>	1	1	1	1
<i>Client Services (formally Receptionist)</i>	1	1	1	1

9. Financial Results

Hydro 2000's financial performance has been unstable since its last Cost of Service application in 2012. Over the past seven years, Hydro 2000 has seen its income fluctuate from a deficiency of \$75,381 in 2012 to a sufficiency of \$72,957 in 2014.

Table 11 – Reported Income

	Income/(Loss)	Sufficiency/(Deficiency)
2012	-43,793	-75,381
2013	31,261	7259
2014	118,941	72,957
2015	53,551	3,300
2016	50,974	-10,299
2017	-1,225	-65,475
2018	69,443	17,578

Table 12 – Financial Ratios from Scorecards

	Financial Ratios			
	Liquidity: Current Ratio (Current Assets/Current Liabilities)	Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	Profitability (Approved ROE)	Regulatory Return on Equity (Achieved ROE)
2013	1.54	0.12	9.12	7.40%
2014	1.74	0.05	9.12	31.78%
2015	1.75	0.00	9.12	11.22%
2016	1.07	0.01	9.12	5.25%
2017	0.77	0.30	9.12	-6.52%
2018	2.00	0.00	9.12	-0.07%

9.1. *Important Assumptions*

Load forecasting affects all aspects of the utility's future including supply capacity of the distribution system and revenue requirements. Hydro 2000 notes that the method in which it determines the load forecast is done in accordance with the filing requirements. That being said, the actual load can differ from the approved load forecast and create variances in revenues going forward.

Since expenses and revenues are often closely tied to the utility's customer count and load, it is important to go over the utility's historical and projected load before discussing financial results. Hydro 2000's is not projecting growth in any of its classes except for a small yet steady increase in the Residential. Hydro 2000's load and customer projections support the Economic Outlook Summary which indicates that population growth is expected to remain unchanged in 2019 and 2020. The second important assumption is the stability of operating costs going forward. Table 13 below shows the utility historical operating costs and projected costs for 2020.

Table 13 - Load and Customer Forecast Table

	Year	2012 BA	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020 CDM Adjusted
<i>Residential</i>	Cust/Conn	1061	1,064	1,069	1,072	1,075	1,068	1,083	1,085	1,087	1,113	1,113
	kWh	14578597	13,741,372	14,121,205	13,907,110	13,022,914	12,346,401	12,078,410	12,791,618	12,775,525	12,657,112	12,367,886
	kW											
<i>General Service < 50 kW</i>	Cust/Conn	142	142	141	142	142	143	142	141	141	141	141
	kWh	4672050	4,027,546	4,342,696	4,287,878	4,333,237	4,261,434	3,971,545	4,062,996	3,995,372	4,049,207	3,861,286
	kW											
<i>General Service > 50 to 4999 kW</i>	Cust/Conn	12	11	11	11	11	11	12	12	13	13	13
	kWh	4632461	4,474,560	4,601,708	4,359,419	4,194,222	3,976,846	4,195,330	4,274,766	4,084,117	4,111,838	3,984,230
	kW	11847	12,187	12,095	11,224	10,151	13,326	12,007	10,589	10,939	11,013	10,671
<i>Unmetered Scattered Load</i>	Cust/Conn	6	6	4	4	4	4	4	4	4	4	4
	kWh	18329	18,188	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280
	kW											
<i>Street Lighting</i>	Cust/Conn	368	368	368	369	370	370	370	370	370	370	370
	kWh	343757	348,332	327,162	179,624	152,105	152,560	153,257	153,342	152,908	153,000	153,000
	kW	959	972	949	512	420	420	420	420	420	421	421
<i>Total</i>	Cust/Conn	1,589	1,591	1,593	1,597	1,602	1,596	1,611	1,612	1,615	1,641	1,641
	kWh	24,245,194	22,609,998	23,410,051	22,751,311	21,719,758	20,754,521	20,415,822	21,300,002	21,025,202	20,988,437	20,383,683
	kW	12,806	13,159	13,044	11,736	10,571	13,746	12,427	11,009	11,359	11,434	11,092

Hydro 2000's 2020 Test Year operating costs are projected to be \$507,699 which represents an increase of \$106,133 from its 2012 Cost of Service or 26.4%. These operating costs are necessary to comply with the Distribution System Code, environmental requirements, and government direction. The increase in OM&A in 2019-2020 is attributable to operation and maintenance costs, including activities such as Ontario One Call locates, repairs to the underground distribution system, tree trimming and the metering testing year. Billing and Collecting costs have also increased due to an increase with costs associated with billing system and staffing to bill and collect. The increase in Administrative Costs is for the most part related to an increase in Regulatory Costs necessary to comply with new policies and requirements.

Table 14 - Operation Costs Table

	Board Approved	2012]	2013	2014	2015	2016	2017	2018	2019	2020
Operations	12,775	\$3,936	\$17,166	\$9,576	\$15,920	\$16,705	\$13,384	\$15,998	\$15,959	\$10,000
Maintenance	2,050	\$65,534	\$13,761	\$300	\$6,015	\$28,132	\$42,888	\$28,940	\$28,068	\$41,146
Subtotal	14,825	\$69,469	\$30,927	\$9,876	\$21,935	\$44,837	\$56,272	\$44,938	\$44,027	\$51,146
%Change (year over year)		368.6%	-55.5%	-68.1%	122.1%	104.4%	25.5%	-20.1%	-2.0%	16.2%
%Change (Test Year vs Last Rebasing Year - Actual)								203.1%	197.0%	245.0%
Billing and Collecting	127,734	\$142,613	\$131,905	\$151,230	\$152,424	\$168,966	\$175,254	\$164,389	\$165,283	\$160,231
Community Relations	717	\$0	\$0	\$0	\$0	\$0	\$411	\$0	\$0	\$0
Administrative and General+LEAP	258,290	\$213,346	\$249,026	\$224,287	\$260,933	\$224,449	\$249,024	\$244,280	\$298,896	\$296,322
Subtotal	386,741	\$355,958	\$380,931	\$375,517	\$413,357	\$393,415	\$424,689	\$408,668	\$464,178	\$456,553
%Change (year over year)		-8.0%	7.0%	-1.4%	10.1%	-4.8%	7.9%	-3.8%	13.6%	-1.6%
%Change (Test Year vs Last Rebasing Year - Actual)								5.7%	20.0%	18.1%
Total	401,566	\$425,427	\$411,858	\$385,393	\$435,292	\$438,252	\$480,961	\$453,606	\$508,206	\$507,699
%Change (year over year)		5.9%	-3.2%	-6.4%	12.9%	0.7%	9.7%	-5.7%	12.0%	-0.1%

9.2. *Actual Return vs. Allowed Return*

✓ **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

Hydro 2000's current ratio increased slightly from 1.74 in 2014 to 1.75 in 2015 and declined to 1.07, 0.77 and 2.00 in 2016-2017 and 2018 respectively. Hydro 2000's ratios are indicator of good financial health. Hydro 2000 expects its liquidity to remain stable if not improve going forward.

✓ **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

By Board policy, the utility used a deemed capital structure of 60% debt, 40% equity when establishing rates. The utility does not currently carry any debt; however, with the distribution system nearing the end of its useful life, Hydro 2000 may seek out debt to finance distribution system renewal in the near future.

✓ **Profitability: Regulatory Return on Equity – Deemed (included in current rates) and Achieved**

Hydro 2000's current distribution rates were rebased and approved by the OEB in 2019 and included an expected (deemed) regulatory return on equity of 9.12% established in 2014. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. Unfortunately, Hydro 2000 has had difficulties keeping its achieved ROE within the Board Approved ROE of 9.12. The main reason being that with total costs being so low and one-time costs being sometimes high, it is difficult for a small utility to keep within the range. That said, Hydro 2000 commits to using financial tools and checks to ensure the utility maintains its profitability at the approved level going forward.

Table 15 - Return on Equity Table

	[BA]	2014	2015	2016	2017	2018
<i>Return on Equity</i>	-17.50%	31.76%	11.22%	5.25%	-6.25%	-0.07%

9.3. Profit and Loss

Outlined below, and in the following table, are some of the essential components of the projected profit and loss for Hydro 2000:

- ✓ Operating Revenues for 2020 are forecasted to be \$609,512.
- ✓ Cost and Expenses for 2020 are predicted to be \$554,918.
- ✓ Taxes for 2020 are predicted to be \$0.
- ✓ The net profit/loss 2020 are forecasted to be \$35,002.

Table 16 - Profit and Loss Table

	2012	2012	2013	2014	2015	2016	2017	2018	2019	2020
WCA										
<i>Cost of Power</i>	2,424,532	1,840,830	1,481,131	2,130,330	2,064,481	2,894,613	2,509,801	1,431,875	3,101,041	3,090,754
<i>WCA Rate</i>	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	7.50%
<i>WCA total</i>	423,915	339,939	281,117	372,698	375,266	499,572	452,040	282,696	541,387	269,884
	Board Approved	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Derivation of Utility Income		2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenues										
<i>Distribution Revenues</i>	515,507	447,639	502,576	510,110	532,907	501,899	515,176	525,153	584,399	581,156
<i>Other Revenue</i>	23,303	106,979	15,795	52,909	25,492	48,798	36,359	53,142	44,493	28,356
Total Operating Revenues	538,810	554,617	518,371	563,018	558,399	550,697	551,535	578,295	628,892	609,512
<i>OM&A Expenses</i>	401,566	425,428	392,980	354,325	437,292	435,869	503,796	452,766	508,206	507,699
<i>Depreciation & Amortization</i>	76,703	160,881	61,981	58,304	51,899	52,237	47,324	45,712	40,128	47,219
<i>Property and Taxes</i>										
Total Costs & Expenses	478,269	586,308	454,961	412,628	489,191	488,106	551,120	498,478	548,333	554,918
<i>Deemed Interest Expenses</i>	24,842	20,638	26,415	9,632	5,849	2,848	1,855	3,525	30,275	19,592
Total Expenses	503,111	606,947	481,376	422,260	495,040	490,954	552,975	502,003	578,608	574,510
Utility Income before Income Taxes / PILs	35,699	-52,329	36,995	140,758	63,359	59,743	-1,440	76,292	50,284	35,002
<i>PILs / Income Taxes</i>	187	-8,536	5,734	21,817	9,905	6,769	-215	6,849	952	0
<i>Adjustments for FS purposes (donations)</i>										
Utility Income	35,512	-43,793	31,261	118,941	53,454	52,974	-1,225	69,443		

9.4. Rate Base and Revenue Deficiency

Table 17 - Table of Rate Base and Revenue Deficiency

	2012	2012	2013	2014	2015	2016	2017	2018	2019	2020
Utility Income	35,512	-43,793	31,261	118,941	53,454	52,974	-1,225	69,443	49,331	35,002
Gross Fixed Assets (year end)	1,042,597	1,167,876	1,193,328	1,272,712	1,356,273	924,881	974,476	884,272	978,951	1,170,249
Capital Expenditures (additions)	474,595	227,037	25,452	79,385	83,561	-431,392	49,595	-90,204	116,554	191,298
Accum Depreciation	-493,060	-617,558	-679,539	-737,842	-835,136	-178,322	-229,644	-278,563	-294,817	-340,036
Remove Non-Distribution Assets (2180 or 1576)					0					
Net Fixed Assets	549,537	550,318	513,789	534,870	521,137	612,646	615,690	605,708	684,134	830,214
Average Net Fixed Assets	549,537	502,411	532,054	524,330	528,004	566,891	614,168	610,699	644,921	757,174
Utility Rate Base	973,451	842,349	813,170	897,028	903,269	1,066,464	1,066,207	893,395	1,186,308	1,027,058
Deemed Equity Portion of Rate Base	389,381	336,940	325,268	358,811	361,308	426,585	426,483	357,358	474,523	410,823
Income/(Equity Portion of Rate Base)	9.12%	-5.20%	3.84%	13.26%	5.92%	4.97%	-0.11%	7.77%	4.16%	3.41%
Indicated Rate of Return	6.20%	-2.75%	7.09%	14.33%	6.57%	5.23%	0.06%	8.17%	6.71%	5.32%
Approved Rate of Return	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	5.32%
Sufficiency / (Deficiency) in Return	0.00%	(8.95%)	0.89%	8.13%	0.37%	(0.97%)	(6.14%)	1.97%	0.51%	0.00%
Equity	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Short Term Debt	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Long Term Debt	56%	56%	56%	56%	56%	56%	56%	56%	56%	56%
Equity Return	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	8.52%
Short Debt Return	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.75%
Long Debt Return	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	3.21%
Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Net Revenue Sufficiency / (Deficiency)	0	-75,381	7,259	72,957	3,300	-10,299	-65,475	17,578	6,055	0

1.3 APPLICATION SUMMARY

This section is devoted to defining each element of Hydro 2000's 2020 cost-of-service, explaining how each element is determined and explaining the relationship between the various components. The major components covered in this application summary are as follows:

- ✓ Budgeting Assumptions
- ✓ Revenue Requirement
- ✓ Rate Base and Capital Planning
- ✓ Overview of Operation Maintenance and Administrative Costs
- ✓ Load Forecast Summary
- ✓ Statement of Cost of Capital Parameters
- ✓ Overview of Cost Allocation and Rate Design
- ✓ Overview of Deferral and Variance Account Disposition
- ✓ Overview of Bill Impacts

Budgeting and Economic Assumptions⁴

Hydro 2000 compiles budget information for the three major components of the budgeting process: (1) revenue forecasts; (2) operating, maintenance and administration ("OM&A"); and (3) capital costs.

Revenue Forecast

The revenue forecasts are based on throughput volume and existing rates for the 2019 Bridge Year and Hydro 2000's proposed rates for the 2020 Test Year. The forecasted volumes have been weather normalized and consider such factors as new customer additions and load for all classes of customers. Details are presented in Section 3.1.4. of Exhibit 3. The forecast has been adjusted to reflect the CDM initiatives currently undertaken by the applicant.

⁴ MFR - Budgeting and Accounting Assumptions - economic overview and identification of accounting standard used for test year and brief explanation of impacts arising from any change in standards

1 **OM&A Costs**

2 OM&A costs presented in Exhibit 4 show Hydro 2000's maintenance and customer focused
3 activity needed to meet public and employee objectives. These costs are essential in order to
4 comply with the Distribution System Code, environmental requirements, and government
5 direction, and to maintain distribution service quality and reliability at targeted performance
6 levels. OM&A costs also include providing services to customers connected to Hydro 2000's
7 distribution system and meeting the requirements of the OEB's Standard Supply Code and Retail
8 Settlement Code.

9 The proposed OM&A cost expenditures for the 2020 Test Year are the result of planning and
10 work prioritization process that ensures that the most appropriate, cost effective solutions are
11 put in place.

12 **Capital Costs**

13 In managing its capital assets, Hydro 2000's primary objectives are to optimize asset
14 performance cost-effectively, enhance safety, protect the environment, improve operational
15 efficiency, maintain high standards of reliability, adhere to regulation and meet customer
16 demand. As part of the development of its Distribution System Plan, Hydro 2000 develops
17 capital programs on both a short and longer-term basis and prepares annual budgets and
18 forecasts as the basis for capital investments. Hydro 2000's approach to managing its
19 distribution system is comprised of the following strategy:

20 System Planning: add new assets and/or replace assets that are at or nearing the end of their
21 useful life. This includes consideration for:

- 22 ✓ Capital Investment
- 23 ✓ Contingency Planning
- 24 ✓ Managing and Sustaining Existing Assets.

25 Hydro 2000's approach to managing its distribution assets is described in more detail in Hydro
26 2000's Distribution System Plan.

1 Capital costs in Exhibit 2 have been developed with the key strategies above in mind.

2 Overall Budgeting Process

3 The capital and operating budgets are prepared annually by management and reviewed and
4 approved by the Board of Directors. Once approved, the budget is only revised if a material
5 change in plan is required. In such cases, the revised budget is once again approved by the
6 Board of Directors.

7 Hydro 2000 continues to deliver its operating and capital plans on target and on a budget.

8 Application Summary

9 The following section summarizes this Cost of Service application and how it measures against
10 Hydro 2000s last Cost of Service application in 2012 Board Approved

11 **Table 1 – 2020 Parameters vs 2012 Board Approved Parameters**

Particular	CGAAP	MIFRS	Diff
	2012	2020	
Long Term Debt	5.32%	3.21%	-2.11%
Short Term Debt	2.08%	2.75%	0.67%
Return on Equity	9.12%	8.52%	-0.60%
Weighted Debt Rate	5.10%	3.18%	-1.92%
Regulated Rate of Return	6.71%	5.32%	-1.39%
Controllable Expenses	\$401,566	\$507,699	\$106,133
Power Supply Expense	\$2,424,532	\$3,090,754	\$666,221
Total Eligible Distribution Expenses	\$2,826,098	\$3,598,453	\$772,354
Working Capital Allowance Rate	15.00%	7.50%	-7.50%
Total Working Capital Allowance ("WCA")	\$423,915	\$269,884	-\$154,031
Fixed Asset Opening Bal Bridge Year	\$1,042,597	\$1,170,249	\$127,653
Fixed Asset Opening Bal Test Year	-\$493,060	-\$340,036	\$153,024
Average Balance	\$549,537	\$830,214	\$280,677
Working Capital Allowance	\$423,915	\$269,884	-\$154,031
Rate Base	\$973,451	\$1,100,098	\$126,646
Regulated Rate of Return	6.71%	5.32%	-1.39%
Regulated Return on Capital	\$65,322	\$54,594	-\$10,728
Deemed Interest Expense	\$29,811	\$19,592	-\$10,219
Deemed Return on Equity	\$35,512	\$35,002	-\$509
OM&A	\$401,566	\$507,699	\$106,133
Depreciation Expense	\$76,703	\$47,219	-\$29,484

<i>PILs</i>	\$187	\$0	-\$187
<i>Revenue Offset</i>	-\$23,303	-\$28,356	-\$5,053
Revenue Requirement	\$520,475	\$581,156	\$60,680

1 Revenue Requirement⁵

2 The table below shows Hydro 2000's revenue requirement from the last Cost of Service in 2012
3 up to the proposed 2020 revenue requirement.

4 The proposed Revenue Requirement for the 2020 test year of \$581,156 reflects an increase of
5 \$60,680 relative to the 2012 Board Approved. The increase in 2019 and 2020 is largely due to an
6 increase in OM&A as a result of higher maintenance costs related to much needed investment
7 in the distribution system including tree trimming and an increase in regulatory cost related to
8 outside services and the cost of service application . Regulatory costs are projected to be higher
9 for 2020 due to provisions for accounting and legal assistance as well as the drafting of the
10 Distribution System Plan by a third-party engineering firm and the drafting of a Load Flow and
11 System Evaluation Study. Year over year variances in OM&A are explained throughout Exhibit 4
12 and Revenue Offsets and explained in detail at Exhibit 3.

13 **Table 2 - 2020 Proposed Revenue Requirements**

	CGAAP	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
<i>Particular</i>	Last Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
<i>OM&A Expenses</i>	\$401,566	\$425,427	\$411,858	\$385,393	\$435,292	\$438,252	\$480,961	\$453,606	\$508,206
<i>Depreciation Expense</i>	\$76,703	\$160,881	\$61,981	\$58,304	\$55,997	\$46,539	\$42,773	\$40,706	\$40,128
<i>Property Taxes (other expenses)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total Distribution Expenses</i>	\$478,269	\$586,308	\$473,839	\$443,697	\$491,289	\$484,791	\$523,734	\$494,312	\$548,333
<i>Regulated Return On Capital</i>	\$65,322	\$59,714	\$54,757	\$60,507	\$64,967	\$75,962	\$75,962	\$75,962	\$79,606
<i>Grossed up PILs</i>	\$187	-\$8,536	\$5,734	\$21,817	\$9,905	\$6,769	-\$215	\$6,849	\$952
Service Revenue Requirement	\$543,778	\$637,485	\$534,330	\$526,021	\$566,161	\$567,522	\$599,480	\$577,123	\$628,892
<i>Less: Revenue Offsets</i>	-\$23,303	-\$106,979	-\$15,795	-\$52,909	-\$52,909	-\$53,510	-\$41,071	-\$43,302	-\$44,493
Base Revenue Requirement	\$520,475	\$530,507	\$518,535	\$473,112	\$513,252	\$514,012	\$558,410	\$533,820	\$584,399

⁵ MFR - Revenue Requirement - service RR, increase (\$ and %) from change from previously approved, main drivers

1 Rate Base and Capital Planning⁶

2 The proposed Rate Base for the 2020 Test Year of \$1,027,058 reflects an increase of \$135,537
3 from the 2012 Board Approved. The increase suggests a prudent and reasonable investment in
4 the distribution assets and is necessary in order to meet other regulatory requirements. Capital
5 priorities in 2020 includes the replacement of poles and transformers as they show sign of
6 deterioration. The investment in 2019 continues in 2020 and beyond with the addition of
7 software upgrade in 2020.

8 The utility is not proposing to recover any costs from any rate class for renewable energy
9 connections/expansions, smart grid, and regional planning initiatives. The table below shows the
10 change in Rate Base from the last Cost of Service in 2012 to the proposed 2020 Cost of Service.

11

⁶ MFR - Rate Base and DSP - major drivers of DSP, rate base for test year, change from last approved (\$ and %), capital expenditures requested for the test year, change in capital expenditures from last approved (\$ and %), summary of costs requested for renewable energy connections/expansions, any O.Reg 339/09 planned recovery, capex for test year, change from last approved, costs for any REG-related, smart grid, regional planning projects

1

Table 3 - Rate Base

Particulars	Last Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
<i>Opening Balance</i>									
<i>Ending Balance</i>	1,042,597	1,167,876	1,193,328	1,272,712	766,952	778,673	828,268	862,397	978,951
Average Balance	-493,060	-617,558	-679,539	-737,842	-115,450	-166,027	-212,578	-256,689	-294,817
<i>Working Capital Allowance</i>	549,537	549,927	532,054	524,330	593,186	632,074	614,168	610,699	644,921
Total Rate Base	423,915	339,939	283,948	377,358	374,966	499,930	448,614	282,822	541,387
Year over year variance	973,451	889,866	816,002	901,688	968,152	1,132,004	1,062,782	893,521	1,186,308

2

3

Table 4 - Working Capital Allowance

Expenses for Working Capital	Last Board Approved	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>3500-Distribution Expenses - Operation</i>	12,775	3,936	17,166	9,576	15,920	16,705	13,384	15,998	15,959	10,000
<i>3550-Distribution Expenses - Maintenance</i>	2,050	65,534	13,761	300	6,015	28,132	42,888	28,940	28,068	41,146
<i>3650-Billing and Collecting</i>	127,734	142,613	131,905	151,230	152,424	168,966	175,254	164,389	165,283	160,231
<i>3700-Community Relations</i>	717	0	0	0	0	0	411	0	0	0
<i>3800-Administrative and General Expenses</i>	258,290	213,346	249,026	224,287	260,933	224,449	249,024	244,280	298,896	296,322
<i>6105-Taxes other than Income Taxes</i>	0	0	0	0		0	0	0	0	0
Total Eligible Distribution Expenses	401,566	425,427	411,858	385,393	435,292	438,252	480,961	453,606	508,206	507,699
<i>3350-Power Supply Expenses</i>	2,424,532	1,840,830	1,481,131	2,130,330	2,064,481	2,894,613	2,509,801	1,431,875	3,101,041	3,090,754
Total Expenses for Working Capital	2,826,098	2,266,258	1,892,988	2,515,723	2,499,773	3,332,865	2,990,762	1,885,481	3,609,247	3,598,453
<i>Working Capital factor</i>	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	7.50%
Total Working Capital	423,915	339,939	283,948	377,358	374,966	499,930	448,614	282,822	541,387	269,884

4

5 Hydro 2000 follows the best practices of the electricity distribution industry. This has included
6 adhering to the Ontario Energy Board's (OEB) Distribution System Code that sets out, among
7 others, good utility practice and performance standards for the industry in Ontario, and
8 minimum inspection requirements for distribution equipment. Over the years Hydro 2000 has
9 replaced or upgraded equipment when necessary or economically viable. The result has been
10 that while the average age of the system has increased, the reliability of the system has
11 remained steady as to meet the expectations of Hydro 2000's customers.

12 Details of historical and projected capital expenses are summarized in the table below:

1

Table 5 - Capital Expenditure Summary

	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>System Access</i>	\$6,314	\$948				\$330	\$1,320	\$9,083	\$5,000
<i>System Renewal</i>	\$212,659	\$23,582	\$40,099	\$27,246	\$18,083	\$45,046	\$39,927	\$111,571	\$151,798
<i>System Service</i>									
<i>General Plant</i>	\$14,014	\$923	\$39,286	\$10,921	\$1,739	\$6,772	\$0	\$900	\$39,500
<i>Contribution</i>	-\$2157	-3338			-\$29,147		-3750	-36162	
<i>Total Capital Expenditures</i>	\$232,987	\$25,452	\$79,385	\$38,167	\$19,822	\$52,147	\$41,247	\$121,554	\$196,298

2

3 **Major capital cost drivers 2012**

4 System Access:

- 5 • Replace Pole: \$6,314

6 System Renewal:

- 7 • Transfer of Smart Meters to Rate Base: \$196,330
- 8 • Line Transformer Replacement: \$10,999
- 9 • Overhead Conductors and Devices: \$6,686

10 **Major capital cost drivers 2013**

11 System Renewal:

- 12 • Overhead Conductors and Devices: \$8,905
- 13 • Underground Conductor and Devices: \$7,207
- 14 • Pole and Fixture Replacement: \$9,515

15 **Major capital cost drivers 2014**

16 System Renewal:

- 17 • Line Transformer Replacement: \$8,242
- 18 • Pole and Fixture Replacement: \$18,689
- 19 • Meters: \$7,985

General Plan:

- Software Upgrade (Billing/Accounting and E-billing) : \$38,793

Major capital cost drivers 2015

System Renewal:

- Line Transformer Replacement: \$9,366
- Pole and Fixture Replacement: \$13,946

General Plan:

- Computer Equipment: \$8,450
-

Major capital cost drivers 2016

System Renewal:

- Line Transformer Replacement: \$18,339
- Pole and Fixture Replacement: \$24,730

Major capital cost drivers 2017

System Renewal:

- Line Transformer Replacement: \$15,862
- Meter Replacement: \$10,845

General Plan:

- Software: \$6,772

Major capital cost drivers 2018

System Renewal:

- Line Transformer Replacement: \$10,704
- Pole and Fixture Replacement: \$29,137

Major capital cost drivers 2019

System Renewal:

- Overhead Conductors and Devices: \$10,500
- Underground Conductor and Devices: \$3,300
- Line Transformer Replacement: \$74,948
- Pole and Fixture Replacement: \$41,236
- Meter Replacement: \$17,749

Major capital cost drivers 2020

System Renewal:

- Overhead Conductors and Devices: \$14,500
- Underground Conductor and Devices: \$7,300
- Line Transformer Replacement: \$72,900
- Pole and Fixture Replacement: \$40,000
- Meter Replacement: \$17,098

General Plan:

- Software: \$36,000

Details of each of these programs are presented in Exhibit 2 as well as the Distribution System Plan.

Overview of Operation, Maintenance, and Administrative Costs⁷

The increase of \$106,133 in OM&A spending from its 2012 (BA) Cost of Service to the 2020 Test Year can be attributed to following programs.

Table 6 - Summary OM&A Programs

<i>Programs</i>	2012	2020	Variance (\$)
<i>CUSTOMER FOCUS</i>			
<i>Customer Service, Mailing Costs, Billing and Collections, Bad Debt</i>	\$128,451	\$160,231	\$31,780
<i>Sub-Total</i>	\$128,451	\$160,231	\$31,780
<i>DISTRIBUTION SYSTEM EFFECTIVENESS</i>			
<i>Operation and Maintenance</i>	\$14,825	\$51,146	\$36,321
<i>Sub-Total</i>	\$14,825	\$51,146	\$36,321
<i>ADMINISTRATIVE EFFECTIVENESS</i>			
<i>Wages</i>	\$121,060	\$112,995	-\$8,065
<i>Office related expenses</i>	\$45,878	\$68,818	\$22,940
<i>Sub-Total</i>	\$166,938	\$181,813	\$14,875
<i>PUBLIC AND REGULATORY RESPONSIVENESS</i>			
<i>Regulatory & Compliance (Regulatory and Accounting Services, ESA)</i>	\$91,352	\$114,509	\$23,157
<i>Sub-Total</i>	\$91,352	\$114,509	\$23,157
<i>TOTAL OM&A</i>	401,566	507,699	106,133

The first being an increase in Customer Focus which reflects approximately 1/3 of the overall increase. Cost drivers include an increase in billing and collecting. Hydro 2000 notes that the 2012 billing and collecting in the amount of 115K was under-forecast. The average billing costs for the period of 2013-2019 is 138K or 2K less than what is being proposed for 2020. Distribution System Effectiveness also accounts for nearly 1/3 of the increase. The main driver is an increase in Maintenance costs to focus on much needed investment in the distribution system which includes maintenance of assets and tree trimming.

⁷ MFR - OM&A Expense - OM&A for test year and change from last approved (\$ and %), summary of drivers, inflation assumed, total compensation for test year and change from last approved (\$ and %).

1 Administrative Effectiveness and Regulatory Responsiveness account for approximately 1/3 of
2 the increase. Cost drivers include an inflationary increase in office supplies and equipment
3 including software licenses. Regulatory drivers include an increase in external accounting
4 services and costs related to the Cost of Service (i.e. Distribution System Plan, Load Flow Study,
5 legal and accounting assistance throughout the Cost of Service). Major costs drivers are
6 presented at the next page and details presented in Exhibit 4.

7 **Table 7 - Summary of Recoverable OM&A Expenses**

	Board Approved	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operations	\$12,775	\$3,936	\$17,166	\$9,576	\$15,920	\$16,705	\$13,384	\$15,998	\$15,959	\$10,000
Maintenance	\$2,050	\$65,534	\$13,761	\$300	\$6,015	\$28,132	\$42,888	\$28,940	\$28,068	\$41,146
Subtotal	\$14,825	\$69,469	\$30,927	\$9,876	\$21,935	\$44,837	\$56,272	\$44,938	\$44,027	\$51,146
%Change (year over year)		368.6%	-55.5%	-68.1%	122.1%	104.4%	25.5%	-20.1%	-2.0%	16.2%
%Change (Test Year vs Last Rebasing Year - Actual)								203.1%	197.0%	245.0%
Billing and Collecting	\$127,734	\$142,613	\$131,905	\$151,230	\$152,424	\$168,966	\$175,254	\$164,389	\$165,283	\$160,231
Community Relations	\$717	\$0	\$0	\$0	\$0	\$0	\$411	\$0	\$0	\$0
Administrative and General+LEAP	\$258,290	\$213,346	\$249,026	\$224,287	\$260,933	\$224,449	\$249,024	\$244,280	\$298,896	\$296,322
Subtotal	\$386,741	\$355,958	\$380,931	\$375,517	\$413,357	\$393,415	\$424,689	\$408,668	\$464,178	\$456,553
%Change (year over year)		-8.0%	7.0%	-1.4%	10.1%	-4.8%	7.9%	-3.8%	13.6%	-1.6%
%Change (Test Year vs Last Rebasing Year - Actual)								5.7%	20.0%	18.1%
Total	\$401,566	\$425,427	\$411,858	\$385,393	\$435,292	\$438,252	\$480,961	\$453,606	\$508,206	\$507,699
%Change (year over year)		5.9%	-3.2%	-6.4%	12.9%	0.7%	9.7%	-5.7%	12.0%	-0.1%

8

9 **Table 8 – OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table**

OM&A	2012	2013	2014	2015	2016	2017	2018	2019	2020
Opening Balance	\$401,566	\$425,427	\$411,857	\$385,393	\$435,292	\$438,252	\$480,961	\$453,606	\$508,206
5010-Load Dispatching	-\$5,345								
5065-Meter Expense				\$7,250	-\$7,250				
5095-Overhead Distribution Lines and Feeders - Rental Paid		\$11,000	-\$11,000						-\$7,246
5120-Maintenance of Poles, Towers and Fixtures					\$5,000	\$21,666	-\$26,666		

5125-Maintenance of Overhead Conductors and Devices					\$9,622	-\$9,351	\$9,575	-\$4,865	
5135-Overhead Distribution Lines and Feeders - Right of Way	\$12,861	-\$13,236			\$7,178				
5175-Maintenance of Meters	\$63,240	-\$63,240						\$5,006	\$13,891
5315-Customer Billing	\$13,300			-\$7,869	\$25,007				-\$8,872
5335-Bad Debt Expense		-\$11,995	\$17,969	\$8,781	-\$9,493		-\$12,760		
5605-Executive Salaries and Expenses				\$5,187			-\$6,964	\$14,527	\$7,554
5610-Management Salaries and Expenses	-\$20,858	\$15,937	-\$9,980	\$23,457	-\$40,058	-\$24,160	\$6,657	\$26,367	-\$11,128
5620-Office Supplies and Expenses	\$9,976				-\$7,922	\$5,938	\$7,652		\$5,211
5630-Outside Services Employed	\$17,319	-\$19,338			\$23,988	\$22,122		-\$16,318	
5645-Employee Pensions and Benefits				-\$8,301	\$7,462				
5655-Regulatory Expenses	-\$50,884	\$43,037	-\$14,983	\$13,799	-\$22,547	\$16,089	-\$11,396	\$26,318	\$0
Expenses < \$5000	-\$2,887	-\$1,833	\$4,766	\$7,595	\$11,972	\$10,406	\$6,546	\$3,565	\$82
Closing Balance	\$425,427	\$411,857	\$385,393	\$435,292	\$438,252	\$480,961	\$453,606	\$508,206	\$507,699
OM&A Summary Integrity Check	\$425,427	\$411,858	\$385,393	\$435,292	\$438,252	\$480,961	\$453,606	\$508,206	\$507,699

- 1
- 2 The inflation factor used for historical budgeting has been 2.0%. Going forward, Hydro 2000
- 3 plans on using the Price Cap Index adjusted for its benchmarking grouping as an inflation factor.
- 4 Further details can be found at Exhibit 4.

5 Load Forecast Summary⁸

- 6 The load forecast for 2020 is based on a methodology that predicts class specific consumption
- 7 using a multiple regression analysis that relates historical monthly wholesale kWh usage to
- 8 monthly historical heating degree days and cooling degree days.

- 9 In Hydro 2000's case, variation in monthly electricity consumption is influenced by four main
- 10 factors – weather (e.g. heating and cooling), which is by far the most dominant effect on most
- 11 systems, the number of days per month and an "Employment" factor. Specifics relating to each
- 12 variable used in the regression analysis are presented in the next section.

- 13 ✓ Wholesale Purchases (main)
 - 14 ○ Heating Degree Days (included)
 - 15 ○ Cooling Degree Days (included)

⁸ MFR - Load Forecast Summary - load and customer growth, % change in kWh and customer numbers, methodology description

- Unemployment (included)
- Days per month(included)
- Daylight hours

Weather normalized values are determined by using the regression equation with a “10-year average monthly degree days (2009-2018)”. The 10-year average is consistent with recent years’ weather and has been used in other electricity distribution rate applications accepted by the Board.

Allocation to specific weather sensitive rate classes (Residential, GS<50, GS>50) is based on the average share of each classes’ actual retail kWh (exclusive of distribution losses) of actual wholesale kWh for the 2009 to 2018 period.

The 2020 Load Forecast is presented on the next page, and detailed explanations of the load forecast can be found in Exhibit 3.

Table 9 - Load Forecast

	2012 Board Approved	2012 Board Approved	2012 Board Approved	2020	2020	2020
Customer Class Name	Customer	kWh	Kw	Customers	kWh	Kw
<i>Residential</i>	1,061	14,578,597	0	1,113	12,367,886	0
<i>General Service < 50 kW</i>	142	4,672,050	0	141	3,861,286	0
<i>General Service > 50 to 4999 kW</i>	12	4,632,461	11,847	13	3,984,230	10,671
<i>Street Lighting</i>	368	343,757	959	370	153,000	421
<i>Unmetered Scattered Load</i>	6	18,329	0	4	17,280	0
TOTAL	1,589	24,245,194	12,806	1,641	20,383,682	11,092

Statement of Cost of Capital Parameters⁹

In this application, Hydro 2000 seeks to recover a weighted average cost of capital of 5.32% through rates in the 2020 Test Year. Hydro 2000 has followed the Report of the Board on Cost of Capital for Ontario's Regulated Utilities, December 11, 2009, as well as the Review of the Existing Methodology of the Cost of Capital for Ontario's Regulated Utilities, January 14, 2016, in determining the applicable cost of capital.

In calculating the applicable cost of capital, Hydro 2000 has used the OEB's deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity, in conjunction with the Cost of Capital parameters in the OEB's letter of October 31, 2019, for the allowed return on equity ("ROE"). Hydro 2000 is not seeking any changes in its Capital Structure from its 2012 Board Approved Structure.

Table 10 - Overview of Capital Structure

<i>Particulars</i>	<i>Cost Rate</i>		<i>Return</i>	
	(%)	(\$)	(%)	(\$)
<i>Debt</i>				
<i>Long-term Debt</i>	56.00%	\$574,509	3.21%	\$18,462
<i>Short-term Debt</i>	4.00%	\$41,036	2.75%	\$1,130
<i>Total Debt</i>	60.0%	\$615,545	3.18%	\$19,592
<i>Equity</i>				
<i>Common Equity</i>	40.00%	\$410,364	8.52%	\$35,002
<i>Preferred Shares</i>		\$ -		\$ -
<i>Total Equity</i>	40.0%	\$410,364	8.52%	\$35,002
	100.0%	\$1,025,909	5.32%	\$54,594

*2020 Rate Base

Hydro 2000 commits to updating its Cost of Capital forecast in accordance with applicable OEB updates to the Board's cost of capital parameters.

⁹ MFR - Cost of Capital - Statement regarding use of OEB's cost of capital parameters; summary of any deviations

1 Overview of Cost Allocation and Rate Design¹⁰

2 The main objectives of a Cost Allocation study are to provide information on any apparent
3 cross-subsidization among a distributor's rate.

4 Hydro 2000 has prepared and is filing a cost allocation information filing consistent with the
5 utility's understanding of the Directions, the Guidelines, the Model and the Instructions issued
6 by the Board back in November of 2006 and all subsequent updates.

7 Hydro 2000 has prepared a Cost Allocation Study for 2020 based on an allocation of the 2020
8 test year costs (i.e., the 2020 forecast revenue requirement) to the various customer classes
9 using allocators that are based on the forecast class loads (kW and kWh) by class, customer
10 counts, etc.

11 Hydro 2000 has used the most recent Board-approved Cost Allocation Model and followed the
12 instructions and guidelines issued by the Board to enter the 2020 data into this model.

13 Two of the classes' revenue to cost ratios fell outside the Board range. For those two classes, the
14 utility proposes reallocation of revenues to reduce the impact on the bills. The table below
15 shows the utility's proposed Revenue to Cost reallocation based on an analysis of the proposed
16 results from the Cost Allocation Study vs. the Board imposed floor and ceiling ranges. Further
17 details on Cost Allocation can be found in Exhibit 7.

18

¹⁰ MFR - Cost Allocation & Rate Design - summary of any deviations from OEB methodologies, significant changes and summary of proposed mitigation plans

1

Table 11 - Proposed Allocation

Customer Class Name	Target Range						
	Calculated R/C Ratio	Proposed R/C Ratio	Variance		Floor	Ceiling	
<i>Residential</i>	0.9492	0.9590	-0.01	0.9492	0.9590	-0.01	
<i>General Service < 50 kW</i>	1.2158	1.2000	0.02	1.2158	1.2000	0.02	
<i>General Service > 50 to 4999 kW</i>	1.2924	1.2000	0.09	1.2924	1.2000	0.09	
<i>Unmetered Scattered Load</i>	1.2570	1.2000	0.06	1.2570	1.2000	0.06	
<i>Sentinel Lighting</i>	3.6689	1.2000	2.47	3.6689	1.2000	2.47	
<i>Street Lighting</i>	0.9492	0.9590	-0.01	0.9492	0.9590	-0.01	

2 In mid-year 2015, OEB introduced a new policy for all-fixed distribution rates for residential
3 customers. Until now, distribution rates for the residential class have been a blend of fixed and
4 variable rates as shown below Hydro 2000 has not filed an application with the OEB since 2015
5 therefore has yet to comply with the requirement. Hydro 2000's current revenue to cost ratio is
6 60% fixed to 40%. The residential charge is also subject to the "Distribution Rate Protection"
7 policy that sets the charge at a maximum \$4.00/month. For these reasons, Hydro 2000 proposes
8 a 100% implementation over a 2-year period.

9 For all other classes, distribution revenues are derived from a combination of fixed monthly
10 charges and volumetric charges based either on consumption (kWh) or demand (kW).
11 Commodity Charges and deferral and variance rate riders, along with Hydro 2000 specific other
12 adders are added to the distribution rates to arrive at a final all-encompassing bill.

13 The table below shows Hydro 2000s existing rates in comparison to the 2020 proposed rates. As
14 can be seen, the fixed charge for the Residential class is increasing while the variable charge is
15 decreasing. Details can be found in Exhibit 8.

16

Table 12 - Proposed Rates

Customer Class Name	Proposed Rates			Proposed Rates		
	Fixed Rate	Variable Rate		Fixed %	Variable %	per
<i>Residential</i>	\$31.40	\$0.0034		90.93%	9.07%	kWh
<i>General Service < 50 kW</i>	\$24.25	\$0.0105		50.20%	49.80%	kWh
<i>General Service > 50 to 4999 kW</i>	\$84.54	\$1.4678		45.71%	54.29%	kW
<i>Street Lighting</i>	\$1.28	\$7.4755		64.39%	35.61%	kW
<i>Unmetered Scattered Load</i>	\$5.35	\$0.0151		49.58%	50.42%	kWh

1 Overview of Deferral and Variance Account Disposition¹¹

2 Hydro 2000 proposes to dispose of a debit of \$75,318 related to Group 1 and a debit of \$75,318
3 for Group 2 Variance/Deferral Accounts. The balances in Group 1 and Group 2 balances are as of
4 December 1, 2018 and are consistent with the utility's audited financial statements.

5 A net debit balance of \$16,872 recorded in account 1568 being the Lost Revenue Adjustment
6 Mechanism Variance Account and a debit of \$36,705 in account 1576-IFRS to CGAAP transition.

7 Group 1 and Group 2 DVA balances are proposed to be disposed of over two years.

8 Hydro 2000 confirms that it has followed the OEB's guidance as provided in the OEB's Electricity
9 Distributor's Disposition of Variance Accounts Reporting Requirements Report.

10 **Table 13 - Account and Balances sought for disposition/recovery¹²**

		Amounts from Sheet 2	Allocator
LV Variance Account	1550	56,034	kWh
Smart Metering Entity Charge Variance Account	1551	523	# of Customers
RSVA - Wholesale Market Service Charge	1580	498	kWh
RSVA - Retail Transmission Network Charge	1584	9,922	kWh
RSVA - Retail Transmission Connection Charge	1586	8,839	kWh
RSVA - Power (excluding Global Adjustment)	1588	(491,081)	kWh
RSVA - Global Adjustment	1589	90,204	Non-RPP kWh
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	0	%
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	0	%
Total of Group 1 Accounts (excluding 1589)		(415,266)	
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	48,218	kWh
Pole Attachment Revenue Variance	1508	0	kWh
Retail Cost Variance Account - Retail	1518	0	kWh
Total of Group 2 Accounts		48,218	

¹¹ MFR - Deferral and Variance Accounts - total disposition (RPP and non-RPP), disposition period, new accounts requested

¹² MFR - Proposal for disposition of any balances in existing DVAs for renewable generation and smart grid development, if applicable

PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592	25,467	kWh
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	1,642	kWh
Total of Account 1592		27,109	
LRAM Variance Account (Enter dollar amount for each class)	1568	16,872	
Renewable Generation Connection OM&A Deferral Account	1532	0	kWh
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	0	kWh
Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)		75,318	
Total of Account 1580 and 1588 (not allocated to WMPs)		(490,584)	
Account 1589 (allocated to Non-WMPs)		90,204	
Group 2 Accounts (including 1592, 1532, 1555)		75,327	
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0	kWh
Accounting Changes Under CGAAP Balance + Return Component	1576	(36,705)	kWh
Total of Accounts 1575 and 1576		(36,705)	

- 1
- 2 Overview of Bill Impacts¹³
- 3 A summary of the bill impacts by class is presented below. Detailed explanations of the bill
- 4 impacts are presented in Exhibit 8.
- 5 Neither a rate plan nor a mitigation plan are required as all of Hydro 2000's bill impacts fall
- 6 below the Board's 10% threshold.
- 7 Hydro 2000 confirms that it has abided by Board Policy on all aspects of rate design and has
- 8 also explored various scenarios with respect to the disposition of deferral and variance account
- 9 and other rate riders

10

¹³ MFR - Bill Impacts - total impacts (\$ and %) for all classes for typical customers

1 **Table 14 - Bill Impacts associated with Revenue Requirement**

RATE CLASSES / CATEGORIES		\$	%
RESIDENTIAL SERVICE CLASSIFICATION – RPP (750kWh)	kWh	-\$1.15	-0.9%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION – RPP (2000kWh)	kWh	-\$7.58	-2.7%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other) (268kW)	kW	-\$1,876.88	-29.0%
STREET LIGHTING SERVICE CLASSIFICATION – RPP (68kW)	kW	-\$125.16	-3.8%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	-\$59.67	-40.4%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$5.08	9.2%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	-\$1.13	-0.7%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$5.50	8.3%

2 The impact is further adjusted by overall credit rate riders to dispose of the significant balances
3 owed to ratepayers that have accumulated in certain variance accounts. Decreases in rates for
4 retail transmission service and wholesale market service also contribute to reducing the utility's
5 distribution rates further.

1.4 ADMINISTRATIVE

1.4.1 CONTACT INFORMATION¹⁴

Application contact information is as follows:

Applicants Name: Hydro 2000 Inc.

Applicants Address: 440 St-Philippe St, Alfred, ON K0B 1A0

Hydro 2000's Contact Info. Lise Wilkinson

General Manager

lisewilkinson@hydro2000.ca

(613) 679-4093 ext. 202

Hydro 2000 Counsel: Michael Buonaguro¹⁵

Email: Michael Buonaguro <mrb@mrb-law.com>

Phone: 416-767-1666

Community Based Venue¹⁶ Alfred - Recreation Centre

555, St-Philippe St. Alfred, ON K0B 1A0

¹⁴ MFR - Primary contact information (name, address, phone, fax, email)

¹⁵ MFR - Identification of legal (or other) representation

¹⁶ MFR – List of one or more accessible community-based venues.

1 1.4.2 CONFIRMATION OF INTERNET ADDRESS¹⁷

- 2 The application is posted on Hydro 2000's website address at www.hydro2000.ca, and a
3 message to that effect was posed on the utility's website, Facebook page and Twitter site.

¹⁷ MFR - Applicant's internet address for viewing of application and any social media accounts used by the applicant to communicate with customers

1.4.3 STATEMENT OF PUBLICATION¹⁸

Upon receiving the Letter of Direction and the Notice of Application and Hearing from the Board, the OEB will arrange to have the Notice of Application and Hearing for this proceeding published in the following local community not-paid-for newspaper which has the highest circulation in its service area.

- “Le Regional” which is a bilingual unpaid local newspaper. Hydro 2000 also publishes all notices related to this Application on its website. www.hydro2000.ca

Once the Notice of Application and Hearing has been published in the above listed newspapers, Hydro 2000 will file an Affidavit of Publication.

¹⁸ MFR - Statement identifying where notice should be published and why.

1.4.4 LEGAL APPLICATION

**In the matter of; the Ontario Energy Board Act, 1998; S.O. 1998,
c.15, Schedule B, as amended; and in the matter of; an
Application by Hydro 2000 Inc. for an Order or Orders
approving or fixing just and reasonable distribution rates
effective May 1, 2020.¹⁹**

Hydro 2000 is a fully licensed distributor of electricity under distribution license ED-2002-0542 issued by the Ontario Energy Board (the "OEB" or the "Board") under the Ontario Energy Board Act, 1998 (the "Act").

Hydro 2000 hereby applies to the Board pursuant to section 78 of the Act for an Order or Orders approving or fixing just and reasonable distribution rates effective May 1, 2020.²⁰

This Application is made in accordance with the Board's Chapter 2 of the Board's Filing Requirements for Transmission and Distribution Applications dated July 20, 2019 and Chapter 2 of the Board's Filing Requirements for Transmission and Distribution Applications dated July 12, 2019 wherever possible. Hydro 2000 accordingly applies to the Board for the following Order or Orders:

- 1) Approval to charge distribution rates effective May 1, 2020 to recover a base revenue requirement of \$581,156 which includes a revenue deficiency of \$0 using the Service Revenue Requirement as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.
- 2) Approval of the Distribution System Plan as outlined in Exhibit 2 Section 2.5.2.
- 3) Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.

¹⁹ MFR - Statement identifying all deviations from Filing Requirements; identify concerns with models or changes to models

²⁰ MFR - Requested effective date

- 4) Approval of the proposed loss factors as detailed in Exhibit 8.
- 5) Approval to continue to charge Wholesale Market and Rural Rate Protection Charges as approved by the OEB.
- 6) Approval of the rate riders for a two-year disposition of the Group 1 and Group 2 and Other Deferral and Variance Accounts as detailed in Exhibit 9.
- 7) Approval to dispose of balances in the LRAM variance account as presented in Exhibit 9.
- 8) Such other approvals that Hydro 2000 may request and that the OEB accepts.

A full list of approvals is presented in PDF format at Appendix G of this Exhibit.

Certification of accuracy and completeness of application:

Hydro 2000 hereby certifies that the application has been reviewed and approved by the General Manager and Board of Directors. Board of Directors, who have been kept informed throughout the preparation of the budget and application, have passed a resolution approving the application. Hydro 2000 and confirms that the information and evidence presented herein is accurate to the best of Hydro 2000's knowledge.²¹

Confidential Information:

Hydro 2000 confirms that the application does not include any confidential information.²²

Align rate year with fiscal year:

Hydro 2000 is not proposing to align its rate year with its fiscal year in this proceeding. Therefore, no further adjustments are required in that respect.²³ Hydro 2000 notes that it has no special conditions in its license.

²¹ MFR - Certification by a senior officer that the evidence filed is accurate, consistent and complete

²² MFR - Confidential Information - Practice Direction has been followed

²³ MFR - Aligning rate year with fiscal year - request for proposed alignment

MFR - List of approvals requested (and relevant section of legislation), including accounting orders - a PDF copy of Appendix 2-A should be provided in this section

1.4.5 BILL IMPACTS²⁴

The 2020 distribution rates proposed by Hydro 2000 will result in the following bill impacts;

Residential customers using 750kWh per month will see an increase of \$5.76 or 18.86% increase on Distribution Charges. This increase is offset by the disposal of variance account balances resulting in overall bill reduction of -\$1.15 (TOU) or -0.93%

GS<50 customers using 2000kWh per month will see an increase of \$4.48 or 10.52% increase on Distribution Charges. This increase is offset by the disposal of variance account balances resulting in overall bill reduction of -\$7.58 or -2.66%

GS>50 customers using 268kW per month will see an increase of \$91.36 or 19.17% increase on Distribution Charges. This increase is offset by the disposal of variance account balances resulting in overall bill reduction of -\$1,876.88 or -29.00%

Streetlighting customers using 68kW per month will see an increase of \$45,85 or 4.78% increase on Distribution Charges. This increase is offset by the disposal of variance account balances resulting in overall bill reduction of -\$125.16 or -3.78%

USL customers using 361kWh per month will see a decrease of \$51.54 or -65.47% increase on Distribution Charges. This increase is offset by the disposal of variance account balances resulting in overall bill reduction of -\$59.67 or -40.36%.

A full list of the bill impacts applicable to all customer classes is found in Exhibit 8, Section 8.1.15 of this application. All of Hydro 2000's customers will be affected by this application.²⁵

²⁴ MFR - Bill impacts - distribution only impacts for 750 kWh residential and 2000 kWh GS<50 (sub-total A of Tariff Schedule and Bill Impact Spreadsheet Model) to be used for notice

²⁵ MFR - Statement identifying customers materially affected by the application including any change to any rate or charge and specific statement of what individual customer or customer groups would be affected by the proposed change

1

Table 15- Total Bill Impacts

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$5.76	18.9%	-\$1.15	-2.7%	-\$1.11	-2.1%	-\$1.15	-0.9%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$4.48	10.5%	-\$7.36	-10.0%	-\$7.25	-7.4%	-\$7.58	-2.7%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$91.36	19.2%	-\$1,674.33	-118.3%	-\$1,674.33	-64.0%	-\$1,876.88	-29.0%
STREET LIGHTING SERVICE CLASSIFICATION - RPP	kW	\$45.85	4.8%	-\$117.43	-10.3%	-\$117.43	-8.5%	-\$125.16	-3.8%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	-\$51.54	-65.5%	-\$52.83	-62.2%	-\$52.81	-59.1%	-\$59.67	-40.4%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$6.79	24.9%	\$4.82	15.5%	\$4.83	14.3%	\$5.08	9.2%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$5.76	18.9%	-\$1.05	-2.4%	-\$1.01	-1.9%	-\$1.13	-0.7%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$6.79	24.9%	\$4.85	15.4%	\$4.86	14.2%	\$5.50	8.3%

Subtotal A: represents the distributor's fixed and variable charges

Subtotal B: represents Subtotal A plus low voltage charges and deferral and variance rate riders

Subtotal C: represents Subtotal B network connection and transmission charge

Total Bill impacts includes Subtotal C and administrative charges, pass-through charges, commodity and taxes.

1.4.6 STATEMENT AS TO THE FORM OF HEARING REQUESTED²⁶

This Application is supported by written evidence. The written evidence will be pre-filed and may be amended from time to time, prior to the Board's final decision on the Application.

Hydro 2000 requests that pursuant to Section 34.01 of the Board's Rules of Practice and Procedure, this proceeding be conducted by way of written hearing in an effort to minimize costs but understands that if certain issues remain unsettled post settlement, the utility may be asked to participate in an oral hearing.

1.4.7 PROPOSED ISSUES LIST²⁷

In establishing the overall appropriateness of the proposed rates, Hydro 2000 anticipates that the following issues will be addressed by the Board and interveners.

Planning

Capital

Is the level of planned capital expenditures appropriate and is the rationale for planning and pacing choices appropriately and adequately explained, giving due consideration to:

- ✓ customer feedback and preferences
- ✓ productivity
- ✓ benchmarking of costs
- ✓ reliability and service quality
- ✓ impact on distribution rates
- ✓ trade-offs with OM&A spending
- ✓ government-mandated obligations, and
- ✓ the objectives of the Applicant and its customers.

²⁶ MFR - Form of hearing requested and why

²⁷ MFR - List of approvals requested (and relevant section of legislation), including accounting orders - a PDF copy of Appendix 2-A should be provided in this section

1 OM&A

2 Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices
3 appropriate and adequately explained, giving due consideration to:

- 4 ✓ customer feedback and preferences
- 5 ✓ productivity
- 6 ✓ benchmarking of costs
- 7 ✓ reliability and service quality
- 8 ✓ impact on distribution rates
- 9 ✓ trade-offs with capital spending
- 10 ✓ government-mandated obligations, and
- 11 ✓ the objectives of the Applicant and its customers.

12 Revenue Requirement

- 13 ✓ Are all elements of the Revenue Requirement reasonable, and have they been
- 14 appropriately determined in accordance with OEB policies and practices?
- 15 ✓ Has the Revenue Requirement been accurately determined based on these elements?

16 Load Forecast, Cost Allocation, and Rate Design

- 17 ✓ Are the proposed load and customer forecast, loss factors, CDM adjustments and
- 18 resulting billing determinants appropriate, and, to the extent applicable, are they an
- 19 appropriate reflection of the number and energy and demand requirements of the
- 20 applicant's customers?
- 21 ✓ Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios
- 22 appropriate?
- 23 ✓ Are the applicant's proposals, including the proposed fixed/variable splits, for rate design
- 24 appropriate?

25 Are the proposed Retail Transmission Service Rates and Low Voltage Service Rates appropriate?

26

1 Accounting

- 2 ✓ Have all impacts of any changes in accounting standards, policies, estimates and
3 adjustments been properly identified and recorded, and is the rate-making treatment of
4 each of these impacts appropriate?
- 5 ✓ Are the applicant's proposals for deferral and variance accounts, including the balances
6 in the existing accounts and their disposition, and the continuation of existing accounts
7 appropriate?

8 1.4.8 STATEMENT OF DEVIATION OF FILING REQUIREMENTS²⁸

9 Except where specifically identified in the Application, Hydro 2000 followed Chapter 2 of the
10 OEB's "Filing Requirements for Electricity Transmission and Distribution Applications," dated July
11 12, 2018 (the "Filing Requirements") as well as the Addendum to Filing Requirements For
12 Electricity Distribution Rate Applications - 2020 Rate Applications - Issued: July 15, 2019 in order
13 to prepare this application. The Excel version of the complete Cost of Service checklist is being
14 filed in conjunction with this application.

15 1.4.9 CHANGES IN METHODOLOGIES²⁹

16 The projections for the 2020 Test Year were prepared in accordance with Hydro 2000's budget
17 process as described in Section 1.5 of this Exhibit. All processes are in compliance with policies,
18 directives and rules and guidelines from the Ontario Energy Board and other regulators.

19 1.4.10 BOARD DIRECTIVE FROM PREVIOUS DECISIONS

20 At the date of this submission, Hydro 2000 is not aware of any Board Directives from any
21 previous Board Decisions and/or Orders that require addressing in this Application.³⁰
22

²⁸ MFR - Statement identifying all deviations from Filing Requirements; identify concerns with models or changes to models

²⁹ MFR - Statement identifying and describing any changes to methodologies used vs previous applications

³⁰ MFR - Identification of OEB directions from any previous OEB Decisions and/or Orders. The applicant must clearly indicate how these are being addressed in the current application (e.g., filing of a study as directed in a previous decision)

1 1.4.11 CONDITIONS OF SERVICE

2 The utility's most recent Conditions of Service are accessible on the utility's website at
3 <http://www.hydro2000.ca>. Hydro 2000 confirms that that the conditions of service do not
4 purport to establish any charges that are not approved as part of the posted tariff sheet
5 Conditions of Service but that the tariff sheet is posted on the utility's website.³¹

³¹ MFR - Reference to Conditions of Service - LDC does not need to file Conditions of Service, but must provide reference to website and confirm version is current; identify if there are changes to Conditions of Service (a) since last CoS application or (b) as a result of the current application. Confirmation that there are no rates and charges linked in the Conditions of Service that are not in the distributor's Tariff of Rates and Charges must be provided

1.4.12 ACCOUNTING STANDARDS FOR REGULATORY AND FINANCIAL REPORTING

Information presented in the application

Due to the timing of the filing of the herein Cost of Service application, Hydro 2000 has used its unaudited actual 2019 balances as opposed to budgeted numbers where available. The following information is being filed as part of this application

Capital Spending

- 2012-2018 Audited balances
- 2019 Unaudited Actual balances
- 2020 Budgeted balances

Operating Expenses

- 2012-2018 Audited balances (with corrections for journal entry errors (ref: Exhibit 4))
- 2019 Unaudited Actual balances
- 2020 Budgeted balances

Other Revenues

- 2012-2018 Audited balances
- 2019 Unaudited Actual balances
- 2020 Budgeted balances

10 Year Load Forecast

- 2009-2019 Actuals
- 2020 Forecasted using regression analysis

RTSR

- 2018 Actuals (due to the availability of UTR rates)

1 Accounting Standard used in Application

2 Hydro 2000 confirms that it made the required changes to its depreciation rates in 2013. Hydro
3 2000 adopted MIFRS in January of 2015. The details with respect to these changes are provided
4 in Exhibit 2 and Exhibit 4. Details with respect to the new useful lives applied to capital assets
5 and the resulting impact on depreciation are shown in Exhibit 4.

6 In accordance with the Filing Requirements, Hydro 2000 has provided information for the
7 historical years using modified CGAAP presentation for 2012/2013/2014 and MIFRS for 2015.
8 Hydro 2000 has provided the 2019 Bridge Year based on MIFRS and the 2020 Test Year is
9 presented on an MIFRS basis.³²

10 Changes in Tax Status:³³

11 Hydro 2000 is a corporation incorporated pursuant to the Ontario Business Corporations Act
12 and has not had a change in tax status since its last Cost of Service Application.

13 Existing/Proposed Accounting Orders³⁴

14 The Accounting Standard Board ("AcSB") adopted MIFRS for qualifying rate-regulated entities
15 on January 1, 2015. In accordance with a Board's letter of July 17, 2013, electricity distributors
16 electing to remain on CGAAP were required to implement regulatory accounting changes for
17 depreciation expenses and capitalization policies by January 1, 2013.

18 Hydro 2000 confirms it implemented the regulatory accounting changes for depreciation in
19 2013. The herein 2020 Cost of Service Application is being filed based on the MIFRS accounting
20 basis.

21

³² MFR - State accounting standard(s) used in historical, bridge and test years. Provide a summary of changes to its accounting policies made since the applicant's last cost of service filing. Identify all material changes or confirm no material changes in the adoption of IFRS. Appendix 2-Y

³³ Any change in tax status

³⁴ Accounting Standards used for financial statements and when adopted

1 Employee Pension and Benefits.

2 Hydro 2000 does have any Employee Future Benefits (“EFB”) and as such, has recorded costs in
3 OM&A in USoA 5645. The topic is discussed further in Exhibit 4.

4 Compliance with the Uniform System of Accounts³⁵

5 Hydro 2000 strives to follow the accounting principles and main categories of accounts as stated
6 in the OEB’s Accounting Procedures Handbook (the “APH”) and the Uniform System of Accounts
7 (“USoA”) in the preparation of this Application.

8 That being said, in the process of preparing the herein application, the utility came across
9 accounting entry errors which it corrected for the purpose of the application. These corrections
10 pertain for the most part to OM&A accounts and are highlighted in Exhibit 4. The idea behind
11 correcting them in the application was for Board Staff and the interveners to have a clear picture
12 of year over year variance analysis and a clear understanding of the trend in OM&A.

13 The useful lives proposed by Hydro 2000 in this Application are consistent with the typical useful
14 lives in the Kinectrics Report commissioned by the OEB dated July 8, 2010. Hydro 2000’s
15 accounting methodology change in this regard took effect in 2013 pursuant to Board policy.

16 Hydro 2000 has never capitalized administration and other general overhead costs, which is, in
17 any event, no longer permitted under MIFRS.

18 Hydro 2000 has also adopted the various account changes prescribed by the Board in relation to
19 the USoA (Article 210 – Chart of Accounts and Account 220 – Account Descriptions). Consistent
20 with recent applications to the Board, Hydro 2000 no longer includes PST in its OM&A cost
21 estimates. Regulatory costs for 2020 have been normalized by allocating one fifth of those
22 costs to the 2020 Test Year.

³⁵ Existing accounting orders and departures from the accounting orders and USoA

1 Monthly Billing³⁶

2 Hydro 2000 confirms that all its customers are billed on a monthly basis as of 2011.

3 Implementation of New Accounting Guidance for 1588/1589³⁷

4 • Upon review of the OEB Guidance on RPP Settlements and claims process, Hydro 2000,
5 along with its accountants/auditors, confirm that, to the best of its knowledge, it followed the
6 guidance from the May 23 letter and does its "true-up" process monthly.

7 • Upon review of the new accounting guidance related to accounts 1588 and 1589 – Feb
8 21, 2019, Hydro 2000, along with its accountants/auditors Deloitte, confirm that it complies with
9 the new policies that have come in effect on August 31, 2019. Hydro 2000 does not report any
10 adjustments as it uses actual numbers for accounts 1588 and 1589.

11 • Hydro 2000 confirms that it has not gone back to historical years and apply the new
12 guidance retroactively.

13 • Hydro 2000 notes that it underwent an OEB audit for account 1588/1589. As part of the
14 audit, Hydro 2000 was asked by the OEB to complete an internal review of the balances in 1588
15 and 1589 going back to the last disposition.

16

17 1.4.13 ACCOUNTING TREATMENT OF NON-UTILITY RELATED BUSINESS

18 Up until the new government and OEB guidance related to Conservation and Demand Side
19 Management initiatives, Hydro 2000 was engaged in the delivery of the Independent Electricity
20 System Operator's ("IESO") (previously before amalgamation it was the Ontario Power Authority)
21 conservation and demand management programs. With the exception of 2015 where the

³⁶ MFR - Statement confirming that the distributor will have implemented monthly billing for all customers by December 31, [Hist_Year2]

³⁷ MFR - Statement confirming that the distributor will have implemented monthly billing for all customers by December 31, [Hist_Year2]

1 previous manager applied the OPA remittance to his salary in an effort to reduce OM&A (Hydro
2 2000 notes that the error was a one-time accounting error and was corrected in subsequent
3 years.), the accounting for these activities has been segregated from Hydro 2000's rate
4 regulated activities in accordance with the Board's Accounting Procedures Handbook for
5 Electricity Distributors.

6 Hydro 2000 does not engages in non-utility related activities.³⁸

7 1.4.14 OPERATING ENVIRONMENT

8 Hydro 2000 is incorporated under the Ontario Business Corporations Act and is 100%
9 owned by the Township of Alfred Plantagenet. Hydro 2000 is managed by a Board of
10 Directors appointed by the Township of Alfred Plantagenet. Hydro 2000 has 3
11 employees: a General Manager, a billing clerks and a Customer Service Representative.

12 Hydro 2000 expects the status quo for the business conditions over the planning horizon
13 of this report; no growth and no decline. There are no known expansion plans for
14 industrial, commercial or residential segments of the economy nor are there any known
15 planned closures in the industrial or commercial segments of the economy. The lack of
16 change in the economy means that there is no growth-based capital work proposed by
17 Hydro 2000.

³⁸ MFR - Confirmation that accounting treatment of any non-utility business has segregated activities from rate regulated activities

1.4.15 CORPORATE ORGANIZATION

Hydro 2000 employs a workforce of 3 people.³⁹

Manager:

Manage, supervise, coordinate, guide and control all operations of the LDC while accomplishing their task following OEB procedures and the Board of Directors instructions.

The Manager is responsible for the administration and all Hydro 2000 businesses. The Manager fulfill the tasks assigned by the Board of Directors and supply the Board of Directors with related information and expertise necessary for decision making.

Administrative Coordinator:

Under the supervision of the Manager, the Administrative Coordinator assist the Manager in reports preparation, assist the billing process, maintain the inventory up to date, plan and coordinate new construction, asset management and any tasks related to metering.

Client Services Clerk:

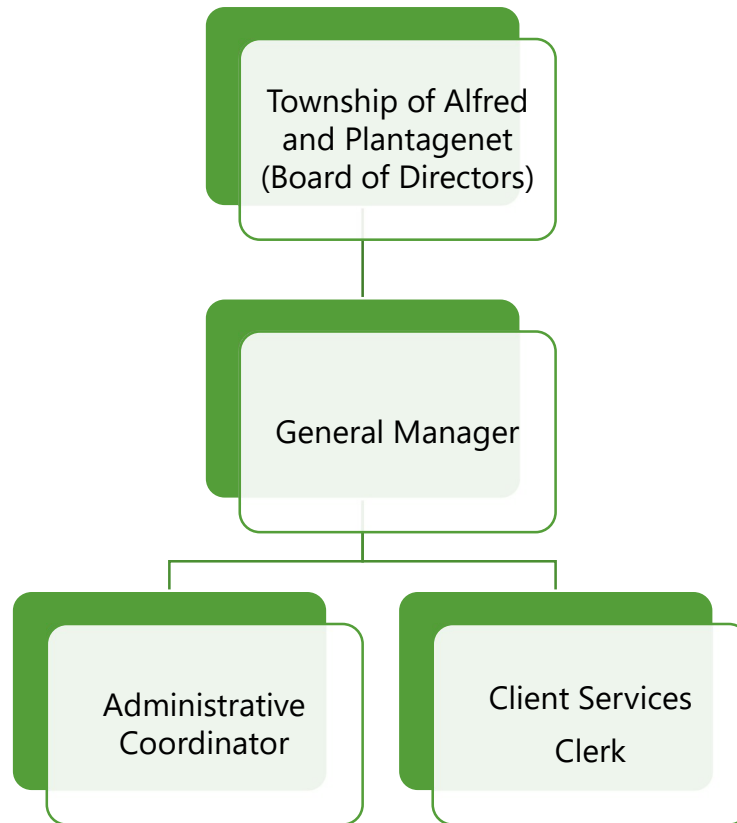
Under the supervision of the Manager, the Client Services Clerk greet the clients either in person, on the telephone or by mail and routes customers to the appropriate person. The Client Services person takes the payment, enter payment in system, go to the bank and the post office.

The above relationships are shown in the Utility Organization Chart at the next page.

A more detailed list of activities is presented at Exhibit 4.

³⁹ MFR - Description of the corporate and utility organizational structure, showing the main units and executive and senior management positions within the utility. Include a corporate entities relationship chart, showing the extent to which the parent company is represented on the utility company's Board of Directors and a description of the reporting relationships between utility and parent company management. Also include any planned changes in corporate or operational structure, including any changes in legal organization and control

1 **Table 16 - Organizational and Corporate Structure Chart (at time of filing)**



2

1.5 DISTRIBUTION SYSTEM OVERVIEW

1.5.1 APPLICANT OVERVIEW⁴⁰

Hydro 2000's service area is an embedded utility completely contained within the municipal boundaries of the Alfred and Plantagenet. The area is embedded within the Hydro One Networks Inc.

Hydro 2000 is a licensed electricity distribution business operating in the Township of Alfred and Plantagenet. Hydro 2000 has 22 kilometers of lines comprised of 18 kilometers of overhead lines and 3 kilometers of underground lines. The lines are made up of 10 kilometers of 3-phase wire, 2 kilometer of 2-phase wire, and 9 kilometers of single-phase wire. Hydro 2000 leases two distribution stations at 4.8KV each. These are supplied by the 44KV in Longueil TS. The first of the 4.8KV distribution station is located approximately 1 km outside of Alfred and the other is located in Plantagenet. The distributor does not have any transmission or high voltage assets deemed by the Board as distribution assets and as such is not seeking approvals from the Board in that regards.

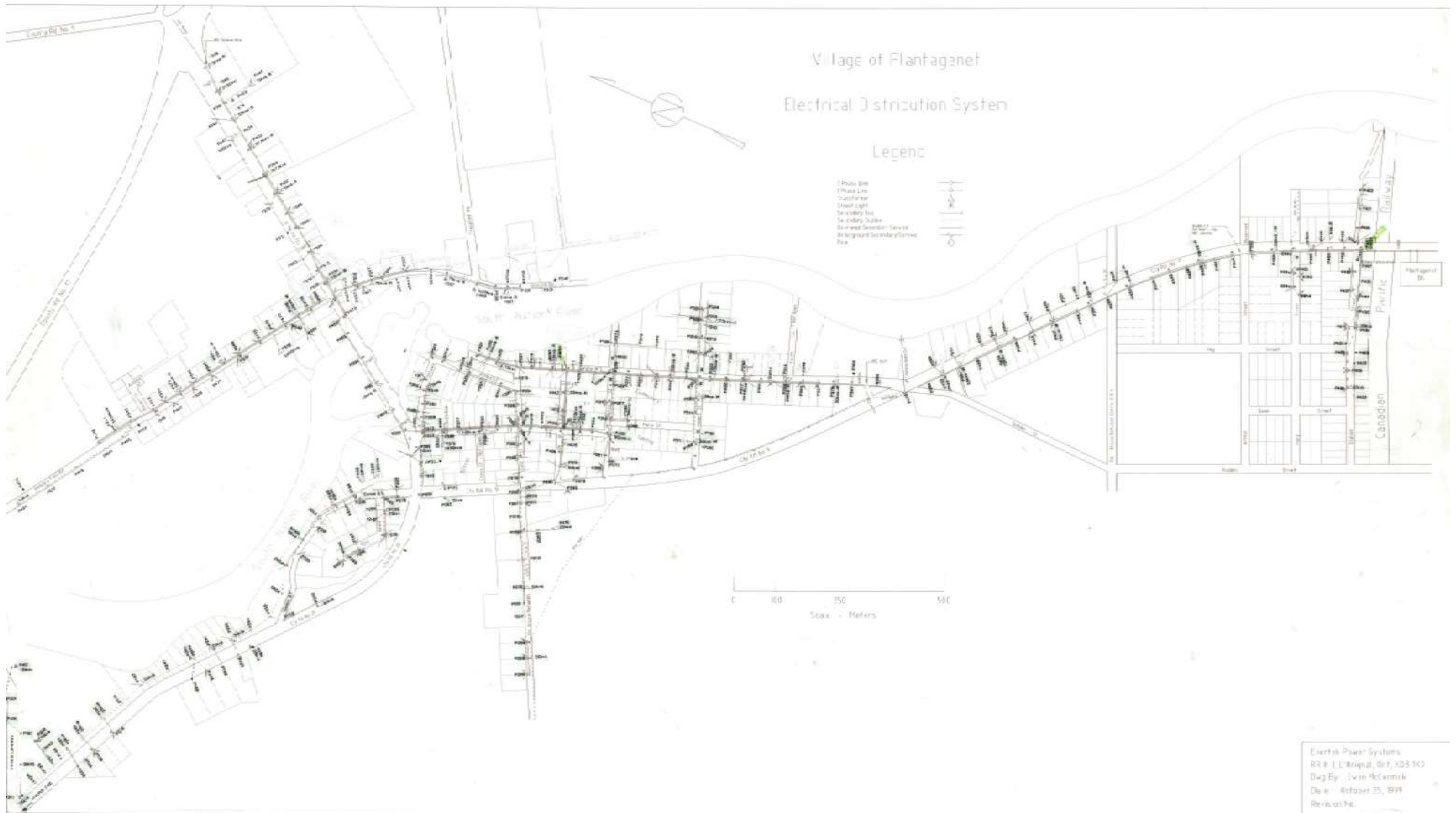
Hydro 2000's last Cost of Service application was for rates effective May 1, 2012. The map below shows the utility's service area.⁴¹

⁴⁰ MFR - Description of whether the distributor is a host distributor and/or embedded distributor. Identification of embedded and/or host distributors; if partially embedded provide %load from host distributor. If the distributor is a host, the applicant should identify whether there is a separate Embedded Distributor customer class or if any embedded distributors are included in other customer classes such as GS > 50 kW

⁴¹ MFR - Description of Service Area (including map, communities served)

Table 17 - Map of Service Area

Map of Plantagenet Service Area



1

Map of Alfred Service Area



2

1

Table 18 - Utility Description

<i>Service Area</i>	Description of Applicant (as of end of 2018)
<i>Community Served</i> <i># of Metered Customers</i>	Alfred and Plantagenet
	1085 Residential
	141 General Service
	12 Over 50
	0 USL
	370 Streetlights
<i>Host Distributor</i> <i>Load provided by host</i>	Hydro One
	Hydro One

2

1 Economic Overview

2 Hydro 2000's economic overview is also presented in section 2.1 of the Business Plan and
3 duplicated below for ease of reference.

4 H2000 expects the status quo for the business conditions over the planning horizon of this
5 report; no growth and no decline. There are no known expansion plans for industrial,
6 commercial or residential segments of the economy. The future of the local college building is
7 unknown. Besides that, there are no known planned closures in the industrial or commercial
8 segments of the economy. The lack of change in the economy means that there is no growth-
9 based capital work proposed by H2000

10 Introduction

11 The Township of Alfred and Plantagenet offers a unique charm of historical rural community,
12 nestled in Eastern Ontario along the Ottawa River. The township is made up of seven essentially
13 francophone villages including Alfred, Curran, Lefavre, Pendleton, Plantagenet, Treadwell and
14 Wendover. Near the town of Alfred, the Ontario Ministry of Natural Resources has designated
15 the Alfred Bog as "a provincial significant wetland and an Area of Natural and Scientific Interest".
16 The bog is open to the public with a 272 metre (892 ft) boardwalk of nature walks. The primary
17 economic engine is agriculture. With almost 40% of all the farms specialized in dairy
18 production, the dairy industry constitutes the principal activity of overall farming agriculture
19 operation in the region. The Township of Alfred and Plantagenet is reputed to having the
20 highest daily output of dairy across Canada.

21 Location

22 The Township of Alfred and Plantagenet is advantageously located between the major urban
23 centres of Ottawa and Montreal. County Road 17, which runs from Ottawa to Highway 417 near
24 the Quebec border provides a continuous flow of visitors to the region. In addition, Route 9
25 allows one to cross the region from north to south which will lead to Cornwall via Highway 138
26 and the village of Lefavre provides a ferry to access directly to the province of Quebec.

1 International travel can be accommodated at the Ottawa International airport and the Montreal
2 Pierre Elliott Trudeau International Airport.

3 **Climate**

4 The Township of Alfred and Plantagenet has a continental climate with cool winters, humid
5 summers and sort autumns and springs.

6 **Labour Force**

7 The Township of Alfred and Plantagenet is home to a labour force of 5,070 persons whom 720
8 are self-employed. Median income levels are slightly higher than the provincial average.

9 Participation rate is 60.3% is in line with 65.1% in Ontario. Employment rate is 53.9% in the
10 Township of Alfred and Plantagenet vs. 61.3% in Ontario and Unemployment rate is 5.3% in the
11 Township of Alfred and Plantagenet vs. 5.6% in Ontario.

12 The largest percentage of labour force (by industry) in the Township of Alfred and Plantagenet is
13 employed in the Construction which accounts for 16% of the labour force compared to 6.8% for
14 Ontario. The percentage of labour force in the Health care and social assistance industry (13.3%)
15 and in the Public Administration (11%) locally are also high. The largest public sector employer is
16 Valoris which is an agency for adult developmental services; Children's Aid society; mental
17 health services for children and families; agency for children and youth developmental services
18 and agency for gender-based violence services. The largest private sector employers are
19 Terimax Construction Inc with 45 employees and Bissonnette Valu-Mart with 35 employees.
20 37.6% of the population commute outside the census division of residence to work.

1 1.5.2 HOST /EMBEDDED DISTRIBUTOR

2 Hydro 2000 is an embedded distributor who receives electricity at distribution level voltages
3 from Hydro One Networks Inc.

4 Hydro 2000 does not have any embedded distributors within its territory. ⁴²

5 1.5.3 TRANSMISSION OR HIGH VOLTAGE ASSETS

6 Hydro 2000 does not own any transmission or high voltage assets."⁴³

⁴² MFR - Identification of embedded and/or host distributors, if partially embedded provide %load from host distributor. If the distributor is a host, the applicant should identify whether there is a separate Embedded Distributor customer class or if any embedded distributors are included in other customer classes such as GS > 50 kW

⁴³ MFR - Statement as to whether or not the distributor has had any transmission or high voltage assets deemed by the OEB as distribution assets and whether or not there are any such assets the distributor is seeking approval for in this application

1.6 MATERIALITY THRESHOLD

The Minimum Filing Requirements state that a distributor with a distribution revenue requirement less than \$10 million must use \$50,000 as a materiality threshold. With a proposed base revenue requirement of \$581,156, Hydro 2000 has used this amount as a materiality threshold throughout this application.⁴⁴

⁴⁴ MFR - Materiality threshold; additional details beyond the threshold if necessary

1.7 CUSTOMER ENGAGEMENT

1.7.1 OVERVIEW OF CUSTOMER ENGAGEMENT

Customer satisfaction largely depends on whether a utility's products or services fulfill a customer's expectations—i.e., whether it meets, exceeds, or falls short of expectations. Quantifying customer satisfaction involves accumulating customer perceptions, measured through bi-annual surveys—in H2000's case, using a 5- or 10-point scale, ranging from "poor" to "excellent. Customer Satisfaction Surveys are useful tools to understand how customers perceive the service they receive. H2000 is also embracing new ways to effectively connect with its customers such as the opening of a new Facebook and Twitter account, both launched in 2015 to help with customer communications for outages, safety and during conservation campaigns.

In advance of its 2020 Cost of Service, the utility opened lines of communication with its customers to get valuable feedback on the utility's proposed capital and operational budget. The utility further engaged with its customers using the following activities.

Website Update

The utility has updated its website to show its current and upcoming capital projects. This new section of the website will be updated monthly so that H2000's customers can understand and comment on the utility's decision regarding its operational and capital planning.

Info letter via bill insert

Bill inserts are an excellent way to communicate relevant information to our customers. Hydro 2000s has created an electronic letter which was posted on Facebook and Twitter.

Alignment of Goals to Needs and Preference of Customers

Hydro 2000's customer satisfaction results and finding based on discussions with its customers supports the valid hypothesis that good service—i.e., high levels of reliability, or low SAIDI—combined with reasonable prices are essential to satisfying customers. In other words, all customers expect reliable service at the lowest prices possible.

1 High level of reliability requires system-wide investments - notably enhancing the distribution
2 system to provide more reliable service can be expensive. Much like other utilities, Hydro 2000
3 must frequently consider trade-offs between costs and benefits; that is, to target initiatives that
4 will provide the biggest bang—or increase in customer satisfaction.

5 In addition to system-wide investments, Hydro 2000 continues to focus on maintaining its cost
6 as low as possible to demonstrate to customers that they are delivering as much value per dollar
7 as possible. Hydro 2000 has found that the key is to reach the right balance in delivering
8 initiatives, such a properly pacing upgrades to its distribution system when possible, all while
9 improving its customer interfaces or customizing customer engagement programs.

10 Although the utility did not receive much feedback from its customers, Hydro 2000 is confident
11 that with the communication plan in place, the utility's capital budget, as proposed in the
12 Distribution System Plan, supports Hydro 2000's customer priority and preferences. The priority
13 going forward is to maintain Hydro 2000's distribution assets in proper order and manage its
14 distribution system so that the utility can provide electricity to its customers in a reliable and
15 responsible manner. Other priorities involve maintenance of its poles and meters at a steady
16 pace to minimize rate shock.

17 Hydro 2000 is committed to providing its employees and third-party contractors which
18 represents the utility, with a safe and injury-free workplace as well as delivering its services in a
19 manner that ensures both customer and public safety. Hydro 2000's customers have high
20 expectations of reliability and Hydro 2000 strives to meet and exceed those expectations on a
21 daily basis, now and into the future, as demonstrated by Hydro 2000's comprehensive
22 Distribution System Plan.

23

1

Table 19 - OEB Appendix 2-AC – Customer Engagement Activities⁴⁵

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
Newsletter	No comments received	No action required
Information posted on the Website	No comments on proposed capital budget.	No action required
Customer Satisfaction Survey	List of comments is presented at Appendix E of this Exhibits	No action required

2

⁴⁵ MFR - Complete Appendix 2-AC Customer Engagement Activities Summary - identify how outcomes have shaped the application

1.7.2 CUSTOMER SATISFACTION SURVEY

As part of a commitment to provide customers with reliable and quality utility services that meet current and future needs, Hydro 2000 surveyed its customers in April of 2019 receiving 121 French responses and 13 English responses.

The objectives of the survey included measuring.

- ✓ Utility's overall performance.
- ✓ Reliability.
- ✓ Billing and Payment Options
- ✓ The quality of service provided by customer care.
- ✓ The quality of service provided by field employees.
- ✓ Customer support for greater use of renewable energy.
- ✓ Customer opinions regarding how aggressively sustainable practices should be pursued.
- ✓ Cost of Electricity
- ✓ Overall Performance

The survey was developed in-house through a collaborative effort of, Hearst Power Distribution Company Limited Inc. Hydro 2000., Hydro Hawkesbury, Cooperative Hydro Embrun and Hydro 2000 Inc.

The main purpose of the collaborative effort was to minimize the cost of the survey by the sharing of intellect and resources.

The utility used Survey Monkey to publish its survey and posted it on its website. A bill insert communicating the survey and prize was included in all bills. The ideal recommended sample size is determined to be 145. The margin of error is a measure of the precision of a sample estimate of the population value. It uses probability to substantiate the precision of a sample estimate by providing a range of values in which a sample value would be expected to fall. The utility received 121 responses. The utility understand that the results may not be entirely representative of the customer's opinion and the utility commits to trying to improve its

response rate in future surveys, however the utility submits that the 121 responses are the best results the utility could get. Going forward, the utility expects to focus its efforts on improving its communication with its customers.

The utility intends on continuing surveying its customers on a bi-annual basis in an effort monitor and assess residential and commercial customer knowledge, perceptions and satisfaction regarding utility services.

The utility calculated an overall satisfaction of Hydro 2000 customer who responded to the survey was 91.48%

Table 20 – Calculation of Overall Customer Satisfaction

<i>Response Percent</i>	Response Count	Max Value	Actual Total Value	%	
76.92%	10	4	40		40
23.08%	3	3	9		12
5.41%	0	2	0		0
0.68%	0	1	0		0
	13	1496	49	94.23%	52
<i>Response Percent</i>	Response Count	Max Value	Actual Total Value	%	
65.14%	71	4	284		284
31.19%	34	3	102		136
3.67%	4	2	8		16
0.00%	2	1	0		8
	111	1496	394	88.74%	444
					91.48%

1.8 LETTERS OF COMMENT

1.8.1 LETTERS OF COMMENT

In January of 2020, Hydro 2000 published a notice announcing its intent on filing an adjustment to its rates. The notice which is presented at Appendix F of this exhibit was posted on Facebook, included as part of the bills, posted in the newspaper and finally posted on the utility's website. The utility did not receive any responses or feedback from the posting.⁴⁶

⁴⁶ MFR - All responses to matters raised in letters of comment filed with the OEB.

1.9 SCORECARD ANALYSIS

1.9.1 SCORECARD RESULTS AND ANALYSIS⁴⁷

Discussion of performance of each of Hydro 2000's scorecard measures over the last five years is presented in Section 5.6 of the Business Plan and replicated below. Hydro 2000 notes that it has used the most up to date scorecard analysis as published on the OEB website.

	CUSTOMER FOCUS					
Performance Year	New Residential/Small Business Services Connected on Time (Target: 90%)	Scheduled Appointments Met on Time (Target: 90%)	Telephone Calls Answered on Time (Target: 65%)	Billing Accuracy (Target: 98%)	First Contact Resolution	Customer Satisfaction Survey Results
2018	100%	100%	99.95%	100	95.82%	91.48%
2017	100%	100%	100%	100	99.00%	99.00%
2016	100%	98.80%	99.70%	100	92%	98%
2015	100%	100%	99.60%	100	95%	97%
2014	0%	100%	99.40%	100	95%	97%

Customer Focus – Service Quality

From the period of 2014-2018, the utility 's scored high on most measures. Hydro 2000 notes that its service area has had no growth since its last Cost of Service in 2012. Distribution system investments to date have focused on sustaining the existing distribution system infrastructure. Hydro 2000 commits to focusing its services on providing the best service possible and maintaining or improving its overall scores going forward.

⁴⁷ MFR - Discussion of performance for each of the distributor's scorecard measures over the last five years; drivers for its performance, plans for continuous improvement, identify performance improvement targets, forecast of efficiency assessment using the PEG forecasting model for the test year, discussion on how distributor's self-assessment has informed its business plan and the application

1 Customer Focus – Customer Satisfaction

2 Hydro 2000 has conducted its bi-annual customer satisfaction survey which is presented at
3 Section 1.7 of this Exhibit. Customers are generally satisfied (91%) with Hydro 2000. While
4 Hydro 2000 manages less than 18% of the total customer bill, it continues its efforts to maintain
5 appropriate cost control while providing a safe and reliable delivery of power to its customers.

6

CUSTOMER SATISFACTION

Complaints

1.58 (2018)

This metric measures the number of complaints the Ontario Energy Board received from customers about matters within our authority. Complaints made directly to the utility are not reported here. We measure this per 1000 customers so utilities that serve much larger or smaller populations can be compared against each other.

Year	Complaints per 1000 customers	Total number of complaints
2013	0.00	0
2014	0.00	0
2015	1.63	2
2016	0.00	0
2017	0.00	0
2018	1.58	2

7

Performance Year	OPERATIONAL EFFECTIVENESS									
	Level of Public Awareness	Level of Compliance with Ontario Regulation 22/04 (Target: substantially compliant)	Number of General Public Incidents	Rate per 10, 100, 1000 km of line	Average Number of Times Power to Customer is Interrupted	Average Number of Hours Power to Customer is Interrupted	Distribution System Plan Implementation on Progress	Efficiency Assessment (1 = most efficient 5 = least efficient)	Total Cost (\$) per Customer	Total Cost (\$) per Km of Line
2018	99%	NC	0	0	0.81	0.04	25%	2	544	32704
2017	99%	NC	0	0	0	0	25.00%	2	565	33741
2016	83%	C	0	0	0	0	45%	2	496	31348
2015		C	0	0	0.06	0.03	30%	3	545	31773
2014		C	0	0	0.01	0.01	In Progress	3	480	27930

8 Operational Effectiveness – System Reliability

9 With the new Distribution System Plan, the reliability of the system and re-investment in the
10 distribution system infrastructure will be the focus Hydro 2000 going forward. 2018 showed
11 abnormally high indicators however, other years show excellent results.

Operational Effectiveness – Asset Management

The Distribution System Plan detailing the utility's historical and projected capital plan can be found in Exhibit 2 of this application.

Operational Effectiveness – Cost Control

Hydro 2000 has been assigned a Group 2 efficiency ranking since 2016. Hydro 2000 is projected to be promoted to Group 1 if new rates are approved which is well beyond industry standards. Despite being in Group 1, the utility continues to strive to achieve greater efficiency through productivity improvements and cost control, without compromising safety and reliability. The utility commits to continue to look for ways of finding efficiencies in its Operation and Maintenance for the next rate period.

	FINANCIAL PERFORMANCE			
Performance Year	Liquidity: Current Ratio	Leverage: Total Debt to Equity Ratio	Profitability: Regulatory Return on Equity – Deemed	Profitability: Regulatory Return on Equity – Achieved
2018	2	0	9.12%	-7.16%
2017	0.77	0.3	9.12%	-6.52%
2016	1.07	0.01	9.12%	5.25%
2015	1.75	0	9.12%	11.22%
2014	1.74	0.05	9.12%	31.78%

Financial Performance – Financial Ratios

Hydro 2000 has struggled in the past to keep its ROE in line with its Deemed ROE of 9.12% a task which is sometimes difficult for small utilities where any spending out of the ordinary can have a material effect on results. Under the new management team, the utility has put financial tools in place to monitor its budgets and compare them to its approved budgets to ensure that

1 they are kept in line with its deemed results. Hydro 2000 anticipates more stable results between
2 the current rebasing and next rebasing.

3 Overall

4 Hydro 2000 has continued to reflect a customer focused, financially sound, safe and reliable
5 Local Distribution Company. Customer satisfaction and feedback inform and influence Hydro
6 2000's operations, which are reflected in the continued low number of dissatisfied customers.
7 Hydro 2000 continues to be a financially strong company that re-invests in technology that will
8 bring improvements to customer interactions, system reliability, and safety.

9 The table below shows the current Scorecard on the OEB website.

Scorecard - Hydro 2000 Inc.

9/29/2019

Performance Outcomes	Performance Categories	Measures	2014	2015	2016	2017	2018	Trend	Target	
									Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time		100.00%	100.00%	100.00%	100.00%	→	90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	98.80%	100.00%	100.00%	→	90.00%	
		Telephone Calls Answered On Time	99.40%	99.60%	99.70%	100.00%	99.95%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution	95%	95%	92%	99.00%	95.82%			
		Billing Accuracy	99.86%	99.98%	99.93%	99.95%	99.87%	↑	98.00%	
		Customer Satisfaction Survey Results	97%	97%	98%	99.00%	91.48%			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness		83.00%	83.00%	99.00%	99.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	NC	NC	↓		C
		Serious Electrical Incident Index	0	0	0	0	0	→		0
		Number of General Public Incidents Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	→		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.01	0.03	0.00	0.00	0.04	↑		0.78
		Average Number of Times that Power to a Customer is Interrupted ²	0.01	0.06	0.00	0.00	0.81	↓		0.40
	Asset Management	Distribution System Plan Implementation Progress	in progress	30%	45%	25.00%	25%			
	Cost Control	Efficiency Assessment	3	3	2	2	2			
		Total Cost per Customer ³	\$480	\$545	\$496	\$565	\$544			
		Total Cost per Km of Line ³	\$27,930	\$31,773	\$31,348	\$33,741	\$32,704			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings ⁴		5.93%	25.15%	52.40%	63.00%			1.36 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
		New Micro-embedded Generation Facilities Connected On Time							90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.74	1.75	1.07	0.77	2.00			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.05	0.00	0.01	0.30	0.00			
		Profitability: Regulatory Return on Equity	9.12%	9.12%	9.12%	9.12%	9.12%			
		Deemed (included in rates) Achieved	31.78%	11.22%	5.25%	-6.52%	-7.16%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).

2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.

3. A benchmarking analysis determines the total cost figures from the distributor's reported information.

4. The CDM measure is based on the 2015-2020 Conservation First Framework. 2018 results are based on the IESO's unverified savings values contained in the March 2019 Participation and Cost Report.

Legend: 5-year trend
 up down flat
 Current year
 target met target not met

1.10 FINANCIAL INFORMATION

1.10.1 FINANCIAL RESULTS

Hydro 2000's financial performance has been unstable since its last Cost of Service application in 2012. Over the past six years, Hydro 2000 has seen its income fluctuate from a deficiency of - \$65K in 2017 to a sufficiency of \$74K 2014. The revenue deficiency for 2019 is expected to be 6K and its 2020 deficiency to disappear with the implementation of new rates.

Going forward and under the oversight of new management and a new board of directors, the utility plans on budgeting and tracking its spending in a way that it stays well within the Board Approved range.

Actual Return vs. Allowed Return

Profitability: Regulatory Return on Equity – Deemed (included in current rates) vs Achieved (2018)

Hydro 2000's current distribution rates were approved by the OEB in 2012 and included an expected (deemed) regulatory return on equity of 9.12%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity.

Hydro 2000's actual return on equity has historically been outside of the dead band of 3% which indicates either an overearning or underearning in comparison to the Board Approved 2012 rate of return.

Unplanned or unusually large expenses tend to have more impact on small utilities than on large utilities. That said, in anticipation of an on-going disproportion in ratios, Hydro 2000 has put special financial management tools in place to make the most efficient and practical use of their resources.

Table 21 – Return on Equity Table

<i>Year</i>	Profitability (Approved ROE)	Regulatory Return on Equity (Achieved ROE)
2012	9.12	-17.49
2013	9.12	7.40
2014	9.12	31.76
2015	9.12	11.22
2016	9.12	5.25
2017	9.12	-6.25
2018	9.12	-0.07

Profit and Loss

Outlined below, and in the following table, are some of the essential components of the projected profit and loss for Hydro 2000:

- ✓ Operating Revenues for 2020 are forecast to be and \$609,512
- ✓ Cost and Depreciation Expenses for 2020 are predicted to be \$507,699 and \$47,219.
- ✓ Taxes for 2020 are predicted to be \$0.

The net profit/loss for 2020 are forecast to be \$35,002

Hydro 2000 anticipates that under the new management and with the new financial tracking tools in place, the utility will be able to maintain its utility income at the level approved by its regulator.

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Table 22 - Profit and Loss Table

WCA	Board Approved	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cost of Power	2,424,532	1,840,830	1,481,131	2,130,330	2,064,481	2,894,613	2,509,801	1,431,875	3,101,041	3,090,754
WCA Rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	7.50%
<i>WCA total</i>	<i>423,915</i>	<i>339,939</i>	<i>281,117</i>	<i>372,698</i>	<i>375,266</i>	<i>499,572</i>	<i>452,040</i>	<i>282,696</i>	<i>541,387</i>	<i>269,884</i>

Derivation of Utility Income	Board Approved	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Operating Revenues										
Distribution Revenues	515,507	447,639	502,576	510,110	532,907	501,899	515,176	525,153	584,399	581,156
Other Revenue	23,303	106,979	15,795	52,909	25,492	48,798	36,359	53,142	44,493	28,356
Total Operating Revenues	538,810	554,617	518,371	563,018	558,399	550,697	551,535	578,295	628,892	609,512
OM&A Expenses	401,566	425,428	392,980	354,325	437,292	435,869	503,796	452,766	508,206	507,699
Depreciation & Amortization	76,703	160,881	61,981	58,304	51,899	52,237	47,324	45,712	40,128	47,219
Property and Taxes										
Total Costs & Expenses	478,269	586,308	454,961	412,628	489,191	488,106	551,120	498,478	548,333	554,918
Deemed Interest Expenses	24,842	20,638	26,415	9,632	5,849	2,848	1,855	3,525	30,275	19,592
Total Expenses	503,111	606,947	481,376	422,260	495,040	490,954	552,975	502,003	578,608	574,510
Utility Income before Income Taxes / PILs	35,699	-52,329	36,995	140,758	63,359	59,743	-1,440	76,292	50,284	35,002
PILs / Income Taxes	187	-8,536	5,734	21,817	9,905	6,769	-215	6,849	952	0
Adjustments for FS purposes (donations)										
Utility Income	35,512	-43,793	31,261	118,941	53,454	52,974	-1,225	69,443	49,701	35,009
Deemed ROE	9.12	9.12	9.12	9.12	9.12	9.12	9.12	9.12	9.12%	8.52%
Actual ROE		-17.49	7.40	31.76	11.22	5.25	-6.25	-0.07		

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RATE BASE AND REVENUE DEFICIENCY

As shown in the following table, Hydro 2000's revenue deficiency has fluctuated since the last Board Approved rates in 2012. The necessity for new rates is to support an increase in OM&A of \$98,248. The increase is due to a growing need for 3rd party services in order to meet the regulator's requirements, inflationary increases. This is an indication that the utility's costs have exceeded its revenues and as such better aligned rates are needed.

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Table 23 - Table of Rate Base and Revenue Deficiency

	Board Approved	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2013	2014	2015	2016	2017	2018	2019	2020
Utility Income	35,512	-43,793	31,261	118,941	53,454	52,974	-1,225	69,443	49,331	35,002
Gross Fixed Assets (year end)	1,042,597	1,167,876	1,193,328	1,272,712	1,356,273	924,881	974,476	884,272	978,951	1,170,249
						-133,914	-129,142	0	0	0
Capital Expenditures (additions)	474,595	227,037	25,452	79,385	83,561	-431,392	49,595	-9,0204	116,554	191,298
Accum Depreciation	-493,060	-617,558	-679,539	-737,842	-835,136	-178,322	-229,644	-278,563	-294,817	-340,036
Remove Non-Distribution Assets (2180 or 1576)					0					
Net Fixed Assets	549,537	550,318	513,789	534,870	521,137	612,646	615,690	605,708	684,134	830,214
Average Net Fixed Assets	549,537	502,411	532,054	524,330	528,004	566,891	614,168	610,699	644,921	757,174
Utility Rate Base	973,451	842,349	813,170	897,028	903,269	1,066,464	1,066,207	893,395	1,186,308	1,027,058
Deemed Equity Portion of Rate Base	389,381	336,940	325,268	358,811	361,308	426,585	426,483	357,358	474,523	410,823
Income/(Equity Portion of Rate Base)	9.12%	-5.20%	3.84%	13.26%	5.92%	4.97%	-0.11%	7.77%	4.16%	3.41%
Indicated Rate of Return	6.20%	-2.75%	7.09%	14.33%	6.57%	5.23%	0.06%	8.17%	6.71%	5.32%
Approved Rate of Return	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	5.32%
Sufficiency / (Deficiency) in Return	0.00%	(8.95%)	0.89%	8.13%	0.37%	(0.97%)	(6.14%)	1.97%	0.51%	0.00%
Equity	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Short Term Debt	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Long Term Debt	56%	56%	56%	56%	56%	56%	56%	56%	56%	56%
Equity Return	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	8.52%
Short Debt Return	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%	2.75%
Long Debt Return	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	3.21%
Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Net Revenue Sufficiency / (Deficiency)	0	-75,381	7,259	72,957	3,300	-10,299	-65,475	17,578	6,055	0

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Going forward, Hydro 2000 commits to being financially responsible in controlling capital and OM&A expenditures to provide a rate of return within the OEB allowed a return on equity is thereby meeting the shareholder's expectations while continuing to reinvest in its distribution system to meet customer expectations and operational efficiencies for the safe and reliable delivery of electricity.

1.10.1 HISTORICAL FINANCIAL STATEMENTS

The following attachments are presented in this next section.⁴⁸

- ✓ Appendix A Year ended 31 December 2013 (compared to 2012)
- ✓ Appendix B Year ended 31 December 2015 (compared to 2014)
- ✓ Appendix C Year ended 31 December 2017 (compared to 2016)

1.10.2 RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND RESULTS FIELD⁴⁹

A detailed reconciliation between the financial results shown in Hydro 2000's RRR filings, Audited Financial Statements and with the regulatory financial results filed in the application is presented in Appendix A-C of this Exhibit. All variances are as a result of the audit of account 1595 which still ongoing as at the time of the filing.

⁴⁸ MFR - Non-consolidated Audited Financial Statements for 2 most recent years (i.e. 3 years of historical actuals)

⁴⁹ MFR - Detailed reconciliation of AFS with regulatory financial results filed in the application, with identification of any deviations that are being proposed

1.10.3 ANNUAL REPORT

Hydro 2000 does not publish an annual report to its shareholders.⁵⁰

1.10.4 PROSPECTUS AND RECENT DEBT/SHARE ISSUANCE UPDATE

Hydro 2000 does not issue debt or share nor do they publish any prospectus.⁵¹

1.10.5 OTHER RELEVANT INFORMATION

Distributor Consolidation

Hydro 2000 has not nor is currently contemplating selling its utility or amalgamating with other utilities and as such, no savings are identified in this application.⁵²⁵³

Hydro 2000 has never applied or been approved for and ICM/ACM.⁵⁴

The utility does not have any additional or relevant information other than what is being filed in this application.

⁵⁰ MFR - Annual Report and MD&A for most recent year of distributor and parent company, if applicable

⁵¹ MFR - Rating Agency Reports, if available; Prospectuses, etc. for recent and planned public issuances

⁵² MFR - If a distributor has acquired or amalgamated with another distributor, identify any incentives that formed part of the acquisition or amalgamation transaction if the incentive represents costs that are being proposed to remain or enter rate base and/or revenue requirement.

⁵³ MFR - Description of actual savings as a result of consolidation compared to what was in the approved consolidation application and explanation of how savings are sustainable and the efficacy of any rate plan approved as part of the MAADs application

⁵⁴ MFR - Identify approved ACM or ICM from a previous Price Cap IR application it proposes be incorporated into rate base.

1 APPENDICES

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Appendix A	Financial Statements 2012 / 2013
Appendix B	Financial Statements 2014 / 2015
Appendix C	Financial Statements 2016 / 2017
Appendix D	Financial Statements 2017 / 2018
Appendix E	Reconciliation for RRR to FS
Appendix F	Survey Results
Appendix G	Newsletter
Appendix H	PDF of List of Approvals

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Appendix A Financial Statements 2012 / 2013

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Financial statements of
États financiers de

Hydro 2000 Inc.

December 31, 2013
31 décembre 2013

Hydro 2000 Inc.

December 31, 2013

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Hydro 2000 Inc.

31 décembre 2013

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État des résultats et bénéfices non répartis	3
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État des flux de trésorerie	5
Notes complémentaires des états financiers	6 - 16

Independent Auditor's Report

To the Directors of Hydro 2000 Inc.

We have audited the accompanying financial statements of Hydro 2000 Inc., which comprise the balance sheet as at December 31, 2013, and the statements of earnings and retained earnings and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hydro 2000 Inc. as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

March 17, 2014

Rapport de l'auditeur indépendant

Aux administrateurs de Hydro 2000 Inc.

Nous avons effectué l'audit des états financiers ci-joints de Hydro 2000 Inc. qui comprennent le bilan au 31 décembre 2013, et les états des résultats et bénéfices non répartis et des flux de trésorerie pour l'exercice clos à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux principes comptables généralement reconnus du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Responsabilité de l'auditeur

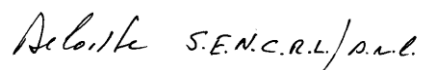
Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Opinion

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de Hydro 2000 Inc. au 31 décembre 2013, ainsi que de ses résultats d'exploitation et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux principes comptables généralement reconnus du Canada.



Comptables professionnels agréés, Comptables agréés
Experts-comptables autorisés

Le 17 mars 2014

Hydro 2000 Inc.

Statement of earnings and retained earnings

year ended December 31, 2013

Hydro 2000 Inc.

État des résultats et bénéfices non répartis

de l'exercice clos le 31 décembre 2013

	2013	2012	
	\$	\$	
Revenues			Revenus
Energy (Note 12)	1,481,130	1,840,830	Énergie (note 12)
Distribution (Note 12)	502,576	447,639	Distribution (note 12)
Other operating revenues	34,949	106,979	Autres revenus d'exploitation
	2,018,655	2,395,448	
 Cost of power	 1,481,130	 1,840,830	 Coût de l'énergie
	537,525	554,618	
 Expenses			 Charges
Administration	44,631	42,384	Administration
Amortization of capital assets	66,042	166,894	Amortissement des immobilisations corporelles
Amortization of contributions for capital assets	(4,061)	(6,013)	Amortissement des apports pour immobilisations corporelles
Billing and collection	240,434	262,260	Facturation et perception
Operation	153,484	141,422	Exploitation
	500,530	606,947	
 Earnings (loss) before income taxes	 36,995	 (52,329)	 Bénéfice (perte) avant impôts sur les bénéfices
 Income taxes			 Impôts sur les bénéfices
Current (recovered)	20,329	(13,735)	Exigibles (recouvrés)
Future	(14,595)	5,199	Futurs
	5,734	(8,536)	
 Net earnings (loss)	 31,261	 (43,793)	 Bénéfice net (perte nette)
Retained earnings, beginning of year	320,565	364,358	Bénéfices non répartis au début
Retained earnings, end of year	351,826	320,565	Bénéfices non répartis à la fin

Hydro 2000 Inc.
Balance sheet
as at December 31, 2013

Hydro 2000 Inc.
Bilan
au 31 décembre 2013

	2013	2012	
	\$	\$	
Assets			Actif
Current assets			À court terme
Cash	279,028	156,355	Encaisse
Accounts receivable (Note 5)	238,067	191,010	Débiteurs (note 5)
Income taxes receivable	-	29,735	Impôts sur les bénéfices à recevoir
Prepaid expenses	8,596	8,621	Frais payés d'avance
	525,691	385,721	
Capital assets (Note 6)	513,789	550,318	Immobilisations corporelles (note 6)
Regulatory assets (Note 7)	109,949	232,173	Actifs réglementaires (note 7)
Future income taxes	10,684	-	Impôts futurs
	1,160,113	1,168,212	
Liabilities			Passif
Current liabilities			À court terme
Accounts payable and accrued liabilities (Note 8)	107,219	72,406	Créditeurs et charges à payer (note 8)
Other current liabilities	138,116	182,217	Autres passifs à court terme
Income taxes payable	22,329	-	Impôts sur les bénéfices à payer
			Tranche du billet à payer échéant à moins d'un an (note 9)
Current portion of note payable (Note 9)	38,789	36,741	Tranche des passifs réglementaires et autres passifs à long terme échéant à moins d'un an (note 10)
Current portion of regulatory and other long-term liabilities (Note 10)	26,104	78,313	
	332,557	369,677	
Note payable (Note 9)	40,952	79,741	Billet à payer (note 9)
Regulatory and other long-term liabilities (Note 10)	126,043	85,583	Passifs réglementaires et autres passifs à long terme (note 10)
Future income taxes	-	3,911	Impôts futurs
	499,552	538,912	
Commitments (Note 14)			Engagements (note 14)
Shareholder's equity			Capitaux propres
Share capital (Note 11)	308,735	308,735	Capital-actions (note 11)
Retained earnings	351,826	320,565	Bénéfices non répartis
	660,561	629,300	
	1,160,113	1,168,212	

Approved by the Board

Director

Director

Au nom du conseil

administrateur

administrateur

Hydro 2000 Inc.
Statement of cash flows
year ended December 31, 2013

Hydro 2000 Inc.
État des flux de trésorerie
de l'exercice clos le 31 décembre 2013

	2013	2012	
	\$	\$	
Operating activities			Activités d'exploitation
Net earnings (loss)	31,261	(43,793)	Bénéfice net (perte nette)
Items not affecting cash:			Éléments sans effet sur la trésorerie :
Amortization of capital assets	66,042	166,894	Amortissement des immobilisations corporelles
Amortization of contributions for capital assets	(4,061)	(6,013)	Amortissement des apports pour immobilisations corporelles
Gain on sale of capital assets	-	(3,575)	Gain à la cession d'immobilisations corporelles
Future income taxes	(14,595)	5,199	Impôts futurs
Changes in non-cash operating working capital items (Note 13)	(4,256)	(43,102)	Variation des éléments hors caisse du fonds de roulement d'exploitation (note 13)
	74,391	75,610	
Investing activities			Activités d'investissement
Purchase of capital assets	(28,790)	(41,847)	Acquisition d'immobilisations corporelles
Proceeds from sale of capital assets	-	9,627	Produit de la cession d'immobilisations corporelles
Decrease (increase) of regulatory assets	122,224	(123,180)	Diminution (augmentation) des actifs réglementaires
	93,434	(155,400)	
Financing activities			Activités de financement
Increase in contributions for capital assets	3,338	2,157	Augmentation des apports pour immobilisations corporelles
Repayment of note payable	(36,741)	(34,800)	Remboursement du billet à payer
Decrease of regulatory and other long-term liabilities	(11,749)	(16,571)	Diminution des passifs réglementaires et autres passifs à long-terme
	(45,152)	(49,214)	
Net increase (decrease) in cash	122,673	(129,004)	Augmentation (diminution) nette de l'encaisse
Cash, beginning of year	156,355	285,359	Encaisse au début
Cash, end of year	279,028	156,355	Encaisse à la fin

Additional information is presented in Note 13.

Des renseignements complémentaires sont présentés à la note 13.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

1. Description of business

Hydro 2000 Inc. (the "Corporation"), incorporated under the Ontario Business Corporations Act, is engaged in the sale and distribution of electricity.

2. Future accounting changes

New accounting framework

The Corporation, a qualifying entity with rate-regulated activities, selected the option proposed by the Canadian Accounting Standards Board to defer its adoption of International Financial Reporting Standards for the first time until its period beginning on January 1, 2015. The impact of this transition has not yet been determined.

3. Changes in accounting estimates

The Corporation reviewed the useful life of the capital assets prospectively. The impact was a reduction of the amortization of \$ 19,154. According to the Ontario Energy Board's instructions, the reduction was transferred to other regulatory assets. Reductions will be accounted for in a similar manner until the next rebasing and will be reimbursed to clients.

4. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for regulated entities as required by the Ontario Energy Board and set forth in the Accounting Procedures Handbook.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Corporation's designation of such instruments. Settlement date accounting is used.

Classification

Cash	Held for trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Other current liabilities	Other liabilities
Note payable	Other liabilities
Other long-term liabilities	Other liabilities

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

1. Description de l'entreprise

Hydro 2000 Inc. (la « Société »), constituée en vertu de la Loi sur les sociétés par actions de l'Ontario, se spécialise dans la vente et distribution de l'électricité.

2. Modifications futures comptables

Nouveau référentiel comptable

La Société, une entité admissible exerçant des activités à tarifs réglementés, a choisi l'option offerte par le Conseil des normes comptables du Canada de reporter la première application des normes internationales d'information financières jusqu'à son exercice ouvert à compter du 1^{er} janvier 2015. Les incidences de ce changement n'ont pas encore été évaluées.

3. Changements d'estimations comptables

La Société a révisé la durée de vie utile de ses immobilisations corporelles de façon prospective. L'impact a été une diminution de la charge d'amortissement de 19 154 \$. Selon les directives de la Commission de l'énergie de l'Ontario, cette diminution a été transférée dans les autres actifs réglementés. Les diminutions seront traitées de façon similaire jusqu'au prochain ajustement des taux et devront être remboursées aux clients.

4. Méthodes comptables

Les états financiers ont été préparés conformément aux principes comptables généralement reconnus du Canada (PCGR) pour les entités à tarif réglementés tel que requis par la Commission de l'énergie de l'Ontario et établis dans le "Accounting Procedures Handbook".

Instruments financiers

Les actifs financiers et les passifs financiers sont constatés initialement à la juste valeur et leur évaluation ultérieure dépend de leur classement, comme il est décrit ci-après. Leur classement dépend de l'objet visé lorsque les instruments financiers ont été acquis ou émis, de leurs caractéristiques et de leur désignation par la Société. La comptabilisation à la date de règlement est utilisée.

Classification

Encaisse	Détenus à des fins de transaction
Débiteurs	Prêts et créances
Créditeurs et charges à payer	Autres passifs
Autres passifs à court terme	Autres passifs
Billet à payer	Autres passifs
Autres passifs à long terme	Autres passifs

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

4. Accounting policies (continued)

Financial instruments (continued)

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other operating revenues.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest rate method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest rate method and include all financial liabilities, other than derivative instruments.

Transaction costs

Transaction costs related to financial assets held for trading are expensed as incurred. Transaction costs related to other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest rate method.

Capital assets and amortization

Capital assets are recorded at cost. Amortization is calculated on the basis of the straight-line method with reference to estimated useful lives of the assets in accordance with Ontario Energy Board policy with the following terms:

	<u>Years</u>
Computer equipment	5
Leasehold improvements	5
Office equipment	10
Distribution equipment	15 - 60
Capital contributions	15 - 60

According to the Accounting Procedures Handbook, acquisitions made during the year are amortized at half the normal rate.

The capital contributions are the portion funded by the owners or the developers for capital assets owned by the Corporation.

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

4. Méthodes comptables (suite)

Instruments financiers (suite)

Détenus à des fins de transaction

Les actifs financiers détenus à des fins de transaction sont des actifs financiers qui sont généralement acquis en vue d'être revendus avant leur échéance ou qui ont été désignés comme étant détenus à des fins de transaction. Ils sont mesurés à la juste valeur à la date de clôture. Les fluctuations de la juste valeur qui incluent les intérêts gagnés, les intérêts courus, les gains et pertes réalisés sur cession et les gains et pertes non réalisés sont inclus dans les autres revenus d'exploitation.

Prêts et créances

Les prêts et créances sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif.

Autres passifs

Les autres passifs sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif et comprennent tous les passifs financiers autres que les instruments dérivés.

Coûts de transaction

Les coûts de transaction liés aux actifs financiers détenus à des fins de transaction sont passés en charge au moment où ils sont engagés. Les coûts de transaction liés aux autres passifs et aux prêts et créances sont comptabilisés en diminution de la valeur comptable de l'actif ou du passif et sont ensuite constatés sur la durée de vie prévue de l'instrument selon la méthode du taux d'intérêt effectif.

Immobilisations corporelles et amortissement

Les immobilisations corporelles sont comptabilisées au coût. L'amortissement est calculé selon la méthode de l'amortissement linéaire réparti sur la durée estimative de vie utile de l'immobilisation selon les politiques de la Commission de l'énergie de l'Ontario aux termes suivants :

	<u>Années</u>
Équipement informatique	5
Améliorations locatives	5
Équipement de bureau	10
Équipement de distribution	15 - 60
Apports en immobilisations	15 - 60

Selon le "Accounting Procedures Handbook", les acquisitions de l'exercice sont amorties à la moitié du taux normal.

Les apports en immobilisations sont la portion qui est financée par les propriétaires ou les développeurs sur les immobilisations corporelles appartenant à la Société.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

4. Accounting policies (continued)

Regulatory assets/liabilities

Purchased power costs are included in allowed rates on a forecasted basis. For rate-setting purposes, differences between energy revenues and purchased power costs in the rate year are held until the following year, when their final disposition is decided. The Corporation recognizes purchased power cost variances as a regulatory asset or liability, based on the expectation that amounts held from one year to the next for rate-setting purposes will be approved for collection from, or refund to customers. In the absence of rate regulation, Canadian generally accepted accounting principles would require that actual purchased power costs be recognized as an expense when incurred.

The other assets/other long-term liabilities, other than variances, are recorded at cost in accordance with accounting standards issued by the Ontario Energy Board.

For certain of the regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item's treatment for rate-setting purposes. Any disallowed costs will be expensed in the year that they are disallowed.

The financial statement effects of rate regulation are presented in Note 16.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Revenue recognition

The Corporation recognizes energy and distribution revenues when billed to customers. Other revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

4. Méthodes comptables (suite)

Actifs/passifs réglementaires

Les coûts associés à l'énergie achetée sont pris en compte dans les tarifs autorisés, sur une base prévisionnelle. Aux fins de l'établissement des tarifs, les écarts entre les revenus d'énergie et les coûts de l'énergie achetée au cours de l'exercice de tarification sont laissés en suspens jusqu'à l'exercice suivant, au cours duquel leur traitement définitif est déterminé. La Société comptabilise les écarts de coûts associés à l'énergie achetée à titre d'actif ou de passif réglementaire, parce que la Société s'attend à obtenir l'autorisation de recouvrer auprès des clients les montants laissés en suspens d'un exercice à l'autre aux fins de l'établissement des tarifs, ou à devoir rembourser les montants à ces clients. Si les tarifs n'étaient pas réglementés, les coûts réels associés à l'énergie achetée devraient être passés en charge au moment où ils sont engagés, selon les principes comptables généralement reconnus du Canada.

Les autres actifs/autres passifs à long terme, autre que les écarts de prix, ont été comptabilisés au coût selon les règles comptables de la Commission de l'énergie de l'Ontario.

Dans le cas de certains des éléments réglementaires mentionnés ci-dessus, les risques et incertitudes découlant du pouvoir ultime de l'autorité de réglementation de déterminer le traitement de l'élément aux fins de la tarification influent sur la période prévue de recouvrement ou de règlement, ou sur la probabilité de recouvrement ou de règlement. Les montants refusés seront imputés aux résultats dans l'exercice où ils seront refusés.

Les effets de la réglementation des tarifs sur les états financiers sont décrits à la note 16.

Dépréciation d'actifs à long terme

Les actifs à long terme sont soumis à un test de recouvrabilité lorsque des événements ou des changements de situation indiquent que leur valeur comptable pourrait ne pas être recouvrable. Une perte de valeur est constatée lorsque leur valeur comptable excède les flux de trésorerie non actualisés découlant de leur utilisation et de leur sortie éventuelle. La perte de valeur constatée est mesurée comme étant l'excédent de la valeur comptable de l'actif sur sa juste valeur.

Constataion des revenus

La Société constate ses revenus d'énergie et de distribution lorsqu'ils sont facturés aux clients alors que les autres revenus sont constatés lorsqu'il existe des preuves convaincantes de l'existence d'un accord, que les marchandises sont expédiées aux clients, que le prix est déterminé ou déterminable et que l'encaissement est raisonnablement assuré.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

4. Accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the recoverability of regulatory assets/liabilities, income taxes and the fair value of certain financial instruments. Actual results could differ from these estimates.

5. Accounts receivable

	2013	2012	
	\$	\$	
Electrical energy	191,057	192,457	Énergie électrique
Other	52,629	13,108	Autres
	243,686	205,565	
Allowance for doubtful accounts	(5,619)	(14,555)	Provision pour créances douteuses
	238,067	191,010	

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

4. Méthodes comptables (suite)

Utilisations d'estimations

Dans le cadre de la préparation des états financiers, conformément aux principes comptables généralement reconnus du Canada, la direction doit établir des estimations et des hypothèses qui ont une incidence sur les montants des actifs et des passifs présentés et sur la présentation des actifs et des passifs éventuels à la date des états financiers, ainsi que sur les montants des revenus et des charges constatés au cours de la période visée par les états financiers. Parmi les principales composantes des états financiers exigeant de la direction qu'elle établisse des estimations figurent la provision pour créances douteuses à l'égard des débiteurs, la recouvrabilité des actifs/passifs réglementés, les impôts sur les bénéfices et la juste valeur de certains instruments financiers. Les résultats réels pourraient varier par rapport à ces estimations.

5. Débiteurs

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

6. Capital assets

			2013	2012	
	Cost/Coût	Accumulated amortization/ Amortissement cumulé	Net book value/ Valeur comptable nette	Net book value/ Valeur comptable nette	
	\$	\$	\$	\$	
Computer equipment	149,729	122,744	26,985	48,724	Équipement informatique
Leasehold improvements	4,105	1,928	2,177	2,998	Améliorations locatives
Office equipment	22,059	8,062	13,997	15,536	Équipement de bureau
Distribution equipment	1,171,694	584,003	587,691	600,844	Équipement de distribution
Capital contributions	(154,259)	(37,198)	(117,061)	(117,784)	Apports en immobilisations
	1,193,328	679,539	513,789	550,318	

6. Immobilisations corporelles**7. Regulatory assets**

	2013	2012	
	\$	\$	
Low voltage charges	74,213	39,951	Distribution à faible tension
Other regulatory assets	2,187	146,786	Autres actifs réglementés
			Paievements versés en remplacement
Payments in lieu of income taxes	33,549	45,436	d'impôts sur les bénéfices
	109,949	232,173	

7. Actifs réglementaires**8. Accounts payable**

	2013	2012	
	\$	\$	
Vendors	98,683	72,406	Fournisseurs
Township of Alfred and Plantagenet	8,536	-	Canton d'Alfred et Plantagenet
	107,219	72,406	

8. Créditeurs**9. Note payable**

	2013	2012	
	\$	\$	
Note payable to the Corporation of the Township of Alfred and Plantagenet, sole shareholder of the Corporation, 5.5%, payable in semi-annual instalments of \$ 21,324 including interest	79,741	116,482	Billet à payer à la Corporation du Canton d'Alfred et Plantagenet, l'unique actionnaire de la Société, 5,5%, remboursable par versements semi-annuels de 21 324 \$ incluant les intérêts
Current portion	38,789	36,741	Tranche échéant à moins d'un an
	40,952	79,741	

9. Billet à payer

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

9. Note payable (continued)

Principal payments required in each of the next two years are as follows:

	\$
2014	38,789
2015	40,952

No restrictive covenant has been imposed by the Corporation of the Township of Alfred and Plantagenet.

10. Regulatory and other long-term liabilities

	2013	2012
	\$	\$
Retail settlement variance account	97,789	47,988
Customer deposits	-	1,263
Amounts owing to clients	54,358	114,645
	152,147	163,896
Current portion	26,104	78,313
	126,043	85,583

11. Share capital

Authorized share capital:

Un unlimited number of shares in each of the following categories:

Voting Class A shares

Voting Class B shares, non-participating

Non-voting Class C shares, non-participating

Issued

	2013	2012
	\$	\$
1 Class A share	308,735	308,735

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

9. Billet à payer (suite)

Les versements de capital requis au cours des deux prochains exercices sont les suivants :

\$

2014	38,789
2015	40,952

Aucune clause restrictive n'a été imposée par la Corporation du Canton d'Alfred et Plantagenet.

10. Passifs réglementaires et autres passifs à long terme

Écarts de prix avec les détaillants
Dépôts de clients
Montants à rembourser aux clients

Tranche échéant à moins d'un an

11. Capital-actions

Informations sur le capital-actions autorisé :

Un nombre illimité d'actions de chacune des catégories suivantes:

Actions de catégorie A, avec droit de vote

Actions de catégorie B, avec droit de vote, non participantes

Actions de catégorie C, sans droit de vote, non participantes

Émis

1 action de catégorie A

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

12. Revenues

	2013	2012	
	\$	\$	
<i>Energy</i>			<i>Énergie</i>
Residential	775,803	1,064,397	Résidentiel
General < 50 KW	288,274	369,418	Général < 50 KW
General < 50 KW - Unmetered scattered loads	1,163	1,401	Général < 50 KW - Charges sans compteur
General > 50 KW	391,995	382,348	Général > 50 KW
Street lights	23,895	23,266	Éclairage des rues
	1,481,130	1,840,830	
<i>Distribution</i>			<i>Distribution</i>
Service charge	226,418	262,517	Revenus de gestion
Distribution volume	268,781	178,191	Revenus de livraison
Administration charge	5,234	4,900	Revenus d'administration
Retailer charge	2,143	2,031	Revenus des détaillants
	502,576	447,639	

13. Additional information relating to the statement of cash flows

	2013	2012	
	\$	\$	
<i>Changes in non-cash operating working capital items</i>			<i>Variation des éléments hors caisse du fonds de roulement d'exploitation</i>
Accounts receivable	(47,057)	34,859	Débiteurs
Prepaid expenses	25	3,486	Frais payés d'avance
Accounts payable and accrued liabilities	34,813	(72,206)	Créditeurs et charges à payer
Other current liabilities	(44,101)	(18,129)	Autres passifs à court terme
Income taxes	52,064	8,888	Impôts sur les bénéfices
	(4,256)	(43,102)	

Other information

Interest paid	5,909	7,850	Intérêts payés
Income taxes recovered	(31,735)	(22,623)	Impôts sur les bénéfices recouvrés

14. Commitments

The Corporation leases office space under an operating lease which expires on March 31, 2016. Future lease payments aggregate \$ 24,006 and include the following amounts payable over the next three years:

	\$
2014	11,080
2015	11,080
2016	1,846

13. Renseignements complémentaires à l'état des flux de trésorerie

	2013	2012	
	\$	\$	
<i>Variation des éléments hors caisse du fonds de roulement d'exploitation</i>			
Débiteurs	34,859	(47,057)	Accounts receivable
Frais payés d'avance	3,486	25	Prepaid expenses
Créditeurs et charges à payer	(72,206)	34,813	Accounts payable and accrued liabilities
Autres passifs à court terme	(18,129)	(44,101)	Other current liabilities
Impôts sur les bénéfices	8,888	52,064	Income taxes
	(43,102)	(4,256)	

Autres renseignements

Intérêts payés	7,850	5,909	Interest paid
Impôts sur les bénéfices recouvrés	(22,623)	(31,735)	Income taxes recovered

14. Engagements

La Société loue des bureaux en vertu d'un contrat de location-exploitation qui vient à échéance le 31 mars 2016. Les loyers futurs s'élèveront à 24 006 \$ et comprennent les paiements suivants pour les trois prochains exercices:

\$

2014	11,080
2015	11,080
2016	1,846

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

15. Related party transactions

The following amounts were paid to the Corporation of the Township of Alfred and Plantagenet, the only shareholder of the Corporation:

	2013	2012
	\$	\$
Note payable		
Principal paid	36,741	34,800
Interest paid	5,909	7,850
	42,650	42,650

These transactions were made in the normal course of business and have been recorded at the exchange amount.

15. Opérations entre apparentés

Les montants suivants ont été versés à la Corporation du Canton d'Alfred et Plantagenet, l'unique actionnaire de la Société :

	2013	2012
	\$	\$
Billet à payer		
Capital versé	36,741	34,800
Intérêts versés	5,909	7,850
	42,650	42,650

Ces opérations ont été effectuées dans le cours normal des activités et ont été comptabilisées à la valeur d'échange.

16. Financial statement effects of rate regulation

	2013	2012
	\$	\$
Earnings (loss) before income taxes established in accordance with accounting principles for electricity distributors as required by the Ontario Energy Board	36,995	(52,329)
Expenses/variances included in other assets/liabilities	154,647	(81,020)
Carrying charges on other assets/liabilities	482	6,298
Remittances	(43,391)	(29,980)
Adjustments for smart meters	-	50,689
Adjustments for energy and distribution revenues and cost of power		
Beginning of year	124,431	153,108
End of year	(117,480)	(124,431)
Adjusted earnings (loss) before income taxes and before the effect of the regulation on the financial statements	155,684	(77,665)

16. Effets de la réglementation des tarifs sur les états financiers

	2013	2012
	\$	\$
Bénéfice (perte) avant impôts sur les bénéfices établis conformément aux principes comptables pour les distributeurs d'électricité tels que requis par la Commission de l'énergie de l'Ontario	36,995	(52,329)
Dépenses/variances incluses dans les autres actifs/passifs	154,647	(81,020)
Frais d'intérêts sur les autres actifs/passifs	482	6,298
Remises	(43,391)	(29,980)
Ajustements pour compteurs intelligents	-	50,689
Ajustements des revenus d'énergie et de distribution et des coûts de l'énergie		
Début de l'exercice	124,431	153,108
Fin de l'exercice	(117,480)	(124,431)
Bénéfice (perte) ajusté(e) avant impôts sur les bénéfices et avant l'effet de la réglementation sur les états financiers	155,684	(77,665)

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

17. Financial instruments and risk management

The Corporation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. The following analysis provides a measurement of risk as at December 31, 2013.

Credit risk

The Corporation's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent the Corporation's maximum credit exposure at the balance sheet date.

The Corporation's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by the management of the Corporation based on previous experience and its assessment of the current economic environment. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The Corporation does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

As at December 31, 2013, the aging of accounts receivable was as follow:

	2013	2012
	\$	\$
Trade		
Current	218,402	178,262
Aged between 31 and 90 days	8,150	5,117
Aged greater than 90 days	17,134	22,186
	243,686	205,565
Allowance for doubtful accounts	(5,619)	(14,555)
	238,067	191,010

Reconciliation of allowance for doubtful accounts:

Balance, beginning of year	14,555	16,254	Solde au début
Increase during the year	2,710	12,685	Augmentation au cours de l'exercice
Bad debts written off during the year	(11,646)	(14,384)	Créances douteuses radiées au cours de l'exercice
Balance, end of year	5,619	14,555	Solde à la fin

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

17. Instruments financiers et gestion des risques

En raison de ses actifs et de ses passifs financiers, la Société est exposée aux risques suivants relatifs à l'utilisation d'instruments financiers: le risque de crédit, le risque de marché et le risque de liquidité. L'analyse suivante permet d'évaluer les risques au 31 décembre 2013.

Risque de crédit

Les principaux actifs financiers de la Société comprennent l'encaisse et les débiteurs, lesquels sont assujettis au risque de crédit. La valeur comptable des actifs financiers au bilan représente le risque de crédit maximal à la date du bilan.

Le risque de crédit de la Société est principalement imputable à ses débiteurs. Les montants sont présentés dans le bilan déduction faite de la provision pour créances douteuses, laquelle a fait l'objet d'une estimation par la direction de la Société en fonction de l'expérience antérieure et de son évaluation de la conjoncture économique actuelle. Afin de réduire le risque, la direction a adopté des politiques de crédit qui comprennent une révision régulière des limites de crédit. La Société n'est exposée à aucun risque important à l'égard d'un client particulier et n'a eu aucune créance irrécouvrable importante au cours de l'exercice. Le risque de crédit lié à l'encaisse est limité puisque les contreparties sont des banques à charte jouissant de cotes de solvabilité élevées attribuées par des agences de notation nationales.

Au 31 décembre 2013, le classement par échéance des débiteurs était le suivant :

	2013	2012
	\$	\$
Clients		
Courant	218,402	178,262
Entre 31 et 90 jours	8,150	5,117
Plus de 90 jours	17,134	22,186
	243,686	205,565
Provision pour créances douteuses	(5,619)	(14,555)
	238,067	191,010

Rapprochement de la provision pour créances douteuses :

Solde au début	14,555	16,254
Augmentation au cours de l'exercice	2,710	12,685
Créances douteuses radiées au cours de l'exercice	(11,646)	(14,384)
Solde à la fin	5,619	14,555

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

17. Financial instruments and risk management (continued)

Interest rate risk

The note payable bears interest at a fixed rate. Consequently, there is no cash flow exposure. However, the fair value of loans having fixed rates of interest could fluctuate because of changes in market interest rates.

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. The Corporation has the following financial liabilities as at December 31, 2013:

	Net book value/Valeur comptable nette	2014	2015	2016 and after/ 2016 et après	
	\$	\$	\$	\$	
Accounts payable and accrued liabilities	107,219	107,219	-	-	Créditeurs et charges à payer
Other current liabilities	138,116	138,116	-	-	Autres passifs à court terme
Note payable	79,741	38,789	40,952	-	Billet à payer
	325,076	284,124	40,952	-	

Fair value

Establishing fair value

The fair values of accounts receivable, accounts payable and accrued liabilities, other current liabilities and note payable approximate their carrying values due to their short-term maturity.

Commodity price risk

The price of energy varies with the market. There is no impact for the Corporation because actual costs are recovered from customers.

Fair value hierarchy

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on unadjusted prices for identical assets or liabilities;

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

17. Instruments financiers et gestion des risques (suite)

Risque de taux d'intérêt

Le billet à payer porte intérêt à taux fixe. Par conséquent, il n'y a pas de risques de trésorerie. Toutefois, la juste valeur des emprunts dont le taux d'intérêt est fixe pourrait fluctuer en fonction des variations des taux d'intérêt du marché.

Risque de liquidité

Le risque de liquidité est le risque que la Société ne soit pas en mesure de remplir ses obligations financières à leur échéance. La Société surveille le solde de son encaisse et ses flux de trésorerie qui découlent de son exploitation pour être en mesure de respecter ses engagements. Au 31 décembre 2013, les passifs financiers de la Société étaient les suivants :

Juste valeur

Détermination de la juste valeur

Les justes valeurs des débiteurs, des créditeurs et charges à payer, des autres passifs à court terme et du billet à payer correspondent approximativement à leur valeur comptable en raison de leur échéance à court terme.

Risque de prix de marchandises

Le prix de l'énergie fluctue selon le marché. Il n'y a pas d'impact pour la Société puisque les coûts réels sont récupérés des clients.

Hiérarchie des évaluations à la juste valeur

Les instruments financiers comptabilisés à la juste valeur au bilan sont classés selon une hiérarchie qui reflète l'importance des données utilisées pour effectuer les évaluations. La hiérarchie des évaluations à la juste valeur se compose des niveaux suivants :

Niveau 1 - évaluation fondée sur les prix non rajustés pour des actifs ou passifs identiques;

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2013

17. Financial instruments and risk management (continued)

Fair value (continued)

Fair value hierarchy (continued)

Level 2 - valuations techniques based on inputs other than prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - valuations techniques using inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash is a Level 1 hierarchy.

During the year, there has been no significant transfer of amounts between levels.

Hydro 2000 Inc.

Notes complémentaires des états financiers

31 décembre 2013

17. Instruments financiers et gestion des risques (suite)

Juste valeur (suite)

Hiérarchie des évaluations à la juste valeur (suite)

Niveau 2 - techniques d'évaluations fondées sur des données autres que les prix visés au niveau 1, qui sont observables pour l'actif ou le passif, directement ou indirectement;

Niveau 3 - techniques d'évaluations fondées sur une part importante de données relatives à l'actif ou au passif qui ne sont pas fondées sur des données de marché observables.

La hiérarchie qui s'applique dans le cadre de la détermination de la juste valeur exige l'utilisation de données observables sur le marché chaque fois que de telles données existent. Un instrument financier est classé au niveau le plus bas de la hiérarchie pour lequel une donnée importante a été prise en compte dans l'évaluation de la juste valeur.

L'encaisse est classée Niveau 1.

Au cours de l'exercice, il n'y a eu aucun transfert important de montants entre les niveaux.

1
2
3

Appendix B Financial Statements 2014 / 2015

Financial statements of
États financiers de

Hydro 2000 Inc.

December 31, 2015
31 décembre 2015

Hydro 2000 Inc.

December 31, 2015

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Hydro 2000 Inc.

31 décembre 2015

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Bilan
État du résultat et des variations des capitaux propres
Tableau des flux de trésorerie
Notes complémentaires aux états financiers

Independent Auditor's Report

To the Directors of Hydro 2000 Inc.

We have audited the accompanying financial statements of Hydro 2000 Inc. (the "Corporation"), which comprise the balance sheet as at December 31, 2015, the statements of income, other comprehensive income and changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

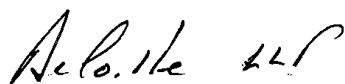
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International financial reporting standards.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that the Corporation adopted International Financial Reporting Standards (IFRS) on January 1, 2015 with a transition date of January 1, 2014. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at December 31, 2014 and January 1, 2014, and the statement of income and changes in equity and statement of cash flows for the year ended December 31, 2014 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.



Chartered Professional Accountants
Licensed Public Accountants

April 19, 2016

Rapport de l'auditeur indépendant

Aux administrateurs de Hydro 2000 Inc.

Nous avons effectué l'audit des états financiers ci-joints de Hydro 2000 Inc. (la « Société »), qui comprennent le bilan au 31 décembre 2015, et les états du résultat, du résultat global et des variations des capitaux propres et le tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux Normes internationales d'information financière, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

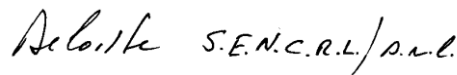
Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Opinion

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Société au 31 décembre 2015, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux Normes internationales d'information financière.

Informations comparatives

Sans pour autant modifier notre opinion, nous attirons l'attention sur la note 2 des états financiers, qui indique que la Société a adopté les Normes internationales d'information financière (IFRS) le 1^{er} janvier 2015 et que sa date de transition était le 1^{er} janvier 2014. Ces normes ont été appliquées rétrospectivement par la direction aux informations comparatives contenues dans ces états financiers, y compris les bilans au 31 décembre 2014 et au 1^{er} janvier 2014, et les états du résultat et des variations des capitaux propres et le tableau des flux de trésorerie pour l'exercice clos le 31 décembre 2014 ainsi que les informations connexes. Nous n'avions pas pour mission de faire rapport sur les informations comparatives retraitées, de sorte qu'elles n'ont pas été auditées.



Comptables professionnels agréés
Experts-comptables autorisés

Le 19 avril 2016

Hydro 2000 Inc.
Balance sheet
as at December 31, 2015

Hydro 2000 Inc.
Bilan
au 31 décembre 2015

	December 31, 31 décembre 2015	December 31, 31 décembre 2014	January 1 st , 1 ^{er} janvier 2014	
	\$	\$ Unaudited/ Non audité (Note 24)	\$ Unaudited/ Non audité (Note 24)	
Assets				Actif
Current assets				À court terme
Cash	190,032	120,487	279,028	Encaisse
Accounts receivable (Note 5)	317,924	336,215	307,445	Débiteurs (note 5)
Unbilled revenues	308,468	329,851	420,250	Revenus non facturés
Income taxes (Note 18)	14,712	21,305	-	Impôts sur les bénéfices (note 18)
Prepaid expenses	15,422	9,790	8,596	Frais payés d'avance
	846,558	817,648	1,015,319	
Property, plant and equipment (Note 6)	729,574	760,143	768,923	Immobilisations corporelles (note 6)
Intangible assets (Note 7)	30,793	41,427	18,618	Immobilisations incorporelles (note 7)
	1,606,925	1,619,218	1,802,860	
Regulatory deferral account debit balances (Note 8)	425,496	327,379	169,472	Soldes débiteurs des comptes de report réglementaire (note 8)
	2,032,421	1,946,597	1,972,332	
Liabilities				Passif
Current liabilities				À court terme
Accounts payable and accrued liabilities (Note 9)	843,776	783,360	838,897	Créditeurs et charges à payer (note 9)
Income taxes (Note 18)	-	-	22,329	Impôts sur les bénéfices (note 18)
Current portion of note payable (Note 11)	-	40,952	38,789	Tranche du billet à payer échéant à court terme (note 11)
	843,776	824,312	900,015	
Note payable (Note 11)	-	-	40,952	Billet à payer (note 11)
Deferred revenues	108,865	112,963	117,061	Revenus reportés
Deferred tax liabilities (Note 18)	67,971	48,075	19,777	Passif d'impôt différé (note 18)
	1,020,612	985,350	1,077,805	
Leases (Note 17)				Contrats de location (note 17)
Shareholder's equity				Capitaux propres
Share capital (Note 12)	308,735	308,735	308,735	Capital-actions (note 12)
Retained earnings	703,074	641,798	531,434	Bénéfices non répartis
	1,011,809	950,533	840,169	
	2,032,421	1,935,883	1,917,974	
Regulatory deferral account credit balances (Note 13)	-	10,714	54,358	Soldes créditeurs des comptes de report réglementaire (note 13)
	2,032,421	1,946,597	1,972,332	

The accompanying notes are an integral
part of the financial statements.

Les notes complémentaires font partie
intégrante des états financiers.

Approved by the Board

Au nom du conseil

Director _____

administrateur

Director _____

administrateur

Hydro 2000 Inc.

Statement of income and changes in equity

year ended December 31, 2015

Hydro 2000 Inc.État du résultat et des variations des
capitaux propres
de l'exercice clos le 31 décembre 2015

	2015	2014	
	\$	\$	
		Unaudited/ Non audité (Note 24)	
Revenues			Revenus
Energy (Note 14)	2,812,232	2,658,947	Énergie (note 14)
Distribution (Note 14)	534,523	502,912	Distribution (note 14)
Other operating revenues	23,422	48,833	Autres revenus d'exploitation
	3,370,177	3,210,692	
Cost of power	2,893,748	2,897,907	Coût de l'énergie
	476,429	312,785	
Expenses (Note 15)			Charges (note 15)
Administrative and general	182,795	103,631	Administratives et générales
Amortization	56,130	61,257	Amortissement
Billing and collecting	222,495	175,056	Facturation et perception
Distribution - operation and maintenance	47,317	37,826	Distribution - exploitation et entretien
Donations	2,300	2,100	Dons
Interest	1,707	3,860	Intérêts
	512,744	383,730	
Income before regulatory items and income tax	(36,315)	(70,945)	Résultat avant éléments réglementaires et impôts
Net movement in regulatory deferral accounts	108,831	201,551	Variations nettes des comptes de report réglementaire
Income tax expense (Note 18)	(11,240)	(20,242)	Impôts sur le résultat (note 18)
	97,591	181,309	
Net income	61,276	110,364	Résultat net
Retained earnings, beginning of year	641,798	531,434	Bénéfices non répartis au début
Retained earnings, end of year	703,074	641,798	Bénéfices non répartis à la fin

The accompanying notes are an integral part of
the financial statements.Les notes complémentaires font partie intégrante
des états financiers.

Hydro 2000 Inc.

Statement of cash flows
year ended December 31, 2015

Hydro 2000 Inc.

Tableau des flux de trésorerie
de l'exercice clos le 31 décembre 2015

	2015	2014	
	\$	\$	
Operating activities			Activités d'exploitation
Net income	61,276	110,364	Résultat net
Items not affecting cash:			Éléments sans effet sur la trésorerie :
Amortization of capital assets	56,130	61,257	Amortissement des immobilisations corporelles
Loss on sale of property, plant and equipment	4,676	-	Perte à la cession d'immobilisations corporelles
Net movement in regulatory deferral account balances	(108,831)	(201,551)	Variations nettes des soldes des comptes de report réglementaire
Transfer of property, plant and equipment to regulatory deferral account	14,467	-	Transfert des immobilisations corporelles aux comptes de report réglementaire
Future income taxes	19,896	28,298	Impôts futurs
Net change in non-cash operating working capital items (Note 20)	80,586	(38,736)	Variation nette des éléments hors caisse du fonds de roulement (note 20)
	128,200	(40,368)	
Investing activities			Activités d'investissement
Purchase of capital assets	(17,703)	(79,384)	Acquisition d'immobilisations corporelles
Financing activities			Activités de financement
Repayment of note payable	(40,952)	(38,789)	Remboursement du billet à payer
Net increase (decrease) in cash	69,545	(158,541)	Augmentation (diminution) nette de l'encaisse
Cash, beginning of year	120,487	279,028	Encaisse au début
Cash, end of year	190,032	120,487	Encaisse à la fin

The accompanying notes are an integral part of the financial statements.

See additional information presented in Note 20.

Les notes complémentaires font partie intégrante des états financiers.

Voir les renseignements complémentaires présentés à la note 20.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2015

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2015

1. Description of the business

Hydro 2000 Inc. (the "Corporation") was incorporated on September 29, 2000, under the Business Corporations Act (Ontario) and is wholly owned by the Corporation of the Township of Alfred and Plantagenet. The Corporation is incorporated and domiciled in Canada with its head and registered office located at 440 St-Philippe Street, Alfred, Ontario, K0B 1A0.

The principal activity of the Corporation is distribution of electricity in the service areas of the village of Alfred and the village of Plantagenet in the Province of Ontario, under a license issued by the Ontario Energy Board ("OEB"). The Corporation is regulated under the OEB and adjustments to the distribution rates require OEB approval.

As a condition of its distribution license, the Corporation is required to meet specified Conservation and Demand Management ("CDM") targets for reductions in electricity consumption and peak electricity demand. As part of this initiative, the Corporation is delivering Ontario Power Authority ("OPA") funded programs in order to meet its targets.

Under the Green Energy and Green Economy Act, 2009, the Corporation and other Ontario electricity distributors have new opportunities and responsibilities to generate renewable energy.

2. Basis of preparation

(a) Statement of compliance

These financial statements are the first annual financial statements of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Corporation is provided in Note 24.

The Corporation also early adopted IFRS 14 Regulatory deferral accounts.

These financial statements for the year ended December 31, 2015, were approved by the board of directors on April 19, 2016.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Presentation currency

The financial statements are presented in Canadian dollars, which is also the Corporation's functional currency.

1. Description de l'entreprise

Hydro 2000 Inc. (la « Société »), constituée le 29 septembre 2000, en vertu de la Loi sur les sociétés par actions de l'Ontario, est détenue à 100% par la Corporation du Canton d'Alfred et Plantagenet. La Société a été incorporée et est résidente du Canada avec son siège social situé au 440, rue St-Philippe, Alfred, Ontario, K0B 1A0.

L'activité principale de la Société est la distribution d'électricité dans les zones de service du village d'Alfred et du village de Plantagenet dans la province de l'Ontario, en vertu d'une licence délivrée par la Commission de l'énergie de l'Ontario (la « CÉO »). La Société est régie par la CÉO et les modifications aux tarifs de distribution nécessitent l'approbation de la CÉO.

Comme condition de sa licence de distribution, la Société est tenue de rencontrer des objectifs de conservation et de gestion de la demande (« CGD ») pour réduire la consommation d'électricité et la demande de pointe. Dans le cadre de cette initiative, la Société offre des programmes financés par l'Office de l'électricité de l'Ontario (l'« OPA ») dans le but d'atteindre ses objectifs.

En vertu de la Loi de 2009 sur l'énergie verte et l'économie verte, la Société et d'autres distributeurs d'électricité de l'Ontario ont de nouvelles opportunités et responsabilités quant à la génération d'énergie renouvelable.

2. Base de préparation

(a) Déclaration de conformité

Ces états financiers sont les premiers états financiers annuels de la Société préparés conformément aux Normes internationales d'information financière (« IFRS ») et IFRS 1 « Première application des Normes internationales d'information financière » (« IFRS 1 ») a été appliqué. Une explication des impacts de la transition aux IFRS sur la situation financière, la performance financière et les flux de trésorerie de la Société est fournie à la note 24.

La Société a également adopté par anticipation IFRS 14 « Comptes de report réglementaires ».

Ces états financiers pour l'exercice clos le 31 décembre 2015 ont été approuvés par le conseil d'administration le 19 avril 2016.

(b) Base d'évaluation

Les états financiers ont été préparés sur la base du coût historique.

(c) Monnaie de présentation

Les états financiers sont présentés en dollars canadiens, ce qui est également la monnaie fonctionnelle de la Société.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2015

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2015

2. Basis of preparation (continued)

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the amounts reported and disclosed in the financial statements. Estimates and underlying assumptions are continually reviewed and are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant sources of estimation uncertainty, assumptions and judgments include the following:

(i) Unbilled revenue

The measurement of unbilled revenue is based on an estimate of the amount of electricity delivered to customers between the date of the last bill and the end of the year.

(ii) Useful lives of depreciable assets

Depreciation and amortization expense is based on estimates of the useful lives of property, plant and equipment and intangible assets. The Corporation estimates the useful lives of its property, plant and equipment and intangible assets based on management's judgment, historical experience and an asset study conducted by an independent consulting firm.

(iii) Cash Generating Units ("CGU")

Determining CGU's for impairment testing is based on Management's judgment. This requires an estimation of the value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The Corporation has only one CGU.

(iv) Valuation of financial instruments

As described in Note 21, the Corporation uses the discounted cash flow model to estimate the fair value of the financial instruments for disclosure purposes.

(v) Other areas

There are a number of other areas in which the Corporation makes estimates; these include the allowance for doubtful accounts and income taxes. These amounts are reported based on the amounts expected to be recovered/refunded and an appropriate allowance has been provided based on the Corporation's best estimate of unrecoverable amounts.

2. Base de préparation (suite)

(d) Utilisation d'estimations et jugements

La préparation d'états financiers, conformément aux IFRS, exige que la direction ait recours à des estimations, des hypothèses et des jugements qui ont une incidence sur l'application des méthodes comptables, les montants déclarés et présentés dans les états financiers. Les estimations et les hypothèses sous-jacentes sont continuellement examinées et sont basées sur l'expérience historique et d'autres facteurs qui sont considérés comme pertinents. Les résultats réels pourraient différer de ces estimations.

Des sources importantes d'estimation d'incertitude, les hypothèses et les jugements sont les suivants :

(i) Revenus non facturés

La mesure des revenus non facturés est basée sur une estimation de la quantité d'électricité livrée aux clients entre la date de la dernière facture et la fin de l'exercice.

(ii) Durée de vie utile des immobilisations corporelles

La charge d'amortissement est basée sur des estimations de la vie utile des immobilisations corporelles et des actifs incorporels. La Société estime la durée de vie utile de ses immobilisations corporelles et des actifs incorporels selon le jugement de la direction, l'expérience historique et une étude d'actifs menée par un cabinet de conseil indépendant.

(iii) Unités génératrices de trésorerie (« UGT »)

La détermination des UGT pour le test de dépréciation est basée sur le jugement de la direction. Ceci nécessite une estimation de la valeur d'utilité. La valeur d'utilité nécessite une estimation des flux de trésorerie futurs attendus de l'UGT et un taux d'actualisation approprié pour calculer la valeur actuelle.

La Société a une seule UGT.

(iv) Évaluation des instruments financiers

Comme il est décrit à la note 21, la Société utilise le modèle de flux de trésorerie actualisés pour estimer la juste valeur des instruments financiers à des fins de présentation.

(v) Autres domaines

Il y a un certain nombre d'autres domaines dans lesquels la Société fait des estimations; ceux-ci comprennent la provision pour créances douteuses et les impôts sur le revenu. Ces montants sont présentés en fonction des montants qui devraient être recouvrés/remboursés et une provision a été calculée selon la meilleure estimation de la Société des montants non recouvrables.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2015

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2015

3. Significant accounting policies

The Corporation's financial statements are the representations of management, prepared in accordance with IFRS. The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

The financial statements reflect the following significant accounting policies:

(a) Rate regulation

The Ontario Energy Board Act, 1998 gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

The Corporation recognizes revenue when electricity is delivered to customers based on OEB approved rates. Operating costs and expenses are recorded when incurred, unless such costs qualify for recognition as part of an item of property, plant and equipment or as an intangible asset.

As prescribed by the OEB, on a monthly basis, the Corporation compares its energy revenues and expenses and put the difference in its regulatory deferral account debit/credit balances. Being an electricity distributor, the Corporation is not allowed to make any profit on the sale of energy. The Corporation also has to transfer to its regulatory deferral account debit/credit balances, when directed by OEB, expenses which were not considered in the cost of services. Carrying charges are also calculated on the regulatory deferral account debit/credit balances on a monthly basis at a prescribed rate determined by OEB.

(b) Revenue recognition

(i) Electricity distribution and sale

Revenue from the sale and distribution of electricity is recorded on the basis of cyclical billings based on electricity usage and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed. Revenue is generally comprised of the following:

- Electricity Price and Related Rebates. The electricity price and related rebates represent a pass through of the commodity cost of electricity.

3. Principales conventions comptables

Les états financiers de la Société sont les déclarations de la direction, préparés conformément aux IFRS. Les méthodes comptables présentées ci-dessous ont été appliquées de manière cohérente à tous les exercices présentés dans ces états financiers, sauf indication contraire.

Les états financiers reflètent les principales conventions comptables suivantes :

(a) Tarifs réglementés

La Loi de 1998 sur la Commission de l'énergie de l'Ontario a donné à la CÉO des pouvoirs accrus et des responsabilités pour réglementer l'industrie de l'électricité. Ces pouvoirs et responsabilités comprennent le pouvoir d'approuver ou de fixer les taux de transmission et de distribution d'électricité, le pouvoir de fournir une protection tarifaire continue pour les clients ruraux et éloignés et la responsabilité de veiller à ce que les sociétés de distribution remplissent leurs obligations de brancher et servir les clients. La CÉO peut imposer des exigences de licence et des conditions, y compris, entre autres, des registres comptables appropriés, des principes comptables réglementaires et des exigences pour le processus d'établissement des tarifs.

La Société constate les revenus lorsque l'électricité est livrée aux clients basés sur les tarifs établis par la CÉO. Les coûts et les charges d'exploitation sont constatés lorsqu'ils sont engagés, à moins que ces coûts soient admissibles en tant qu'immobilisation corporelle ou immobilisation incorporelle.

Tel que requis par la CÉO, sur une base mensuelle, la Société doit comparer ses revenus et charges d'énergie et mettre la différence dans les soldes débiteurs/créditeurs des comptes de report réglementaire. Étant un distributeur d'énergie, la Société ne peut pas faire de profit sur les ventes d'énergie. La Société doit également transférer dans ses soldes débiteurs/créditeurs des comptes de report réglementaire, lorsqu'exigé par la CÉO, des charges non considérées dans le coût de service. Des frais financiers sont également calculés sur les soldes débiteurs/créditeurs des comptes de report réglementaire sur une base mensuelle au taux prescrit établi par la CÉO.

(b) Constatation des revenus

(i) Distribution et vente d'électricité

Les revenus provenant de la vente et la distribution d'électricité sont enregistrés selon le cycle de facturation en fonction de la consommation et comprennent également des revenus non facturés à l'égard de l'électricité livrée mais non encore facturée. Les revenus sont composés des éléments suivants :

- Prix de l'électricité et rabais connexes. Le prix de l'électricité et les rabais connexes représentent les coûts réels.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2015

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2015

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

(i) Electricity distribution and sale (continued)

- **Distribution Rate.** The distribution rate is designed to recover the costs incurred by the Corporation in delivering electricity to customers, as well as the ability to earn the OEB allowed rate of return. Distribution charges are regulated by the OEB and typically comprise a fixed charge and a usage-based (consumption) charge.
- **Retail Transmission Rate.** The retail transmission rate represents a pass through of costs charged to the Corporation for the transmission of electricity from generating stations to the Corporation's service area. Retail transmission rates are regulated by the OEB.
- **Wholesale Market Service Charge.** The wholesale market service charge represents a pass through of various wholesale market support costs charged by Hydro One, a supplier.

(ii) Other revenue

Other revenue includes revenue from the sale of other services and interest revenues.

Revenue related to the sale of other services is recognized as services are rendered.

Certain items of property, plant and equipment are acquired or constructed with financial assistance in the form of contributions from developers or customers ("customer contributions"). Such contributions, whether in cash or in-kind, are recognized as deferred revenue and amortized into income over the life of the related assets. Contributions in-kind are valued at their fair value at the date of their contribution.

Government grants under CDM programs are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(c) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as loans and receivables or as other liabilities. Transaction costs for financial assets classified as loans and receivables and financial liabilities classified as other liabilities are capitalized as part of the carrying value at initial recognition.

3. Principales conventions comptables (suite)

(b) Constatation des revenus (suite)

(i) Distribution et vente d'électricité (suite)

- **Tarifs de distribution.** Les tarifs de distribution sont conçus pour récupérer les coûts encourus par la Société pour fournir l'électricité aux clients, ainsi qu'un taux de rendement autorisés par la CÉO. Les tarifs de distribution sont réglementés par la CÉO et comprennent une charge fixe et une charge basée sur la consommation.
- **Tarifs de transmission de détail.** Les tarifs de transmission de détail représentent les coûts pour la transmission de l'électricité à partir des stations de production d'électricité jusqu'aux zones de services exploitées par la Société. Les tarifs de transmission de détail sont réglementés par la CÉO.
- **Frais de service du marché en gros.** Les frais de service du marché en gros représentent les coûts facturés par Hydro One, un fournisseur, pour divers coûts de support.

(ii) Autres revenus

Les autres revenus comprennent les revenus provenant de la vente de services et les revenus d'intérêts.

Les revenus liés à la vente d'autres services sont comptabilisés lorsque les services sont rendus.

Certaines immobilisations corporelles sont acquises ou construites avec l'aide financière de développeurs ou clients sous forme de contributions. Ces contributions, en espèces ou en nature, sont comptabilisées à titre de revenus reportés et sont amortis sur la durée de vie utile des immobilisations corporelles correspondantes. Les contributions en nature sont évaluées à leur juste valeur à la date de leur contribution.

Les subventions au titre des programmes de CGD sont comptabilisés lorsqu'il existe une assurance raisonnable que la subvention sera reçue et que toutes les conditions attachées seront respectées. Lorsque la subvention est liée à un élément de charge, elle est comptabilisée comme revenu au même rythme que les charges correspondantes sont comptabilisées.

(c) Instruments financiers

Les actifs et passifs financiers sont initialement comptabilisés à la juste valeur et sont subséquemment comptabilisés selon leur classification comme prêts et créances ou comme autres passifs. Les coûts de transaction pour les actifs financiers classés comme prêts et créances et les passifs financiers classés comme autres passifs sont capitalisés comme la valeur comptable à la comptabilisation initiale.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2015

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2015

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate method, less any impairment losses. Losses are recognized in net income when the loans and receivables are derecognized or impaired.

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and the loss event has had a negative effect on estimated future cash flows of the asset which are reliably measureable.

Loans and receivables are comprised of cash, accounts receivable and unbilled revenue.

(ii) Other liabilities

All non-derivative financial liabilities are classified as other liabilities. Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when either the Corporation is discharged from its obligation, the obligation expires, or the obligation is cancelled or replaced by a new financial liability with substantially modified terms.

Financial liabilities are further classified as current or non-current depending on whether they will fall due within twelve months after the balance sheet date or beyond.

Other liabilities are comprised of accounts payable and accrued liabilities.

(d) Property, plant and equipment

Property, plant and equipment ("PP&E") is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and includes contracted services, cost of materials, direct labour and borrowing costs incurred in respect of qualifying assets. When parts of an item of PP&E have different useful lives, they are accounted for as separate components of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal with the carrying amount of the item and is included in net income.

3. Principales conventions comptables (suite)

(c) Instruments financiers (suite)

(i) Prêts et créances

Les prêts et créances sont des actifs financiers non dérivés à paiements fixes ou déterminables qui ne sont pas cotés sur un marché actif. Après la comptabilisation initiale, ces actifs financiers sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif, déduction faite des pertes de valeur. Les pertes sont comptabilisées dans le résultat net lorsque les prêts et créances sont décomptabilisés ou dépréciés.

Les prêts et créances sont évalués à chaque date de clôture afin de déterminer s'il y a des preuves de dépréciation. Un actif financier est déprécié si des preuves objectives démontrent qu'un événement s'est produit après la constatation initiale de l'actif et que l'événement, qui peut être mesuré de manière fiable, a eu un effet négatif sur les flux de trésorerie futurs estimés.

Les prêts et créances sont composés de l'encaisse, des débiteurs et des revenus non facturés.

(ii) Autres passifs

Les passifs non dérivés sont classés comme autres passifs. Après la comptabilisation initiale, les autres passifs sont évalués au coût amorti selon la méthode du taux d'intérêt effectif.

Les passifs financiers sont décomptabilisés lorsque la Société est déchargée de son obligation, l'obligation prend fin, ou l'obligation est annulée ou remplacée par un nouveau passif financier avec des termes sensiblement modifiés.

Les passifs sont classés comme courant ou non courant selon qu'ils arriveront à échéance dans les douze mois après la date de clôture ou plus tard.

Les autres passifs sont composés des créateurs et charges à payer.

(d) Immobilisations corporelles

Les immobilisations corporelles sont évaluées au coût moins l'amortissement cumulé et les pertes de valeur cumulées. Le coût comprend les charges qui sont directement attribuables à l'acquisition de l'actif qui inclut les services contractuels, le coût des matériaux, de la main d'œuvre directe et les coûts d'emprunt encourus à l'égard des actifs qualifiés. Lorsque des portions d'une immobilisation corporelle ont des durées de vie utile différentes, elles sont divisées par composantes.

Les pièces de rechange principales et le matériel de secours sont reconnus comme des éléments des immobilisations corporelles.

Lorsque des immobilisations corporelles sont disposées, le gain ou la perte sur disposition est déterminé en comparant le produit de disposition à la valeur comptable et est comptabilisé dans le résultat net.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2015

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2015

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation of PP&E is recognized on a straight-line basis over the estimated useful life of each component of PP&E. The estimated useful lives are as follows:

Distribution equipment	15 to 60 years
------------------------	----------------

Other assets

Computer hardware	5 years
Leasehold improvement	Term of the lease
Office equipment and furniture	10 years

Depreciation methods and useful lives are reviewed at each financial year-end and any changes are adjusted prospectively.

(e) Intangible assets

Intangible assets include computer software. They are measured at cost less accumulated amortization and accumulated impairment losses.

Computer software are amortized on a straight-line basis over the estimated useful lives from the date that they are available for use. The estimated useful life is five years.

Amortization methods and useful lives are reviewed at each financial year-end and adjusted prospectively.

(f) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs of disposal. Value in use is calculated as the present value of the estimated future cash flows expected to be derived from an asset or CGU.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of those from other assets or CGUs.

Impairment losses are recognized in net income. Impairment losses relating to CGUs are allocated to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis. No impairment losses were recognized during the year.

3. Principales conventions comptables (suite)

(d) Immobilisations corporelles (suite)

L'amortissement des immobilisations corporelles est comptabilisé selon la méthode linéaire sur la durée de vie utile estimative de chaque composante. Les durées de vie utile estimées sont les suivantes :

Équipement de distribution	15 à 60 ans
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Autres actifs

Matériel informatique	5 ans
Améliorations locatives	Terme du bail
Matériel et mobilier de bureau	10 ans

Les méthodes d'amortissement et les durées de vie sont révisées annuellement et les ajustements sont comptabilisés de façon prospective.

(e) Immobilisations incorporelles

Les immobilisations incorporelles incluent les logiciels informatiques. Ils sont évalués au coût moins l'amortissement cumulé et les pertes de valeur cumulées.

Les logiciels sont amortis linéairement sur la durée de vie estimative à compter de la date à laquelle ils sont disponibles pour utilisation. La durée de vie utile a été établie à 5 ans.

Les méthodes d'amortissement et les durées de vie sont révisées annuellement et les ajustements sont comptabilisés de façon prospective.

(f) Dépréciation d'actifs non financiers

La valeur comptable des actifs non financiers de la Société, sont examinés à chaque date de clôture afin de déterminer s'il existe un indice de perte de valeur. Si une telle indication existe, la valeur recouvrable de l'actif est estimée. Une perte de valeur est comptabilisée si la valeur comptable d'un actif ou d'une UGT excède sa valeur recouvrable.

La valeur recouvrable d'un actif ou d'une UGT est le plus élevé de sa valeur d'utilité et la juste valeur diminuée des coûts de sortie. La valeur d'utilité est calculée comme la valeur actuelle des flux de trésorerie futurs estimatifs susceptibles de découler d'un actif.

Aux fins du test de dépréciation. Les actifs sont regroupés dans le plus petit groupe d'actifs qui génère des entrées de trésorerie largement indépendantes de celles d'autres actifs ou d'une UGT.

Les pertes de valeur sont comptabilisées dans le résultat net. Les pertes de valeur ayant rapport à une UGT sont réparties pro rata afin de réduire la valeur comptable des autres actifs de cette UGT. Aucune perte de valeur n'a été comptabilisée au cours de l'exercice.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2015

3. Significant accounting policies (continued)

(f) Impairment of non-financial assets (continued)

In respect of other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Leases

Leases in which the Corporation assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Payments under finance leases are apportioned between interest expense and a reduction of the outstanding liability.

Other leases are operating leases and are not recognized in the Corporation's balance sheet. Payments made under operating leases are recognized as an expense on a straight-line basis over the term of the lease.

(h) Payment in lieu of corporate income taxes ("PILs")

Under the Electricity Act, 1998, the Corporation is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). The payments in lieu of taxes are calculated on a basis as if the Corporation was a taxable company under the Income Tax Act (Canada) and the Taxation Act, 2007 (Ontario).

Income tax expense comprises current and deferred tax and is recognized in net income except to the extent that it relates to items recognized directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse.

In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2015

3. Principales conventions comptables (suite)

(f) Dépréciation d'actifs non financiers (suite)

En ce qui concerne les autres actifs, une perte de valeur n'est reprise que dans la mesure où la valeur comptable de l'actif ne dépasse pas la valeur comptable qui aurait été déterminée, nette des amortissements, si aucune perte de valeur n'avait été reconnue.

(g) Contrats de location

Les baux pour lesquels la Société assume la quasi-totalité des risques et avantages inhérents à la propriété sont classés comme des contrats de location-financement. Lors de la comptabilisation initiale, l'actif loué est évalué à un montant égal au moindre de sa juste valeur et la valeur actualisée des paiements minimaux. Après la comptabilisation initiale, l'actif est comptabilisé conformément à la méthode comptable applicable à cet actif. Les paiements au titre de contrats de location-financement sont ventilés entre les charges d'intérêts et une réduction de la dette.

D'autres baux sont des locations simples et ne sont pas comptabilisées dans le bilan de la Société. Les paiements effectués en vertu de contrats de location-exploitation sont comptabilisés en charges sur une base linéaire sur la durée du bail.

(h) Paiement en remplacement d'impôts sur le bénéfice ("PILs")

En vertu de la Loi de 1998 sur la Commission de l'énergie de l'Ontario, la Société est tenue d'effectuer des paiements en remplacement d'impôts sur le bénéfice. Les paiements en remplacement d'impôts sur le bénéfice sont calculés comme si la Société était une société imposable en vertu de la Loi de l'impôt sur le revenu (Canada) et la Loi de 2007 sur les impôts (Ontario).

La charge d'impôt sur le résultat inclus l'impôt exigible et différé et est comptabilisé en résultat net, sauf dans la mesure où elle se rapporte à des éléments comptabilisés directement dans les autres éléments du résultat étendu.

L'impôt exigible est le montant des impôts à payer ou à recevoir sur le revenu imposable ou de la perte de l'année, selon les taux en vigueur à la date de clôture, ainsi que tout ajustement de l'impôt dû au titre des années précédentes.

L'impôt différé est comptabilisé selon la méthode des impôts futurs, sur les différences temporaires entre la valeur comptable des éléments du bilan et leur valeur fiscale, en utilisant les taux d'imposition pratiquement en vigueur pour les années où les écarts devraient se résorber.

En outre, l'impôt futur n'est pas reconnu pour les différences temporelles imposables liées à la comptabilisation initiale de l'achalandage.

Un actif d'impôt différé est comptabilisé pour les différences temporelles déductibles, dans la mesure où il est probable qu'un bénéfice imposable futur sera disponible pour être appliqué contre ces montants.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2015

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2015

4. Future accounting changes

There are new standards, amendments to standards and interpretations which have not been applied in preparing these financial statements. In particular, this includes IFRS 9 *Financial Instruments* which is tentatively effective from periods beginning on or after January 1st, 2018 and amendments to IFRS 7 and IFRS 9 which are effective at the date of adoption of IFRS 9. The Corporation has not yet assessed the impact of this new standard.

IFRS 15, Revenue from Contracts with customers is a new standard on revenue recognition, superseding IAS 18, Revenue, IAS II, Construction Contracts, and related interpretations. IFRS 15 specifies how and when an entity will recognize revenue and additional disclosure requirements. This new standard is effective on January 1st, 2017. The Corporation has not yet assessed the impact of this new standard.

IFRS 16, Leases, which supersedes IAS 17, provides a model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. This new standard is effective on January 1st, 2019. The Corporation has not yet assessed the impact of this new standard.

4. Modifications comptables futures

Il y a de nouvelles normes, modifications de normes et interprétation qui ne sont pas appliquées dans la préparation de ces états financiers. En particulier, cela inclus IFRS 9 « Instruments financiers », qui est provisoirement en vigueur pour les exercices ouverts à compter du 1^{er} janvier 2018 et des modifications à IFRS 7 qui seront en vigueur à la date d'adoption d'IFRS 9. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

IFRS 15 « Revenus de contrats avec des clients », est une nouvelle norme sur la comptabilisation des revenus, qui remplace la norme IAS 18 « Revenu », IAS 11 « Contrats de construction », et les interprétations afférentes. IFRS 15 précise comment et quand une entité va comptabiliser les revenus et les exigences de présentation supplémentaires. Cette nouvelle norme sera en vigueur à compter du 1^{er} janvier 2017. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

IFRS 16 « Contrats de location », qui remplace IAS 17, fournit un modèle pour l'identification des contrats de location et de leur traitement dans les états financiers du preneur et du bailleur. Cette nouvelle norme est en vigueur le 1^{er} janvier 2019. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

Hydro 2000 Inc.

Notes to the financial statements

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Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2015

5. Accounts receivable

	December 31, 31 décembre 2015	December 31, 31 décembre 2014	January 1 st , 1 ^{er} janvier 2014	
	\$	\$	\$	
Electrical energy	267,943	238,914	191,057	Énergie électrique
Township of Alfred and Plantagenet	9,893	7,840	-	Canton d'Alfred et Plantagenet
Commodity taxes receivable	3,558	-	-	Taxes à la consommation à recevoir
Other	65,641	110,625	122,007	Autres
	347,035	357,379	313,064	
Allowance for doubtful accounts	(29,111)	(21,164)	(5,619)	Provision pour créances douteuses
	317,924	336,215	307,445	

5. Débiteurs

6. Property, plant and equipment

	Distribution equipment/ Équipement de distribution	Other assets/ Autres actifs	Total	
	\$	\$	\$	
Cost				Coût
Balance as at January 1 st , 2014	744,382	24,541	768,923	Solde au 1 ^{er} janvier 2014
Additions	40,099	492	40,591	Acquisitions
Balance as at December 31, 2014	784,481	25,033	809,514	Solde au 31 décembre 2014
Additions	27,246	8,780	36,026	Acquisitions
Disposals	(5,997)	-	(5,997)	Dispositions
Reclassifications	(15,082)	-	(15,082)	Reclassifications
Balance as at December 31, 2015	790,648	33,813	824,461	Solde au 31 décembre 2015
Accumulated depreciation				Amortissement cumulé
Balance as at January 1 st , 2014	-	-	-	Solde au 1 ^{er} janvier 2014
Depreciation expense	44,253	5,118	49,371	Amortissement
Balance as at December 31, 2014	44,253	5,118	49,371	Solde au 31 décembre 2014
Depreciation expense	42,108	5,344	47,452	Amortissement
Disposals	(1,321)	-	(1,321)	Dispositions
Reclassifications	(615)	-	(615)	Reclassifications
Balance as at December 31, 2015	84,425	10,462	94,887	Solde au 31 décembre 2015
Net carrying amounts				Valeur comptable nette
As at January 1 st , 2014	744,382	24,541	768,923	Au 1 ^{er} janvier 2014
As at December 31, 2014	740,228	19,915	760,143	Au 31 décembre 2014
As at December 31, 2015	706,223	23,351	729,574	Au 31 décembre 2015

6. Immobilisations corporelles

7. Intangible assets

	Computer software/ Logiciel informatique		
	\$		
Cost		Coût	
Balance as at January 1 st , 2014	18,618	Solde au 1 ^{er} janvier 2014	
Additions	38,793	Acquisitions	
Disposals	-	Dispositions	
Balance as at December 31, 2014	57,411	Solde au 31 décembre 2014	
Additions	2,142	Acquisitions	
Disposals	-	Dispositions	
Balance as at December 31, 2015	59,553	Solde au 31 décembre 2015	

7. Immobilisations incorporelles

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2015

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2015

7. Intangible assets and (continued)

	Computer software/ Logiciel informatique
	\$
Accumulated amortization	
Balance as at January 1 st , 2014	-
Amortization expense	15,984
Balance as at December 31, 2014	15,984
Amortization expense	12,776
Balance as at December 31, 2015	28,760

Net carrying amounts	
As at January 1 st , 2014	18,618
As at December 31, 2014	41,427
As at December 31, 2015	30,793

7. Immobilisations incorporelles (suite)

Amortissement cumulé	
Solde au 1 ^{er} janvier 2014	
Amortissement	
Solde au 31 décembre 2014	
Amortissement	
Solde au 31 décembre 2015	

Valeur comptable nette	
Au 1 ^{er} janvier 2014	
Au 31 décembre 2014	
Au 31 décembre 2015	

8. Regulatory deferral account debit balances

	December 31, 31 décembre 2015	December 31, 31 décembre 2014	January 1 st , 1 ^{er} janvier 2014
	\$	\$	\$
Low voltage charges	117,263	124,573	106,869
Other regulatory assets	55,482	37,155	2,294
Payments in lieu of income taxes	25,879	25,561	33,549
Retail settlement variance account	212,550	140,090	26,760
Amounts recoverable from clients	14,322	-	-
	425,496	327,379	169,472

8. Soldes débiteurs des comptes de report réglementaire

Distribution à faible tension	
Autres actifs réglementés	
Paievements versés en remplacement d'impôts sur les bénéfices	
Écart de prix avec les détaillants	
Montants récupérables des clients	

9. Accounts payable and accrued liabilities

	December 31, 31 décembre 2015	December 31, 31 décembre 2014	January 1 st , 1 ^{er} janvier 2014
	\$	\$	\$
Accounts payable - energy purchases	598,179	530,616	573,481
Debt retirement charge payable - Ontario Electricity Financial Corporation	13,859	30,565	20,222
Payroll payable	23,575	14,924	17,822
Commodity taxes payable	-	37,759	48,724
Customer receivables in credit balances	135,263	129,812	138,116
Township of Alfred and Plantagenet	-	-	8,536
Other accounts payable and accrued liabilities	72,900	39,684	31,996
	843,776	783,360	838,897

9. Créditeurs et charges à payer

Créditeurs - achats d'énergie	
Redevance de liquidation de la dette à payer - Société Financière de l'industrie de l'électricité de l'Ontario	
Rémunération à payer	
Taxes à la consommation à payer	
Clients à recevoir avec soldes créditeurs	
Canton d'Alfred et Plantagenet	
Autres créditeurs et charges à payer	

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2015

10. Bank loan

The Corporation has an authorized line of credit of \$ 100,000 (\$ 100,000 as at December 31, 2014 and \$ 50,000 as at January 1st, 2014), at prime rate plus 4.4%, which remained unused as at December 31, 2015 and 2014 and as at January 1st, 2014.

11. Note payable

	December 31, 31 décembre 2015	December 31, 31 décembre 2014	January 1 st , 1 ^{er} janvier 2014
	\$	\$	\$
Note payable to the Corporation of the Township of Alfred and Plantagenet, sole shareholder of the Corporation, 5.5%, payable in semi-annual instalments of \$ 21,324 including interest	-	40,952	79,741
Current portion	-	40,952	38,789
	-	-	40,952

No restrictive covenant has been imposed by the Corporation of the Township of Alfred and Plantagenet.

12. Share capital

Authorized share capital:

An unlimited number of shares in each of the following categories:

Voting Class A shares

Voting Class B shares, non-participating

Non-voting Class C shares,
non-participating

Issued

	December 31, 31 décembre 2015	December 31, 31 décembre 2014	January 1 st , 1 ^{er} janvier 2014
	\$	\$	\$
1 Class A share	308,735	308,735	308,735

Hydro 2000 Inc.

Notes complémentaires aux
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31 décembre 2015

10. Emprunt bancaire

La Société dispose d'une marge de crédit de 100 000 \$ (100 000 \$ au 31 décembre 2014 et 50 000 \$ au 1^{er} janvier 2014), au taux préférentiel plus 4,4%, dont la totalité est inutilisée au 31 décembre 2015 et 2014 et au 1^{er} janvier 2014.

11. Billet à payer

Billet à payer à la Corporation du Canton d'Alfred et Plantagenet, l'unique actionnaire de la Société, 5,5%, remboursable par versements semi-annuels de 21 324 \$ incluant les intérêts

Tranche à court terme

Aucune clause restrictive n'a été imposée par la Corporation du Canton d'Alfred et Plantagenet.

12. Capital-actions

Informations sur le capital-actions autorisé :

Un nombre illimité d'actions de chacune des catégories suivantes :

Actions de catégorie A, avec droit de vote

Actions de catégorie B, avec droit de vote, non participantes

Actions de catégorie C, sans droit de vote, non participantes

Émis

1 action de catégorie A

Hydro 2000 Inc.

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Hydro 2000 Inc.

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**13. Regulatory deferral account
credit balances**

	December 31, 31 décembre 2015	December 31, 31 décembre 2014	January 1st, 1^{er} janvier 2014
	\$	\$	\$
Amounts owing to clients	-	10,714	54,358

**13. Soldes créditeurs des comptes de
report réglementaires****14. Revenues**

	2015	2014
	\$	\$
<i>Energy</i>		
Residential	1,697,895	1,700,907
General < 50 KW	557,231	520,453
General < 50 KW - Unmetered scattered loads	1,858	1,944
General > 50 KW	539,292	428,838
Street lights	15,956	6,805
	2,812,232	2,658,947
<i>Distribution</i>		
Service charge	267,353	229,583
Distribution volume	261,445	265,757
Administration charge	3,762	5,205
Retailer charge	1,963	2,367
	534,523	502,912

14. Revenus

	2015	2014
	\$	\$
<i>Énergie</i>		
Résidentiel	1,697,895	1,700,907
Général < 50 KW	557,231	520,453
Général < 50 KW - Charges sans compteur	1,858	1,944
Général > 50 KW	539,292	428,838
Éclairage des rues	15,956	6,805
	2,812,232	2,658,947
<i>Distribution</i>		
Revenus de gestion	267,353	229,583
Revenus de livraison	261,445	265,757
Revenus d'administration	3,762	5,205
Revenus des détaillants	1,963	2,367
	534,523	502,912

15. Operating expenses

	2015	2014
	\$	\$
Salaries and benefits	211,413	153,909
Contract/consulting	93,590	36,844
Materials	136,523	114,679
Rent	11,081	11,081
Amortization	56,130	61,257
Donations	2,300	2,100
Interest	1,707	3,860
	512,744	383,730

15. Charges d'exploitation

	2015	2014
	\$	\$
Salaire et avantages sociaux	211,413	153,909
Contrat/consultant	93,590	36,844
Matériaux	136,523	114,679
Loyer	11,081	11,081
Amortissement	56,130	61,257
Dons	2,300	2,100
Intérêts	1,707	3,860
	512,744	383,730

Hydro 2000 Inc.

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16. Insurance

With respect to liability insurance, the Corporation is a member of the Municipal Electricity Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members.

Insurance premiums charged to each member consist of a levy per thousands of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is \$ 24,000,000 for liability insurance, including directors and officers.

17. Leases

The Corporation leases office space under an operating lease which expires on March 31, 2016. Future lease payments aggregate \$ 1,846 and are payable over the next year.

18. Income tax

(a) *Income tax expense*

PILs recognized in net income include the following:

	2015	2014	
	\$	\$	
Current tax (recoverable)	(8,656)	(8,056)	Exigibles (recouvrables)
Deferred tax expense	19,896	28,298	Impôts différés
Income tax expense	11,240	20,242	Impôts sur le résultat

Hydro 2000 Inc.

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16. Assurance

En ce qui concerne l'assurance responsabilité, la Société est membre du « Municipal Electricity Association Reciprocal Insurance Exchange (« MEARIE ») ». Un échange d'assurance réciproque peut être défini comme un groupe de personnes formées dans le but d'échanger des contrats réciproques d'indemnisation ou d'assurance avec l'autre. MEARIE est autorisé à fournir une assurance de responsabilité civile générale à ses membres.

Les primes d'assurance facturées à chaque membre se composent d'un prélèvement par millier de dollars de revenus de services sujet à un crédit ou un supplément basé sur l'expérience des réclamations de chaque membre. La couverture maximale pour l'assurance responsabilité, incluant les administrateurs et officiers, est de 24 000 000 \$.

17. Contrats de location

La Société loue des bureaux en vertu d'un contrat de location-exploitation qui vient à échéance le 31 mars 2016. Les loyers futurs s'élèveront à 1 846 \$ et comprennent le paiement suivant pour le prochain exercice.

18. Impôts

(a) *Impôts sur le résultat*

Les PILs constatés dans le résultat net inclus :

Hydro 2000 Inc.

Notes to the financial statements

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18. Income tax (continued)

(b) Reconciliation of effective tax rate

The income tax expense differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rates. The reconciliation between the statutory and effective tax rates is as follows:

	2015	2014	
	\$	\$	
Income before taxes	72,516	130,606	Résultat avant impôts
Statutory Canadian federal and provincial income tax rates	15.5%	15.5%	Taux d'impôt statutaires canadien fédéral et provincial
Expected tax provision on income at statutory rates being total income tax expense	11,240	20,242	Provision attendue sur le résultat aux taux statutaires étant les impôts sur le résultat total

Statutory Canadian income tax rates for the current year comprise 11% (11% in 2014) for federal corporate tax and 4.5% (4.5% in 2014) for corporate tax in Ontario. Those rates are for small businesses.

(c) Deferred tax

Deferred tax assets (liabilities) are attributable to the following:

	December 31, 31 décembre 2015	December 31, 31 décembre 2014	January 1 st , 1 ^{er} janvier 2014	
	\$	\$	\$	
Property, plant and equipment	(2,396)	(295)	(703)	Immobilisations corporelles
Intangible assets	4,415	3,208	2,637	Immobilisations incorporelles
Regulatory deferral account	65,952	49,083	17,843	Comptes de report réglementaire
Other deductible temporary differences	-	(3,921)	-	Autres écart déductibles temporaires
	67,971	48,075	19,777	

Movement in deferred tax balances during the year were as follows:

	2015	2014	
	\$	\$	
Balance as at January 1 st	48,075	19,777	Solde au 1 ^{er} janvier
Recognized in net income	19,896	28,298	Constaté dans le résultat net
Balance as at December 31	67,971	48,075	Solde au 31 décembre

Hydro 2000 Inc.

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18. Impôts (suite)

(b) Rapprochement du taux d'imposition

La charge d'impôt diffère de celle qui sera établie avec le taux statutaires combiné fédéral et provincial. Le rapprochement entre les taux statutaires et les taux effectifs est comme suit :

Les taux d'impôts statutaires canadiens pour l'exercice courant sont 11% (11% en 2014) pour l'impôt des sociétés fédéral et 4,5% (4,5% en 2014) pour l'impôt des sociétés en Ontario. Ces taux sont pour les petites entreprises.

(c) Impôts différés

Les actifs (passifs) d'impôts différés sont attribuables à :

Les variations des soldes des impôts afférés au cours de l'exercice sont comme suit:

Hydro 2000 Inc.

Notes to the financial statements

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19. Related party balances and transactions

(a) Balances and transactions with shareholder

The amounts payable to/(receivable from) shareholder are presented in Notes 5 and 9.

Significant related party transactions with the shareholder not otherwise disclosed separately in the financial statements, are summarized below:

	2015	2014
	\$	\$
Revenues		
Energy and distribution	79,674	87,517
Expenses		
Interest on note payable	1,697	3,861

These transactions are in the normal course of operations and are recorded at the exchange amount.

(b) Key management personnel compensation

Key management personnel are comprised of the Corporation's manager and the members of board of directors. The compensation paid or payable to key management personnel is as follows:

Short-term employment benefits and salaries	132,153	103,556
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20. Net change in non-cash operating working capital

	2015	2014
	\$	\$
Accounts receivable	18,291	(28,770)
Unbilled revenues	21,383	90,399
Income taxes	6,593	(43,634)
Prepaid expenses	(5,632)	(1,194)
Accounts payable and accrued liabilities	39,951	(55,537)
	80,586	(38,736)

Non-cash transactions

During the year, capital assets were acquired at an aggregate cost of \$ 38,168 (\$ 79,384 in 2014), of which \$ 20,465 (Nil in 2014) were paid after year-end and \$ 17,703 (\$ 79,384 in 2014) were paid during the year. An amount of \$ 14,467 of stranded meters was also transferred from property, plant and equipment to regulatory deferral account balances.

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2015

19. Soldes et transactions avec les parties liées

(a) Soldes et transactions avec l'actionnaire

Les montants payables à (recevable de) l'actionnaire sont présentés aux notes 5 et 9.

Les transactions importantes avec l'actionnaire, qui ne sont pas présentées séparément dans les états financiers, sont résumées ci-dessous :

	2015	2014
	\$	\$
Revenues		
Énergie et distribution	79,674	87,517
Charges		
Intérêts sur billet à payer	1,697	3,861

Ces transactions sont dans le cours normal des opérations et sont constatées à la valeur d'échange.

(b) Rémunération des principaux dirigeants

Les principaux dirigeants sont le gérant de la Société et les membres du conseil d'administration. La rémunération versée ou payable aux principaux dirigeants est comme suit :

Avantages à court terme	132,153	103,556
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20. Variation nette des éléments hors caisse du fonds de roulement

	2015	2014
	\$	\$
Débiteurs	18,291	(28,770)
Revenus non facturés	21,383	90,399
Impôts sur les bénéfices	6,593	(43,634)
Frais payés d'avance	(5,632)	(1,194)
Créditeurs et charges à payer	39,951	(55,537)
	80,586	(38,736)

Opérations sans effets sur la trésorerie

Au cours de l'exercice, des immobilisations corporelles ont été acquises pour un coût total de 38 168 \$ (79 384 \$ en 2014), dont 20 465 \$ (nul en 2014) ont été payées après la fin de l'exercice et 17 703 \$ (79 384 \$ en 2014) ont été payées au cours de l'exercice. Un montant de 14 467 \$ pour des compteurs désuets a aussi été transféré des immobilisations corporelles aux soldes des comptes de report réglementaires.

Hydro 2000 Inc.

Notes to the financial statements

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21. Financial instruments and risk management

(a) Fair value of financial instruments

The Corporation's accounting policies relating to the recognition and measurement of financial instruments are disclosed in Note 3(c).

The carrying amount of cash, accounts receivable, unbilled revenue and accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. The carrying value and fair value of the Corporation's other financial instruments are as follows:

Description	December 31, 2015/ 31 décembre 2015		December 31, 2014/ 31 décembre 2014		January 1 st , 2014/ 1 ^{er} janvier 2014	
	Carrying value/ Valeur comptable	Fair value/ Juste valeur	Carrying value/ Valeur comptable	Fair value/ Juste valeur	Carrying value/ Valeur comptable	Fair value/ Juste valeur
	\$	\$	\$	\$	\$	\$
Liabilities						
Note payable	-	-	40,952	40,952	79,741	79,741

The carrying amounts shown in the table are included in the balance sheet under the indicated title.

Hydro 2000 Inc.

Notes complémentaires aux états financiers

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21. Instruments financiers et gestion des risques

(a) Juste valeur des instruments financiers

Les conventions comptables de la Société relatives à la comptabilisation et l'évaluation des instruments financiers sont présentées à la note 3 (c).

La valeur comptable de l'encaisse, des débiteurs, des revenus non facturés et des créditeurs et charges à payer sont près de la juste valeur en raison de l'échéance rapprochée de ces instruments. La valeur comptable et la juste valeur des autres instruments financiers de la Société sont les suivants :

Passif
Billet à payer

Les valeurs comptables démontrées dans le tableau sont inclus au bilan sous la rubrique indiquée.

Hydro 2000 Inc.

Notes to the financial statements

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Hydro 2000 Inc.

Notes complémentaires aux états financiers

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21. Financial instruments and risk management (continued)

(a) Fair value of financial instruments (continued)

Financial instruments which are disclosed at fair value are to be classified using a three - level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

- Level 1: inputs are unadjusted quoted prices of identical instruments in active markets,
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

The fair value hierarchy is classified as Level 2 for notes payable. The classification for disclosure purposes has been determined in accordance with generally accepted pricing models, based on discounted cash flow analysis, with the most significant inputs being the contractual terms of the instrument discounted, and the market discount rates that reflects the credit risk of counterparties.

(b) Risk factors

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk and liquidity risk as well as related mitigation strategies have been discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

(c) Credit risk

The Corporation's credit risk is primarily attributable to its accounts receivable and unbilled revenues. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by the management of the Corporation based on previous experience and its assessment of the current economic environment. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The Corporation does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

21. Instruments financiers et gestion des risques (suite)

(a) Juste valeur des instruments financiers (suite)

Les instruments financiers qui sont présentés à la juste valeur doivent être classés selon une hiérarchie à trois niveaux. Chaque niveau reflète les données utilisées pour évaluer les justes valeurs des passifs financiers et sont comme suit :

- Niveau 1 : évaluation fondée sur les prix non rajustés, sur le marché, pour des actifs ou passifs identiques,
- Niveau 2 : les données autres que les prix cotés visés au niveau 1, qui sont observables pour l'actif ou le passif, directement ou indirectement, et
- Niveau 3 : données pour les actifs ou passifs qui ne sont pas fondées sur les données de marché observables.

La hiérarchie de la juste valeur du billet à payer est classée au niveau 2. La classification à des fins de divulgation a été déterminée conformément aux modèles d'évaluation généralement reconnus, fondées sur l'analyse des flux de trésorerie actualisés. Les données principales sont les conditions contractuelles de l'instrument escompté et les taux d'actualisation du marché qui reflète le risque de crédit des contreparties.

(b) Facteurs de risque

La Société comprend les risques inhérents à son domaine d'activité et les définit comme étant tout ce qui pourrait influencer sur sa capacité à réaliser ses objectifs stratégiques. L'exposition de la Société à une variété de risques tels que le risque de crédit et le risque de liquidité ainsi que les stratégies d'atténuation connexes ont été discutés ci-dessous. Cependant, les risques décrits ci-dessous ne sont pas exhaustifs et les stratégies d'atténuation n'élimineront pas l'exposition de la Société à tous les risques énumérés.

(c) Risque de crédit

Le risque de crédit de la Société est principalement imputable à ses débiteurs et ses revenus non facturés. Les montants présentés dans le bilan ont été réduit de la provision pour créances douteuses, laquelle a fait l'objet d'une estimation par la direction de la Société en fonction de l'expérience antérieure et de son évaluation de la conjoncture économique actuelle. Afin de réduire le risque, la direction a adopté des politiques de crédit qui comprennent une révision régulière des limites de crédit. La Société n'est exposée à aucun risque important à l'égard d'un client particulier et n'a eu aucune créance irrécouvrable importante au cours de l'exercice. Le risque de crédit lié à l'encaisse est limité puisque les contreparties sont des banques à charte jouissant de cotes de solvabilité élevées attribuées par des agences de notation nationales.

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21. Financial instruments and risk managements (continued)

(c) Credit risk (continued)

As at December 31, 2015, the aging of accounts receivable was as follow:

	December 31,/ 31 décembre 2015		December 31,/ 31 décembre 2014		January 1 st ,/ 1 ^{er} janvier 2014		
	\$	%	\$	%	\$	%	
Trade							Clients
Current	245,682	71	298,445	84	287,780	92	Courant
Aged between 31 and 90 days	15,967	5	18,495	5	8,150	3	Entre 31 et 90 jours
Aged greater than 90 days	85,386	24	40,439	11	17,134	5	Plus de 90 jours
	347,035	100	357,379	100	313,064	100	
Allowance for doubtful accounts	(29,111)	(8)	(21,164)	(6)	(5,619)	(2)	Provision pour créances douteuses
	317,924	92	336,215	94	307,445	98	

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. The Corporation has the following financial liabilities as at December 31:

Hydro 2000 Inc.

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21. Instruments financiers et gestion des risques (suite)

(c) Risque de crédit (suite)

Au 31 décembre 2015, le classement par échéance des débiteurs était le suivant :

Risque de liquidité

Le risque de liquidité est le risque que la Société ne soit pas en mesure de remplir ses obligations financières à leur échéance. La Société surveille le solde de son encaisse et ses flux de trésorerie qui découlent de son exploitation pour être en mesure de respecter ses engagements. Au 31 décembre, les passifs financiers de la Société étaient les suivants :

	Carrying amount/ Valeur comptable		2016	31 décembre 2015
December 31, 2015	\$		\$	
Accounts payable and accrued liabilities	843,776		843,776	Créditeurs et charges à payer
	Carrying amount/ Valeur comptable		2015	31 décembre 2014
December 31, 2014	\$		\$	
Accounts payable and accrued liabilities	783,360		783,360	Créditeurs et charges à payer
Note payable	40,952		40,952	Billet à payer
	Carrying amount/ Valeur comptable		2015	1 ^{er} janvier 2014
January 1, 2014	\$		\$	
Accounts payable and accrued liabilities	838,897	838,897	-	Créditeurs et charges à payer
Note payable	79,741	38,789	40,952	Billet à payer

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22. Rate regulation

The Ontario Energy Board Act, 1998 gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

Every five years, each electricity distributor must go through an extensive review of their distribution costs which is called a cost of service.

On an annual basis, between each cost of service, each distributors go through a less extensive review. There are three rate-setting methods under this category: 4th generation incentive rate-setting (Price Cap IR), Custom incentive rate-setting (Custom IR) and Annual incentive rate-setting index (Annual IR Index).

On an annual basis, each distributors must go through another process to recover regulatory deferral account balances (debits and credits). This process is called Incentive rate-setting mechanism (IRM). Every five year, this process is addressed through the cost of service.

For all of those rate setting mechanism, there are different applications, models and reports which must be submitted by the distributors to OEB. Consumer groups and other affected groups may also take part in the process and provide comments. The OEB decides whether or not to approve any or all of the application and then sets the rates for the distributors to charge.

In order to meet OEB's requirements, the Corporation must record some amounts in regulatory deferral accounts. Those amounts will be recovered from or reimbursed to clients over a period of time agreed in the rate-setting process. Amounts recorded in regulatory accounts includes the difference between various energy revenues and expenses components (Retail settlement variance account and Low voltage charges) and expenses (Other regulatory assets) which are not considered in the actual rates because they were unknown or could not be evaluated when the cost of service was approved.

22. Réglementation des tarifs

La Loi de 1998 sur la Commission de l'énergie de l'Ontario a donné à la CÉO des pouvoirs accrus et des responsabilités pour réglementer l'industrie de l'électricité. Ces pouvoirs et responsabilités comprennent le pouvoir d'approuver ou de fixer les taux de transmission et de distribution d'électricité, le pouvoir de fournir une protection tarifaire continue pour les clients ruraux et éloignés et la responsabilité de veiller à ce que les sociétés de distribution remplissent leurs obligations de brancher et servir les clients. La CÉO peut imposer des exigences de licence et des conditions, y compris, entre autres, des registres comptables appropriés, des principes comptables réglementaires et des exigences pour le processus d'établissement des tarifs.

Tous les cinq ans, chaque distributeur d'électricité doit subir un examen plus approfondi de ses coûts de distribution qui est appelé un coût de service.

Chaque distributeur doit subir un examen moins approfondi sur une base annuelle entre les coûts de service. Dans cette catégorie, il existe trois méthodes pour fixer les taux : l'établissement des taux incitatifs de 4^e génération, l'établissement des taux d'incitation personnalisés et l'indice annuel d'établissement des taux d'incitation.

Sur une base annuelle, chaque distributeur doit passer par un autre procédé afin de récupérer les soldes de comptes de report réglementaires (débiteurs et créditeurs). Ce mécanisme est appelé mécanisme d'établissement des taux incitatif. Tous les cinq ans, ce processus est inclus dans le coût de service.

Pour tous ces mécanismes d'établissement des taux, il existe différentes applications, modèles et rapports qui doivent être soumis par les distributeurs à la CÉO. Les groupes de consommateurs et d'autres groupes concernés peuvent également prendre part au processus et fournir des commentaires. La CÉO décide d'approuver ou non, l'ensemble ou une portion de l'application et fixe les taux que les distributeurs doivent facturer.

Afin de répondre aux exigences de la CÉO, la Société doit enregistrer certains montants dans les comptes de report réglementaires. Ces montants seront récupérés ou remboursés aux clients sur une période de temps convenue dans le processus d'approbation des tarifs. Les montants inscrits dans les comptes de réglementation comprennent la différence entre diverses composantes des revenus et charges d'énergie (écarts de prix avec les détaillants et distribution à faible tension) et les dépenses (autres actifs réglementés) qui ne sont pas pris en compte dans les taux courants parce qu'ils étaient inconnus ou ne pouvaient pas être déterminés lorsque le coût de service a été approuvé.

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22. Rate regulation (continued)

When the regulatory deferral account balances are approved for disposal (to be recovered from or remitted to clients) in the IRM or cost of service, the approved rates are based on a number of clients and a level of consumption. The portion expected to be recovered or remitted with a fixed charge, will vary with the number of clients over the recovery or remittance period. The portion expected to be recovered or remitted with a usage charge, will vary with the consumption over the recovery or remittance period. The remaining balance between the amounts approved and the amounts recovered or remitted over the approved period, will be considered in a future IRM or cost of service.

Carrying charges are calculated on the regulatory deferral account balances. They are calculated on a monthly basis, at a rate established by OEB, on the balances at the beginning of the month. Carrying charges are calculated on the capital amounts only, not on the accumulated carrying charges.

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22. Réglementation des tarifs (suite)

Lorsque les soldes de comptes de report réglementaires sont approuvés pour être disposés (récupérés ou remis aux clients) lors du mécanisme d'établissement des taux incitatif ou lors du coût de service, les tarifs approuvés sont basés sur un nombre de clients et un niveau de consommation. La portion qui devrait être récupérée ou remboursée par une charge fixe, variera en fonction du nombre de clients au cours de la période de récupération ou de remboursement. La portion qui devrait être récupérée ou remboursée par des frais d'utilisation, variera en fonction de la consommation des clients au cours de la période de récupération ou de remboursement. Le solde entre les montants approuvés et les montants récupérés ou remboursés au cours de la période approuvée, sera considéré lors d'un mécanisme d'établissement des taux incitatif ou lors d'un coût de service futur.

Des frais financiers sont calculés sur les soldes de comptes de report réglementaires. Ils sont calculés sur une base mensuelle, avec un taux établi par la CÉO, sur les soldes au début du mois. Les frais financiers sont calculés sur les montants de capital et non sur les frais financiers cumulés.

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**22. Rate regulation
(continued)**

The following table represents a summary of the transactions in the regulatory deferral account balances:

2015								
	December 31, 31 décembre 2014	Approved by OEB/ Approuvés par la CÉO	Carrying charges/ Frais financiers	Current variances/ Variations courantes	Remitted (recovered)/ Remises (recouvrement)	Adjustments/ Ajustements	December 31, 31 décembre 2015	
	\$	\$	\$	\$	\$	\$	\$	
Low voltage charges	124,573	(75,642)	1,270	67,062	-	-	117,263	Distribution à faible tension
Other regulatory assets	37,155	(959)	(14)	35,282	(372)	(15,610)	55,482	Autres actifs réglementés
Payments in lieu of income taxes	25,561	-	318	-	-	-	25,879	Paiements versés en remplacement d'impôts sur le bénéfice
Retail settlement variance account	140,090	99,726	1,292	(28,558)	-	-	212,550	Écart de prix avec les détaillants
Amounts (owing to) receivable from clients	(10,714)	(23,125)	(262)	-	14,475	33,948	14,322	Montants (à rembourser aux) à récupérer des clients
	316,665	-	2,604	73,786	14,103	18,338	425,496	

**22. Réglementation des
tarifs (suite)**

Le tableau qui suit représente un sommaire des transactions dans les soldes de comptes de report réglementaires :

Hydro 2000 Inc.

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Hydro 2000 Inc.

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**22. Rate regulation
(continued)****22. Réglementation des
tarifs (suite)**

	2014							
	January 1 st ,/ 1 ^{er} janvier	Approved by OEB/ Approuvés par la CÉO	Carrying charges/ Frais financiers	Current variances/ Variations courantes	Remitted (recovered)/ Remises (recouvrement)	Adjustments/ Ajustements	December 31,/ 31 décembre	
	\$	\$	\$	\$	\$	\$	\$	
Low voltage charges	106,869	-	1,462	16,242	-	-	124,573	Distribution à faible tension
Other regulatory assets	2,294	-	(32)	34,957	(64)	-	37,155	Autres actifs réglementés
Payments in lieu of income taxes	33,549	-	429	-	(8,417)	-	25,561	Paiements versés en remplacement d'impôts sur le bénéfice
Retail settlement variance account	26,760	-	1,025	112,305	-	-	140,090	Écart de prix avec les détaillants
Amounts (owing to) receivable from clients	(54,358)	-	(1,450)	-	45,094	-	(10,714)	Montants (à rembourser aux) à récupérer des clients
	115,114	-	1,434	163,504	36,613	-	316,665	

Hydro 2000 Inc.

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23. Capital structure / objectives

The Corporation's main objectives in the management of capital are to:

- (i) Ensure that there is access to various funding options at the lowest possible rates for the various capital initiatives and working capital requirements necessary for the rate-regulated business;
- (ii) Consistently maintain a high credit rating for the Corporation;
- (iii) Deliver appropriate financial returns to shareholders.

24. First-time adoption of IFRS

As stated in Note 2, these are the first annual financial statements of the Corporation prepared in accordance with IFRS. The Corporation's financial statements were previously prepared in accordance with Part V of the Canadian Generally Accepted Accounting Principles (Canadian GAAP).

The accounting policies described in Note 3 have been applied in preparing the financial statements for the year ended December 31, 2015, the comparative information provided for the year ended December 31, 2014 and in the preparation of the opening IFRS balance sheet as at January 1, 2014 (date of transition).

Mandatory exceptions

IFRS 1 states that estimates made in accordance with IFRS at the date of transition should be consistent with estimates made under Canadian GAAP (after adjustments to reflect any differences in accounting policies). Accordingly, estimates previously made under Canadian GAAP were not revised at the date of transition except where necessary to reflect changes in accounting policies.

Elected exemptions

In preparing these financial statements in accordance with IFRS 1, the Corporation has elected a few of the optional exemptions that are available to a first-time adopter of IFRS. The optional exemptions elected by the Corporation are described below.

(i) Business combinations

IFRS 1 provides an optional exemption whereby a first-time adopter may elect not to apply IFRS retrospectively to business combinations that occurred prior to the date of transition. The Corporation elected this exemption and did not restate business combinations that occurred prior to the date of transition.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
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23. Structure du capital et objectifs

Les principaux objectifs de la Société dans la gestion de son capital sont :

- (i) S'assurer d'avoir accès à des sources de financement variées à des taux raisonnables pour ses diverses initiatives et un fonds de roulement nécessaire au fonctionnement de ses activités réglementées;
- (ii) Maintenir une excellente évaluation de crédit pour la Société;
- (iii) Rapporter un rendement financier satisfaisant à l'actionnaire.

24. Première application des IFRS

Comme indiqué dans la note 2, ce sont les premiers états financiers annuels de la Société préparés conformément aux IFRS. Les états financiers de la Société étaient auparavant préparés conformément à la partie V des principes comptables généralement reconnus du Canada (PCGR du Canada).

Les conventions comptables décrites à la note 3 ont été appliquées pour la préparation des états financiers de l'exercice terminé le 31 décembre 2015, les informations comparatives fournies pour l'exercice clos le décembre 2014 et dans la préparation du bilan d'ouverture IFRS au 1^{er} janvier 2014 (date de transition).

Exceptions obligatoires

IFRS 1 prévoit que les estimations faites en conformité avec les IFRS à la date de transition doivent être cohérentes avec les estimations établies selon les PCGR canadiens (après ajustement pour tenir compte des différences de méthodes comptables). En conséquence, les estimations faites précédemment selon les PCGR canadiens n'ont pas été révisées à la date de transition, sauf si nécessaire pour refléter les changements de méthodes comptables.

Exemptions facultatives

Dans la préparation de ces états financiers conformément à IFRS 1, la Société a choisi quelques-unes des exemptions facultatives qui sont disponibles pour un premier adoptant des IFRS. Les exemptions facultatives choisies par la Société sont décrites ci-dessous.

(i) Regroupements d'entreprises

IFRS 1 prévoit une exemption facultative selon laquelle un premier adoptant peut décider de ne pas appliquer IFRS rétrospectivement aux regroupements d'entreprises survenus avant la date de transition. La Société a choisi cette exemption et n'a pas retraité les regroupements d'entreprises survenus avant la date de transition.

Hydro 2000 Inc.

Notes to the financial statements
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24. First-time adoption of IFRS (continued)

Elected exemptions (continued)

(ii) Deemed cost

A first-time adopter with rate-regulated activities may hold items of PP&E or intangible assets for which the carrying amount of such items includes amounts that were determined in accordance with previous GAAP but do not qualify for capitalization under IFRS. In such cases the first-time adopter may elect to use the previous GAAP carrying amount of such an item at the date of transition as deemed cost.

Under Canadian GAAP, the carrying amount of the Corporation's PP&E and intangible assets used in rate-regulated activities was based on historical cost but included certain amounts that would not qualify for capitalization under IFRS. The Corporation elected to use the carrying amount of these items as determined under Canadian GAAP as deemed cost on the date of transition.

The items for which the deemed cost exemption was elected are part of the Corporation's rate-regulated CGU. The rate-regulated CGU was tested for impairment at the date of transition and it was determined that the CGU was not impaired.

(iii) Transfers of assets from customers

The Corporation has elected to apply the transitional provisions in IFRIC 18 *Transfers of Assets from Customers*. This provision states that the effective date of this standard should be July 1, 2009 or the date of transition to IFRS whichever is later.

The adoption of this new standard had no impact on the financial statements.

Impact of transition

In preparing its opening IFRS balance sheet, the Corporation has adjusted amounts reported previously in its financial statements prepared in accordance with Canadian GAAP. IFRS 1 requires an entity to explain how the transition from its previous GAAP to IFRS affected its reported financial position, financial performance and cash flows by providing reconciliations of shareholder's equity and cash flows for prior periods. An explanation of how the transition from Canadian GAAP to IFRS has affected the Corporation's financial position and performance is set out in the following tables and accompanying notes.

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24. Première application des IFRS (suite)

Exemptions facultatives (suite)

(ii) Coût présumé

Un premier adoptant des activités à tarifs réglementés peut détenir des immobilisations corporelles ou incorporelles pour lesquels la valeur comptable de ces éléments comprend des montants qui ont été déterminés selon le référentiel comptable antérieur, mais qui ne sont pas admissibles à être capitalisés en vertu des IFRS. Dans ce cas, le premier adoptant peut choisir d'utiliser la valeur comptable établie selon les PCGR antérieurs comme coût présumé à la date de transition.

Selon les PCGR du Canada, la valeur comptable des immobilisations corporelles et incorporelles de la Société qui sont utilisés dans les activités à tarif réglementé étaient basées sur le coût historique mais pouvaient inclure des éléments qui ne seraient pas admissibles à la capitalisation selon les IFRS. La Société a choisi d'utiliser les valeurs déterminées selon les PCGR canadiens comme coût présumé à la date de transition.

Les éléments pour lesquels l'exemption a été utilisée font partie de l'UGT des activités à tarifs réglementés. Nous avons testé la dépréciation de ces immobilisations à la date de transition et aucune diminution de valeur n'a été notée.

(iii) Transfert d'actifs des clients

La Société a choisi d'appliquer les dispositions transitoires d'IFRIC 18 « Transferts d'actifs provenant de clients ». Cette disposition stipule que la date d'entrée en vigueur de cette norme devrait être le plus tard entre le 1^{er} juillet 2009 et la date de transition aux IFRS.

L'adoption de cette nouvelle norme n'a eu aucun impact sur les états financiers.

Impact de la transition

Dans la préparation de son bilan d'ouverture IFRS, la Société a ajusté des montants présentés dans ces états financiers selon les PCGR du Canada. IFRS 1 exige d'expliquer les différences entre l'ancien référentiel comptable et les IFRS sur sa situation financière, sa performance financière et ses flux de trésorerie en expliquant les rapprochements des capitaux propres de l'actionnaire et des flux de trésorerie pour les périodes antérieures. Une explication des impacts de la transition des PCGR du Canada aux IFRS sur la situation financière et la performance financière de la Société est présentée dans les tableaux suivants et les notes ci-jointes.

Hydro 2000 Inc.
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Hydro 2000 Inc.
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aux états financiers
31 décembre 2015

**24. First-time adoption of IFRS
(continued)**

Impact of transition (continued)

Reconciliation of the balance sheet as at
January 1, 2014:

	References/ Références	Canadian GAAP/ PCGR du Canada January 1 st / 1 ^{er} janvier 2014	Adjustments/ Ajustements	IFRS January 1 st / 1 ^{er} janvier 2014	
		\$	\$	\$	\$
Assets					Actif
Current assets					À court terme
Cash		279,028	-	279,028	Encaisse
Accounts receivable	(a)	238,067	69,378	307,445	Débiteurs
Unbilled revenue	(a)	-	420,250	420,250	Revenus non facturés
Prepaid expenses		8,596	-	8,596	Frais payés d'avance
		525,691	489,628	1,015,319	
Property, plant and equipment	(b)	513,789	255,134	768,923	Immobilisations corporelles
Intangible assets	(b)	-	18,618	18,618	Immobilisations incorporelles
Regulatory assets	(c)	109,949	(109,949)	-	Actifs réglementaires
Future income taxes	(d)	10,684	(10,684)	-	Impôts futurs
		1,160,113	642,747	1,802,860	
Regulatory deferral account debit balances	(a, c)	-	169,472	169,472	Soldes débiteurs des comptes de report réglementaire
		1,160,113	812,219	1,972,332	
Liabilities					Passif
Current liabilities					À court terme
Accounts payable and accrued liabilities	(a, e)	107,219	731,678	838,897	Créditeurs et charges à payer
Other current liabilities	(e)	138,116	(138,116)	-	Autres passifs à court terme
Income taxes		22,329	-	22,329	Impôts sur le bénéfice
Current portion of note payable		38,789	-	38,789	Tranche du billet à payer échéant à court terme
Current portion of regulatory liabilities	(c)	26,104	(26,104)	-	Tranche des passifs réglementaires à court terme
		332,557	567,458	900,015	
Note payable		40,952	-	40,952	Billet à payer
Regulatory liabilities	(c)	126,043	(126,043)	-	Passifs réglementaires
Deferred revenue	(b)	-	117,061	117,061	Revenus reportés
Deferred tax liabilities	(d)	-	19,777	19,777	Passif d'impôt différé
		499,552	578,253	1,077,805	
Shareholder's equity					Capitaux propres
Share capital		308,735	-	308,735	Capital-actions
Retained earnings	(a, b, d)	351,826	179,608	531,434	Bénéfices non répartis
		660,561	179,608	840,169	
		1,160,113	757,861	1,917,974	
Regulatory deferral account debit balances	(a, c)	-	54,358	54,358	Soldes débiteurs des comptes de report réglementaire
		1,160,113	812,219	1,972,332	

Hydro 2000 Inc.
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aux états financiers
31 décembre 2015

**24. First-time adoption of IFRS
(continued)**

Impact of transition (continued)

Reconciliation of the balance sheet as at
December 31, 2014:

	References/ Références	Canadian GAAP/ PCGR du Canada December 31, 31 décembre 2014	Adjustments/ Ajustements	IFRS December 31, 31 décembre 2014	
		\$	\$	\$	\$
Assets					Actif
Current assets					À court terme
Cash		120,487	-	120,487	Encaisse
Accounts receivable	(a)	329,727	6,488	336,215	Débiteurs
Unbilled revenue	(a)	-	329,851	329,851	Revenus non facturés
Income taxes		21,305	-	21,305	Impôts sur le bénéfice
Prepaid expenses		9,790	-	9,790	Frais payés d'avance
		481,309	336,339	817,648	
Property, plant and equipment	(b)	534,870	225,273	760,143	Immobilisations corporelles
Intangible assets	(b)	-	41,427	41,427	Immobilisations incorporelles
Regulatory assets	(c)	171,501	(171,501)	-	Actifs réglementaires
Future income taxes	(d)	11,667	(11,667)	-	Impôts futurs
		1,199,347	419,871	1,619,218	
Regulatory deferral account debit balances	(a, c)	-	327,379	327,379	Soldes débiteurs des comptes de report réglementaire
		1,199,347	747,250	1,946,597	
Liabilities					Passif
Current liabilities					À court terme
Accounts payable and accrued liabilities	(a, e)	106,393	676,967	783,360	Créditeurs et charges à payer
Other current liabilities	(e)	129,812	(129,812)	-	Autres passifs à court terme
Future income taxes	(d)	30,856	(30,856)	-	Impôts futurs
Current portion of note payable		40,952	-	40,952	Tranche du billet à payer échéant à court terme
Current portion of regulatory liabilities	(c)	10,340	(10,340)	-	Tranche des passifs réglementaires à court terme
		318,353	505,959	824,312	
Regulatory liabilities	(c)	101,492	(101,492)	-	Passifs réglementaires
Deferred revenue	(b)	-	112,963	112,963	Revenus reportés
Deferred tax liabilities	(d)	-	48,075	48,075	Passif d'impôt afféré
		419,845	565,505	985,350	
Shareholder's equity					Capitaux propres
Share capital		308,735	-	308,735	Capital-actions
Retained earnings	(a, b, d)	470,767	171,031	641,798	Bénéfices non répartis
		779,502	171,031	950,533	
		1,199,347	736,536	1,935,883	
Regulatory deferral account debit balances	(a, c)	-	10,714	10,714	Soldes débiteurs des comptes de report réglementaire
		1,199,347	747,250	1,946,597	

Hydro 2000 Inc.
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Hydro 2000 Inc.
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**24. First-time adoption of IFRS
(continued)**

Impact of transition (continued)

Reconciliation of the statement of income
for the year ended December 31, 2014:

	References/ Références	Canadian GAAP/ PCGR du Canada December 31/ 31 décembre 2014	Adjustments/ Ajustements	IFRS December 31/ 31 décembre 2014	
		\$	\$	\$	\$
Revenues					Revenus
Energy	(a, c)	2,130,330	528,617	2,658,947	Énergie
Distribution	(a)	510,110	(7,198)	502,912	Distribution
Other operating revenues	(c)	56,039	(7,206)	48,833	Autres revenus d'exploitation
		2,696,479	514,213	3,210,692	
Cost of power	(a, c)	2,130,330	767,577	2,897,907	Coût de l'énergie
		566,149	(253,364)	312,785	
Expenses					Charges
Administrative and general	(c)	142,474	(38,843)	103,631	Administratives et générales
Depreciation and amortization	(b)	58,303	2,954	61,257	Amortissement
Billing and collecting		175,056	-	175,056	Facturation et perception
Distribution - operation and maintenance		37,826	-	37,826	Distribution - exploitation et entretien
Donations		2,100	-	2,100	Dons
Interest	(c)	9,632	(5,772)	3,860	Intérêts
		425,391	(41,661)	383,730	
Income before income tax and regulatory items		140,758	(211,703)	(70,945)	Résultat avant impôts et éléments réglementaires
Net movement on regulatory deferral accounts	(a, c)	-	201,551	201,551	Variations nettes des comptes de report réglementaire
Income tax expenses	(d)	(21,817)	1,575	(20,242)	Impôt sur le résultat
Net income		118,941	(8,577)	110,364	Résultat net

**24. Première application des
IFRS (suite)**

Impact de la transition (suite)

Conciliation de l'état du résultat de
l'exercice clos le 31 décembre 2014 :

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2015

24. First-time adoption of IFRS (continued)

Impact of transition (continued)

Explanation of adjustments:

(a) Accrual accounting method

The Corporation changed from the "billed" method / cash accounting to the accrual method for the electricity revenues and expenses. The effect on the financial statement are as follows:

	December 31, 31 décembre 2014	January 1 st , 1 ^{er} janvier 2014
	\$	\$
Assets		
Accounts receivable	6,488	69,378
Unbilled revenues	329,851	420,250
Regulatory deferral account debit balances	15,788	32,763
	352,127	522,391

Liabilities

Accounts payable and accrued liabilities	547,155	593,562
Retained earnings	46,180	53,378
Regulatory deferral account credit balances	(241,208)	(124,549)
	352,127	522,391

For the year ended December 31: 2014
\$

Revenues

Energy	(141,785)
Distribution	(7,198)
	(148,983)

Cost of power (42,101)

Net movement in regulatory deferral accounts 99,684

Net income (7,198)

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2015

24. Première application des IFRS (suite)

Impact de la transition (suite)

Explication des ajustements :

(a) Méthode de la comptabilité d'exercice

La Société a changé de la méthode facturé / comptabilité de caisse à la comptabilité d'exercice pour les revenus et les charges d'électricité. Les effets sur les états financiers sont comme suit :

Actif

Débiteurs
Revenus non facturés
Soldes débiteurs de comptes de report réglementaire

Passif

Créditeurs et charges à payer
Bénéfices non répartis
Soldes créditeurs de comptes de report réglementaire

Pour l'exercice clos le 31 décembre :

Revenus

Énergie
Distribution

Coût de l'énergie

Variations nettes des comptes de report réglementaires

Résultat net

Hydro 2000 Inc.

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Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2015

24. First-time adoption of IFRS (continued)

Impact of transition (continued)

Explanation of adjustments: (continued)

(b) Property, plant and equipment

(i) Carrying amounts

Through its asset management plan process, the Corporation took an inventory of the majority of its capital assets. The costs were established and the depreciation for every items were recalculated. It resulted in an increase of \$ 156,691 of property, plant and equipment and retained earnings as at January 1, 2014 and December 31, 2014. In 2014, there was also \$ 2,954 more in depreciation and amortization.

(ii) Customer contributions

Under Canadian GAAP, customer contributions were netted against the cost of PP&E and amortized to income, as an offset to depreciation expense, on the same basis as the assets for which the customer contributions were received.

Under IFRIC 18 Transfers of Assets from Customers, customer contributions are recognized initially as deferred revenue and are amortized into income over the life of the related assets.

A credit amount of \$ 117,061 was transferred from property, plant and equipment to deferred revenues as of January 1, 2014. An amount of \$ 112,963 was transferred from property, plant and equipment to deferred revenues as of December 31, 2014.

(iii) Softwares

Software were reclassified from property, plant and equipment to intangible assets for \$ 18,618 as at January 1, 2014 and \$ 41,427 as at December 31, 2014.

(c) Regulatory deferral accounts

The Corporation transferred the balances of its regulatory assets and liabilities balances to regulatory deferral account debit and credit balances. A transfer of \$ 26,760 was also done between the regulatory deferral account debit and credit balances as at January 1, 2014 and \$ 140,090 as at December 31, 2014.

24. Première application des IFRS (suite)

Impact de la transition (suite)

Explication des ajustements : (suite)

(b) Immobilisations corporelles

(i) Coûts

Avec son processus de gestion des actifs, la Société a effectué une prise d'inventaire de la majorité de ses immobilisations corporelles. Les coûts ont été établis et l'amortissement a été recalculé pour chaque item. Ceci a fait augmenter les immobilisations corporelles et les bénéfices non répartis de 156 691 \$ au 1^{er} janvier 2014 et au 31 décembre 2014. En 2014, il y a également eu 2 954 \$ de plus en amortissement.

(ii) Contributions des clients

Selon les PCGR du Canada, les contributions des clients sont présentées en réduction des immobilisations corporelles et amorties dans les résultats, en réduction des amortissements, sur la même durée de vie que les actifs que ces contributions ont financés.

Selon IFRIC 18 « Transferts d'actifs provenant de client », les contributions reçues des clients sont comptabilisées initialement comme revenus reportés et sont amorties sur la durée de vie des immobilisations corporelles correspondantes.

Un montant créditeur de 117 061 \$ a été transféré des immobilisations corporelles aux revenus reportés au 1^{er} janvier 2014. Un montant de 112 963 \$ a également été transféré des immobilisations corporelles aux revenus reportés au 31 décembre 2014.

(iii) Logiciels

Les logiciels ont été reclassés des immobilisations corporelles aux immobilisations incorporelles pour un montant de 18 618 \$ au 1^{er} janvier 2014 et 41 427 \$ au 31 décembre 2014.

(c) Comptes de report réglementaire

La Société a transféré le solde de ses actifs et passifs réglementaires aux soldes débiteurs et créditeurs des comptes de report réglementaire. Un transfert de 26 760 \$ a également été effectué entre les soldes débiteurs et créditeurs des comptes de report réglementaire au 1^{er} janvier 2014 et 140 090 \$ au 31 décembre 2014.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2015

24. First-time adoption of IFRS (continued)

Impact of transition (continued)

Explanation of adjustments: (continued)

(c) Regulatory deferral accounts (continued)

Amounts transferred to regulatory deferral account balances were recorded in contra accounts in the revenues and expenses. They have all been reclassified to net movement on regulatory deferral accounts. Those adjustments are summarized in the table below:

For the year ended December 31:	2014
	\$
Revenues	
Energy	670,402
Other operating revenues	(7,206)
	663,196
Cost of power	809,678
Expenses	
Administrative and general	(38,843)
Interest	(5,772)
	(44,615)
Net movement in regulatory deferral accounts	101,867
Net income	-

(d) Deferred taxes

Due to adjustments a and b, deferred taxes were adjusted. As at January 1, 2014, the asset balance was decreased by \$ 10,684, the liability was increase by \$ 19,777 and the retained earnings were decreased by \$ 30,461. As at December 31, 2014, the asset balance was decreased by \$ 11,667, the current liability was decreased by \$ 30,856, the long-term liability was increased by \$ 48,075 and the retained earnings were decreased by \$ 28,886. In 2014, the income tax expense was decreased by \$ 1,575.

Under Part V of Canadian GAAP, deferred taxes were current and/or long-term while with IFRS, deferred taxes are all non-current.

(e) Other current liabilities

Other current liabilities were reclassified in accounts payable and accrued liabilities.

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2015

24. Première application des IFRS (suite)

Impact de la transition (suite)

Explication des ajustements: (suite)

(c) Comptes de report réglementaire (suite)

Les montants transférés aux comptes de report réglementaire ont été inscrits dans les revenus et les dépenses dans des comptes de contrepartie. Ils ont été reclassés dans la variation nette des comptes de report réglementaire. Ces ajustements sont résumés dans le tableau en bas :

Pour l'exercice clos le 31 décembre :
Revenus
Énergie
Autres revenus d'exploitation
Coût de l'énergie
Charges
Administratives et générales
Intérêts
Variations nettes des comptes de report réglementaires
Résultat net

(d) Impôts différés

Dus aux ajustements en a et b, les impôts différés ont été ajustés. Au 1^{er} janvier 2014, l'actif a été réduit de 10 684 \$, le passif a augmenté de 19 777 \$ et les bénéfices non répartis ont diminués de 30 461 \$. Au 31 décembre 2014, l'actif a été réduit de 11 667 \$, le passif à court terme a été réduit de 30 856 \$, le passif à long terme a été augmenté de 48 075 \$ et les bénéfices non répartis ont diminués de 28 886 \$. En 2014, l'impôt sur le résultat a diminué de 1 575 \$.

Selon la Partie V des PCGR du Canada, les impôts différés étaient courant et/ou à long terme tandis que selon les IFRS, les impôts différés sont tous non-courant.

(e) Autre passifs à court terme

Les autres passifs à court terme ont été reclassés dans les créditeurs et charges à payer.

Appendix C Financial Statements 2016 / 2017

Financial statements of
États financiers de

Hydro 2000 Inc.

December 31, 2017
31 décembre 2017

Hydro 2000 Inc.
December 31, 2017

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Hydro 2000 Inc.
31 décembre 2017

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Bilan
État du résultat
État des variations des capitaux propres
Tableau des flux de trésorerie
Notes complémentaires aux états financiers

Independent Auditor's Report

To the Directors of Hydro 2000 Inc.

We have audited the accompanying financial statements of Hydro 2000 Inc. (the "Corporation"), which comprise the balance sheet as at December 31, 2017, the statements of loss, changes in equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International financial reporting standards.



Chartered Professional Accountants
Licensed Public Accountants

April 26, 2018

Rapport de l'auditeur indépendant

Aux administrateurs de Hydro 2000 Inc.

Nous avons effectué l'audit des états financiers ci-joints de Hydro 2000 Inc. (la « Société »), qui comprennent le bilan au 31 décembre 2017, et les états du résultat, des variations des capitaux propres et le tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux Normes internationales d'information financière, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Responsabilité de l'auditeur

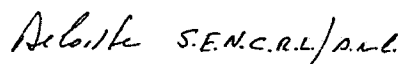
Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Opinion

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Société au 31 décembre 2017, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux Normes internationales d'information financière.



Comptables professionnels agréés
Experts-comptables autorisés

Le 26 avril 2018

Hydro 2000 Inc.
Balance sheet
as at December 31, 2017

Hydro 2000 Inc.
Bilan
au 31 décembre 2017

	2017	2016	
	\$	\$	
Assets			Actif
Current assets			À court terme
Accounts receivable (Note 5)	436,743	307,696	Débiteurs (note 5)
Unbilled revenues	298,992	385,451	Revenus non facturés
Income taxes	676	-	Impôts sur les bénéfices
Prepaid expenses	7,318	3,103	Frais payés d'avance
	743,729	696,250	
Property, plant and equipment (Note 6)	725,208	724,383	Immobilisations corporelles (note 6)
Intangible assets (Note 7)	19,623	22,176	Immobilisations incorporelles (note 7)
	1,488,560	1,442,809	
Regulatory deferral account debit balances (Note 8)	733,082	476,424	Soldes débiteurs des comptes de report réglementaires (note 8)
	2,221,642	1,919,233	
Liabilities			Passif
Current liabilities			À court terme
Bank indebtedness	297,777	14,093	Découvert bancaire
Bank loan	21,018	-	Emprunt bancaire
Accounts payable and accrued liabilities (Note 9)	633,250	616,842	Créditeurs et charges à payer (note 9)
Customers' deposits	12,369	12,859	Dépôts de clients
Income taxes	-	4,676	Impôts sur les bénéfices
	964,414	648,470	
Deferred revenues	129,142	133,914	Revenus reportés
Deferred tax liabilities (Note 16)	74,525	72,064	Passif d'impôts différés (note 16)
	1,168,081	854,448	
Leases (Note 15)			Contrats de location (note 15)
Shareholder's equity			Capitaux propres
Share capital (Note 11)	308,735	308,735	Capital-actions (note 11)
Retained earnings	744,826	756,050	Bénéfices non répartis
	1,053,561	1,064,785	
	2,221,642	1,919,233	

The accompanying notes are an integral
part of the financial statements.

Les notes complémentaires font partie
intégrante des états financiers.

Approved by the Board

Au nom du conseil

Director _____ administrateur

Director _____ administrateur

Hydro 2000 Inc.
Statement of loss
year ended December 31, 2017

Hydro 2000 Inc.
État du résultat
de l'exercice clos le 31 décembre 2017

	2017	2016	
	\$	\$	
Revenues			Revenus
Energy (Note 12)	2,651,457	2,990,205	Énergie (note 12)
Distribution (Note 12)	528,482	509,931	Distribution (note 12)
Other operating revenues	30,510	41,687	Autres revenus d'exploitation
	3,210,449	3,541,823	
 Cost of power	 2,915,588	 3,057,876	 Coût de l'énergie
	294,861	483,947	
 Expenses (Note 13)			 Charges (note 13)
Administrative and general	248,158	211,467	Administratives et générales
Billing and collecting	175,253	168,966	Facturation et perception
Depreciation and amortization	47,325	52,237	Amortissement
Distribution - operation and maintenance	80,162	42,454	Distribution - exploitation et entretien
Donations	2,000	-	Dons
Interest	60	6	Intérêts
	552,958	475,130	
 (Loss) income before regulatory items and income tax	 (258,097)	 8,817	 Résultat avant éléments réglementaires et impôts
 Net movement in regulatory deferral accounts	 256,658	 50,928	 Variations nettes des comptes de report réglementaires
Income tax expense (Note 16)	(215)	6,769	Impôts sur le résultat (note 16)
	256,873	44,159	
Net (loss) income	(1,224)	52,976	Résultat net

The accompanying notes are an integral part of the financial statements.

Les notes complémentaires font partie intégrante des états financiers.

Hydro 2000 Inc.Statement of changes in equity
year ended December 31, 2017**Hydro 2000 Inc.**État des variations des capitaux propres
de l'exercice clos le 31 décembre 2017

	2017	2016	
	\$	\$	
Retained earnings, beginning of year	756,050	703,074	Bénéfices non répartis au début
Net (loss) income	(1,224)	52,976	Résultat net
Dividend on Class A shares	(10,000)	-	Dividende sur les actions de catégorie A
Retained earnings, end of year	744,826	756,050	Bénéfices non répartis à la fin

Hydro 2000 Inc.
Statement of cash flows
year ended December 31, 2017

Hydro 2000 Inc.
Tableau des flux de trésorerie
de l'exercice clos le 31 décembre 2017

	2017	2016	
	\$	\$	
Operating activities			Activités d'exploitation
Net (loss) income	(1,224)	52,976	Résultat net
Items not affecting cash:			Éléments sans effet sur la trésorerie :
Depreciation and amortization	47,325	52,237	Amortissement
Loss on sale of property, plant and equipment	1,778	6,442	Perte à la cession d'immobilisations corporelles
Net movement in regulatory deferral accounts	(256,658)	(50,928)	Variations nettes des comptes de report réglementaires
Deferred tax	2,461	4,093	Impôts différés
Net change in non-cash operating working capital items (Note 18)	(45,905)	(230,290)	Variation nette des éléments hors caisse du fonds de roulement d'exploitation (note 18)
	(252,223)	(165,470)	
Investing activities			Activités d'investissement
Purchase of capital assets	(42,479)	(67,802)	Acquisition d'immobilisations
Financing activities			Activités de financement
Increase in bank loan	21,018	-	Augmentation de l'emprunt bancaire
Contributions received for property, plant and equipment	-	29,147	Contributions reçues pour immobilisations corporelles
Dividend paid	(10,000)	-	Dividende payé
	11,018	29,147	
Net decrease in cash	(283,684)	(204,125)	Diminution nette de la trésorerie
(Bank indebtedness) cash, beginning of year	(14,093)	190,032	(Découvert bancaire) encaisse au début
Bank indebtedness, end of year	(297,777)	(14,093)	Découvert bancaire à la fin

The accompanying notes are an integral part of the financial statements.

Les notes complémentaires font partie intégrante des états financiers.

(See additional information presented in Note 18.)

(Voir les renseignements complémentaires présentés à la note 18.)

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2017

1. Description of the business

Hydro 2000 Inc. (the "Corporation") was incorporated on September 29, 2000, under the *Business Corporations Act (Ontario)* and is wholly owned by the Corporation of the Township of Alfred and Plantagenet. The Corporation is incorporated and domiciled in Canada with its head and registered office located at 440 St-Philippe Street, Alfred, Ontario, K0B 1A0.

The principal activity of the Corporation is distribution of electricity in the service areas of the village of Alfred and the village of Plantagenet in the Province of Ontario, under a license issued by the Ontario Energy Board (OEB). The Corporation is regulated under the OEB and adjustments to the distribution rates require OEB approval.

As a condition of its distribution license, the Corporation is required to meet specified Conservation and Demand Management (CDM) targets for reductions in electricity consumption and peak electricity demand. As part of this initiative, the Corporation is delivering Ontario Power Authority (OPA) funded programs in order to meet its targets.

Under the *Green Energy and Green Economy Act, 2009*, the Corporation and other Ontario electricity distributors have new opportunities and responsibilities to generate renewable energy.

2. Basis of preparation

(a) Statement of compliance

These financial statements were prepared by the Corporation's management in accordance with International financial reporting standards (IFRS) as published by the International accounting standards board (IASB).

These financial statements for the year ended December 31, 2017 were approved by the board of directors on April 26, 2018.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Presentation currency

The financial statements are presented in Canadian dollars, which is also the Corporation's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the amounts reported and disclosed in the financial statements. Estimates and underlying assumptions are continually reviewed and are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2017

1. Description de l'entreprise

Hydro 2000 Inc. (la « Société »), constituée le 29 septembre 2000, en vertu de la *Loi sur les sociétés par actions de l'Ontario*, est détenue à 100% par la Corporation du Canton d'Alfred et Plantagenet. La Société a été incorporée et est résidente du Canada avec son siège social situé au 440, rue St-Philippe, Alfred, Ontario, K0B 1A0.

L'activité principale de la Société est la distribution d'électricité dans les zones de service du village d'Alfred et du village de Plantagenet dans la province de l'Ontario, en vertu d'une licence délivrée par la Commission de l'énergie de l'Ontario (CÉO). La Société est régie par la CÉO et les modifications aux tarifs de distribution nécessitent l'approbation de la CÉO.

Comme condition de sa licence de distribution, la Société est tenue de rencontrer des objectifs de conservation et de gestion de la demande (CGD) pour réduire la consommation d'électricité et la demande de pointe. Dans le cadre de cette initiative, la Société offre des programmes financés par l'Office de l'électricité de l'Ontario (OPA) dans le but d'atteindre ses objectifs.

En vertu de la *Loi de 2009 sur l'énergie verte et l'économie verte*, la Société et d'autres distributeurs d'électricité de l'Ontario ont de nouvelles opportunités et responsabilités quant à la génération d'énergie renouvelable.

2. Base de préparation

(a) Déclaration de conformité

Ces états financiers ont été préparés par la direction de la Société conformément aux Normes internationales d'information financière (IFRS) telles que publiées par l'« International accounting standards board » (IASB).

Ces états financiers pour l'exercice clos le 31 décembre 2017 ont été approuvés par le conseil d'administration le 26 avril 2018.

(b) Base d'évaluation

Les états financiers ont été préparés sur la base du coût historique.

(c) Monnaie de présentation

Les états financiers sont présentés en dollars canadiens, ce qui est également la monnaie fonctionnelle de la Société.

(d) Utilisation d'estimations et jugements

La préparation d'états financiers, conformément aux IFRS exige que la direction ait recours à des estimations, des hypothèses et des jugements qui ont une incidence sur l'application des méthodes comptables, les montants déclarés et présentés dans les états financiers. Les estimations et les hypothèses sous-jacentes sont continuellement examinées et sont basées sur l'expérience historique et d'autres facteurs qui sont considérés comme pertinents. Les résultats réels pourraient différer de ces estimations.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2017

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2017

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Significant sources of estimation uncertainty, assumptions and judgments include the following:

(i) Unbilled revenues

The measurement of unbilled revenues is based on an estimate of the amount of electricity delivered to customers between the date of the last bill and the end of the year.

(ii) Useful lives of depreciable assets

Depreciation and amortization expense is based on estimates of the useful lives of property, plant and equipment and intangible assets. The Corporation estimates the useful lives of its property, plant and equipment and intangible assets based on management's judgment, historical experience and an asset study conducted by an independent consulting firm.

(iii) Cash Generating Units (CGU)

Determining CGU's for impairment testing is based on Management's judgment. The impairment testing requires an estimation of the value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The Corporation has only one CGU.

(iv) Valuation of financial instruments

As described in Note 19, the Corporation uses the discounted cash flow model to estimate the fair value of the financial instruments for disclosure purposes.

(v) Other areas

There are a number of other areas in which the Corporation makes estimates; these include the allowance for doubtful accounts and income taxes. These amounts are reported based on the amounts expected to be recovered/refunded and an appropriate allowance has been provided based on the Corporation's best estimate of unrecoverable amounts.

3. Significant accounting policies

The Corporation's financial statements are the representations of management, prepared in accordance with IFRS. The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

2. Base de préparation (suite)

(d) Utilisation d'estimations et jugements (suite)

Des sources importantes d'estimation d'incertitude, les hypothèses et les jugements sont les suivants :

(i) Revenus non facturés

La mesure des revenus non facturés est basée sur une estimation de la quantité d'électricité livrée aux clients entre la date de la dernière facture et la fin de l'exercice.

(ii) Durée de vie utile des actifs amortissables

La charge d'amortissement est basée sur des estimations de la vie utile des immobilisations corporelles et des actifs incorporels. La Société estime la durée de vie utile de ses immobilisations corporelles et des actifs incorporels selon le jugement de la direction, l'expérience historique et une étude d'actifs menée par un cabinet de conseil indépendant.

(iii) Unités génératrices de trésorerie (UGT)

La détermination des UGT pour le test de dépréciation est basée sur le jugement de la direction. Le test de dépréciation nécessite une estimation de la valeur d'utilité. La valeur d'utilité nécessite une estimation des flux de trésorerie futurs attendus de l'UGT et un taux d'actualisation approprié pour calculer la valeur actuelle.

La Société a une seule UGT.

(iv) Évaluation des instruments financiers

Comme il est décrit à la note 19, la Société utilise le modèle de flux de trésorerie actualisés pour estimer la juste valeur des instruments financiers à des fins de présentation.

(v) Autres domaines

Il y a un certain nombre d'autres domaines dans lesquels la Société fait des estimations; ceux-ci comprennent la provision pour créances douteuses et les impôts sur les bénéfices. Ces montants sont présentés en fonction des montants qui devraient être recouvrés/remboursés et une provision a été calculée selon la meilleure estimation de la Société des montants non recouvrables.

3. Principales conventions comptables

Les états financiers de la Société sont les déclarations de la direction, préparés conformément aux IFRS. Les méthodes comptables présentées ci-dessous ont été appliquées de manière cohérente à tous les exercices présentés dans ces états financiers, sauf indication contraire.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2017

3. Significant accounting policies (continued)

The financial statements reflect the following significant accounting policies:

(a) Rate regulation

The *Ontario Energy Board Act, 1998* gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

The Corporation recognizes revenue when electricity is delivered to customers based on OEB approved rates. Operating costs and expenses are recorded when incurred, unless such costs qualify for recognition as part of an item of property, plant and equipment or as an intangible asset.

As prescribed by the OEB, on a monthly basis, the Corporation compares its energy revenues and expenses and puts the difference in its regulatory deferral account debit/credit balances. Being an electricity distributor, the Corporation is not allowed to make any profit on the sale of energy. The Corporation also has to transfer to its regulatory deferral account debit/credit balances, when directed by OEB, expenses which were not considered in the cost of services. Carrying charges are also calculated on the regulatory deferral account debit/credit balances on a monthly basis at a prescribed rate determined by OEB.

(b) Revenue recognition

(i) Electricity distribution and sale

Revenue from the sale and distribution of electricity is recorded on the basis of cyclical billings based on electricity usage and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed. Revenue is generally comprised of the following:

- Electricity Price and Related Rebates :
The electricity price and related rebates represent a pass through of the commodity cost of electricity.
- Distribution Rate:
The distribution rate is designed to recover the costs incurred by the Corporation in delivering electricity to customers, as well as the ability to earn the OEB allowed rate of return. Distribution charges are regulated by the OEB and typically comprise a fixed charge and a usage-based (consumption) charge.

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2017

3. Principales conventions comptables (suite)

Les états financiers reflètent les principales conventions comptables suivantes :

(a) Tarifs réglementés

La *Loi de 1998 sur la Commission de l'énergie de l'Ontario* a donné à la CÉO des pouvoirs accrus et des responsabilités pour réglementer l'industrie de l'électricité. Ces pouvoirs et responsabilités comprennent le pouvoir d'approuver ou de fixer les taux de transmission et de distribution d'électricité, le pouvoir de fournir une protection tarifaire continue pour les clients ruraux et éloignés et la responsabilité de veiller à ce que les sociétés de distribution remplissent leurs obligations de brancher et servir les clients. La CÉO peut imposer des exigences de licence et des conditions, y compris, entre autres, des registres comptables appropriés, des principes comptables réglementaires et des exigences pour le processus d'établissement des tarifs.

La Société constate les revenus lorsque l'électricité est livrée aux clients basés sur les tarifs établis par la CÉO. Les coûts et les charges d'exploitation sont constatés lorsqu'ils sont engagés, à moins que ces coûts soient admissibles en tant qu'immobilisation corporelle ou immobilisation incorporelle.

Tel que requis par la CÉO, sur une base mensuelle, la Société doit comparer ses revenus et charges d'énergie et mettre la différence dans les soldes débiteurs/créditeurs des comptes de report réglementaires. Étant un distributeur d'énergie, la Société ne peut pas faire de profit sur les ventes d'énergie. La Société doit également transférer dans ses soldes débiteurs/créditeurs des comptes de report réglementaires, lorsqu'exigés par la CÉO, des charges non considérées dans le coût de service. Des frais financiers sont également calculés sur les soldes débiteurs/créditeurs des comptes de report réglementaires sur une base mensuelle au taux prescrit établi par la CÉO.

(d) Constatation des revenus

(i) Distribution et vente d'électricité

Les revenus provenant de la vente et la distribution d'électricité sont enregistrés selon le cycle de facturation en fonction de la consommation et comprennent également des revenus non facturés à l'égard de l'électricité livrée mais non encore facturée. Les revenus sont composés des éléments suivants :

- Prix de l'électricité et rabais connexes :
Le prix de l'électricité et les rabais connexes représentent les coûts réels.
- Tarifs de distribution :
Les tarifs de distribution sont conçus pour récupérer les coûts encourus par la Société pour fournir l'électricité aux clients, ainsi qu'un taux de rendement autorisé par la CÉO. Les tarifs de distribution sont réglementés par la CÉO et comprennent une charge fixe et une charge basée sur la consommation.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2017

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2017

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

(i) Electricity distribution and sale (continued)

• Retail Transmission Rate:

The retail transmission rate represents a pass through of costs charged to the Corporation for the transmission of electricity from generating stations to the Corporation's service area. Retail transmission rates are regulated by the OEB.

• Wholesale Market Service Charge:

The wholesale market service charge represents a pass through of various wholesale market support costs charged by Hydro One, a supplier.

(ii) Other revenue

Other revenue includes revenue from the sale of other services and interest revenues.

Revenue related to the sale of other services is recognized as services are rendered.

Certain items of property, plant and equipment are acquired or constructed with financial assistance in the form of contributions from developers or customers ("customer contributions"). Such contributions, whether in cash or in-kind, are recognized as deferred revenue and amortized into income over the life of the related assets. Contributions in-kind are valued at their fair value at the date of their contribution.

Government grants under CDM programs are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(c) *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as loans and receivables or as other liabilities. Transaction costs for financial assets classified as loans and receivables and financial liabilities classified as other liabilities are capitalized as part of the carrying value at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate method, less any impairment losses. Losses are recognized in net income when the loans and receivables are derecognized or impaired.

3. Principales conventions comptables (suite)

(b) *Constatation des revenus (suite)*

(i) Distribution et vente d'électricité (suite)

• Tarifs de transmission de détail :

Les tarifs de transmission de détail représentent les coûts pour la transmission de l'électricité à partir des stations de production d'électricité jusqu'aux zones de services exploitées par la Société. Les tarifs de transmission de détail sont réglementés par la CÉO.

• Frais de service du marché en gros :

Les frais de service du marché en gros représentent les coûts facturés par Hydro One, un fournisseur, pour divers coûts de support.

(ii) Autres revenus

Les autres revenus comprennent les revenus provenant de la vente de services et les revenus d'intérêts.

Les revenus liés à la vente d'autres services sont comptabilisés lorsque les services sont rendus.

Certaines immobilisations corporelles sont acquises ou construites avec l'aide financière de développeurs ou clients sous forme de contributions. Ces contributions, en espèces ou en nature, sont comptabilisées à titre de revenus reportés et sont amorties sur la durée de vie utile des immobilisations corporelles correspondantes. Les contributions en nature sont évaluées à leur juste valeur à la date de leur contribution.

Les subventions au titre des programmes de CGD sont comptabilisées lorsqu'il existe une assurance raisonnable que la subvention sera reçue et que toutes les conditions attachées seront respectées. Lorsque la subvention est liée à un élément de charge, elle est comptabilisée comme revenu au même rythme que les charges correspondantes sont comptabilisées.

(c) *Instruments financiers*

Les actifs et passifs financiers sont initialement comptabilisés à la juste valeur et sont subséquemment comptabilisés selon leur classification comme prêts et créances ou comme autres passifs. Les coûts de transaction pour les actifs financiers classés comme prêts et créances et les passifs financiers classés comme autres passifs sont capitalisés comme la valeur comptable à la comptabilisation initiale.

(i) Prêts et créances

Les prêts et créances sont des actifs financiers non dérivés à paiements fixes ou déterminables qui ne sont pas cotés sur un marché actif. Après la comptabilisation initiale, ces actifs financiers sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif, déduction faite des pertes de valeur. Les pertes sont comptabilisées dans le résultat net lorsque les prêts et créances sont décomptabilisés ou dépréciés.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2017

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Loans and receivables (continued)

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and the loss event has had a negative effect on estimated future cash flows of the asset which are reliably measurable.

Loans and receivables are comprised of accounts receivable and unbilled revenues.

(ii) Other liabilities

All non-derivative financial liabilities are classified as other liabilities. Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when either the Corporation is discharged from its obligation, the obligation expires, or the obligation is cancelled or replaced by a new financial liability with substantially modified terms.

Financial liabilities are further classified as current or non-current depending on whether they will fall due within twelve months after the balance sheet date or beyond.

Other liabilities are comprised of bank indebtedness, bank loan, accounts payable and accrued liabilities and customers' deposits.

(d) Property, plant and equipment

Property, plant and equipment (PP&E) is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and includes contracted services, cost of materials, direct labour and borrowing costs incurred in respect of qualifying assets. When parts of an item of PP&E have different useful lives, they are accounted for as separate components of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E.

When items of PP&E are disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal with the carrying amount of the item and is included in net income.

Depreciation of PP&E is recognized on a straight-line basis over the estimated useful life of each component of PP&E. The estimated useful lives are as follows:

Distribution equipment	15 to 60 years
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Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2017

3. Principales conventions comptables (suite)

(c) Instruments financiers (suite)

(i) Prêts et créances (suite)

Les prêts et créances sont évalués à chaque date de clôture afin de déterminer s'il y a des preuves de dépréciation. Un actif financier est déprécié si des preuves objectives démontrent qu'un événement s'est produit après la constatation initiale de l'actif et que l'événement, qui peut être mesuré de manière fiable, a eu un effet négatif sur les flux de trésorerie futurs estimés.

Les prêts et créances sont composés des débiteurs et des revenus non facturés.

(ii) Autres passifs

Les passifs non dérivés sont classés comme autres passifs. Après la comptabilisation initiale, les autres passifs sont évalués au coût amorti selon la méthode du taux d'intérêt effectif.

Les passifs financiers sont décomptabilisés lorsque la Société est déchargée de son obligation, l'obligation prend fin, ou l'obligation est annulée ou remplacée par un nouveau passif financier avec des termes sensiblement modifiés.

Les passifs financiers sont classés comme courant ou non courant selon qu'ils arriveront à échéance dans les douze mois après la date de clôture du bilan ou plus tard.

Les autres passifs sont composés du découvert bancaire, emprunt bancaire, des créditeurs et charges à payer et des dépôts de clients.

(d) Immobilisations corporelles

Les immobilisations corporelles sont évaluées au coût moins l'amortissement cumulé et les pertes de valeur cumulées. Le coût comprend les charges qui sont directement attribuables à l'acquisition de l'actif qui inclut les services contractuels, le coût des matériaux, de la main-d'œuvre directe et les coûts d'emprunt encourus à l'égard des actifs qualifiés. Lorsque des portions d'une immobilisation corporelle ont des durées de vie utile différentes, elles sont divisées par composantes.

Les pièces de rechange principales et le matériel de secours sont reconnus comme des éléments des immobilisations corporelles.

Lorsque des immobilisations corporelles sont disposées, le gain ou la perte sur disposition est déterminé en comparant le produit de disposition à la valeur comptable et est comptabilisé dans le résultat net.

L'amortissement des immobilisations corporelles est comptabilisé selon la méthode linéaire sur la durée de vie utile estimative de chaque composante. Les durées de vie utile estimées sont les suivantes :

Équipement de distribution	15 à 60 ans
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Hydro 2000 Inc.

Notes to the financial statements

December 31, 2017

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Other assets

Computer hardware	5 years
Leasehold improvement	Term of the lease
Office equipment and furniture	10 years

Depreciation methods and useful lives are reviewed at each financial year-end and any changes are adjusted prospectively.

(e) Intangible assets

Intangible assets include computer softwares. They are measured at cost less accumulated amortization and accumulated impairment losses.

Computer softwares are amortized on a straight-line basis over the estimated useful lives from the date that they are available for use. The estimated useful life is 5 years.

Amortization methods and useful lives are reviewed at each financial year-end and adjusted prospectively.

(f) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs of disposal. Value in use is calculated as the present value of the estimated future cash flows expected to be derived from an asset or CGU.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of those from other assets or CGU.

Impairment losses are recognized in net income. Impairment losses relating to CGU are allocated to reduce the carrying amounts of the other assets in the CGU on a prorata basis. No impairment loss was recognized during the year.

In respect of other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2017

3. Principales conventions comptables (suite)

(d) Immobilisations corporelles (suite)

Autres actifs

Matériel informatique	5 ans
Améliorations locatives	Terme du bail
Matériel et mobilier de bureau	10 ans

Les méthodes d'amortissement et les durées de vie sont révisées annuellement et les ajustements sont comptabilisés de façon prospective.

(e) Immobilisations incorporelles

Les immobilisations incorporelles incluent les logiciels informatiques. Ils sont évalués au coût moins l'amortissement cumulé et les pertes de valeur cumulées.

Les logiciels informatiques sont amortis linéairement sur la durée de vie estimative à compter de la date à laquelle ils sont disponibles pour utilisation. La durée de vie utile estimée est de 5 ans.

Les méthodes d'amortissement et les durées de vie sont révisées annuellement et les ajustements sont comptabilisés de façon prospective.

(f) Dépréciation d'actifs non financiers

La valeur comptable des actifs non financiers de la Société, sont examinés à chaque date de clôture afin de déterminer s'il existe un indice de perte de valeur. Si une telle indication existe, la valeur recouvrable de l'actif est estimée. Une perte de valeur est comptabilisée si la valeur comptable d'un actif ou d'une UGT excède sa valeur recouvrable.

La valeur recouvrable d'un actif ou d'une UGT est le plus élevé de sa valeur d'utilité et la juste valeur diminuée des coûts de sortie. La valeur d'utilité est calculée comme la valeur actuelle des flux de trésorerie futurs estimatifs susceptibles de découler d'un actif ou d'une UGT.

Aux fins du test de dépréciation, les actifs sont regroupés dans le plus petit groupe d'actifs qui génère des entrées de trésorerie largement indépendantes de celles d'autres actifs ou d'une UGT.

Les pertes de valeur sont comptabilisées dans le résultat net. Les pertes de valeur ayant rapport à une UGT sont réparties prorata afin de réduire la valeur comptable des autres actifs de cette UGT. Aucune perte de valeur n'a été comptabilisée au cours de l'exercice.

En ce qui concerne les autres actifs, une perte de valeur n'est reprise que dans la mesure où la valeur comptable de l'actif ne dépasse pas la valeur comptable qui aurait été déterminée, nette des amortissements, si aucune perte de valeur n'avait été reconnue.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2017

3. Significant accounting policies (continued)

Other assets (continued)

(g) Leases

Leases in which the Corporation assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Payments under finance leases are apportioned between interest expense and a reduction of the outstanding liability.

Other leases are operating leases and are not recognized in the Corporation's balance sheet. Payments made under operating leases are recognized as an expense on a straight-line basis over the term of the lease.

(h) Payment in lieu of corporate income taxes (PILs)

Under the *Electricity Act, 1998*, the Corporation is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). The payments in lieu of taxes are calculated on a basis as if the Corporation was a taxable company under the *Income Tax Act (Canada)* and the *Taxation Act, 2007 (Ontario)*.

Income tax expense comprises current and deferred tax and is recognized in net income except to the extent that it relates to items recognized directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse.

In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized.

(i) Customers' deposits

Deposits are taken to guarantee the payment of utility bills or ensure contract performance by the counterparty.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2017

3. Principales conventions comptables (suite)

Autres actifs (suite)

(g) Contrats de location

Les baux pour lesquels la Société assume la quasi-totalité des risques et avantages inhérents à la propriété sont classés comme des contrats de location-financement. Lors de la comptabilisation initiale, l'actif loué est évalué à un montant égal au moindre de sa juste valeur et la valeur actualisée des paiements minimaux. Après la comptabilisation initiale, l'actif est comptabilisé conformément à la méthode comptable applicable à cet actif. Les paiements au titre de contrats de location-financement sont ventilés entre les charges d'intérêts et une réduction de la dette.

D'autres baux sont des locations simples et ne sont pas comptabilisés dans le bilan de la Société. Les paiements effectués en vertu de contrats de location-exploitation sont comptabilisés en charges sur une base linéaire sur la durée du bail.

(h) Paiement en remplacement d'impôts sur le bénéfice (PILs)

En vertu de la *Loi de 1998 sur la Société financière de l'industrie de l'électricité de l'Ontario (SFIEO)*, la Société est tenue d'effectuer des paiements en remplacement d'impôts sur le bénéfice. Les paiements en remplacement d'impôts sur le bénéfice sont calculés comme si la Société était une société imposable en vertu de la *Loi de l'impôt sur le revenu (Canada)* et la *Loi de 2007 sur les impôts (Ontario)*.

La charge d'impôt sur le résultat inclut l'impôt exigible et différé et est comptabilisée en résultat net, sauf dans la mesure où elle se rapporte à des éléments comptabilisés directement dans les autres éléments du résultat étendu.

L'impôt exigible est le montant des impôts à payer ou à recevoir sur le revenu imposable ou de la perte de l'exercice, selon les taux en vigueur à la date de clôture, ainsi que tout ajustement de l'impôt dû au titre des exercices précédents.

L'impôt différé est comptabilisé selon la méthode des impôts futurs, sur les différences temporaires entre la valeur comptable des éléments du bilan et leur valeur fiscale, en utilisant les taux d'imposition pratiquement en vigueur pour les exercices où les écarts devraient se résorber.

En outre, l'impôt différé n'est pas reconnu pour les différences temporelles imposables liées à la comptabilisation initiale de l'achalandage.

Un actif d'impôt différé est comptabilisé pour les différences temporelles déductibles, dans la mesure où il est probable qu'un bénéfice imposable futur sera disponible pour être appliqué contre ces montants.

(i) Dépôts de clients

Des dépôts sont pris en garantie de paiement des factures de services publics ou assurer l'exécution du contrat par la contrepartie.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2017

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2017

4. Future accounting changes

There are new standards, amendments to standards and interpretations which have not been applied in preparing these financial statements. In particular, this includes IFRS 9, *Financial Instruments*, which is tentatively effective from periods beginning on or after January 1st, 2018 and amendments to IFRS 7 which are effective at the date of adoption of IFRS 9. The Corporation has not yet assessed the impact of this new standard.

IFRS 15, *Revenue from Contracts with customers* is a new standard on revenue recognition, superseding IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related interpretations. IFRS 15 specifies how and when an entity will recognize revenue and additional disclosure requirements. This new standard is effective on January 1st, 2018. The Corporation has not yet assessed the impact of this new standard.

IFRS 16, *Leases*, which supersedes IAS 17, provides a model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. This new standard is effective on January 1st, 2019. The Corporation has not yet assessed the impact of this new standard.

5. Accounts receivable

	2017	2016
	\$	\$
Electrical energy	192,097	280,286
Township of Alfred and Plantagenet	-	9,489
Commodity taxes receivable	11,881	-
Other	242,483	41,098
	446,461	330,873
Allowance for doubtful accounts	(9,718)	(23,177)
	436,743	307,696

4. Modifications comptables futures

Il y a de nouvelles normes, modifications de normes et interprétation qui ne sont pas appliquées dans la préparation de ces états financiers. En particulier, cela inclut IFRS 9 « Instruments financiers », qui est provisoirement en vigueur pour les exercices ouverts à compter du 1^{er} janvier 2018 et des modifications à IFRS 7 qui seront en vigueur à la date d'adoption d'IFRS 9. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

IFRS 15 « Revenus de contrats avec des clients », est une nouvelle norme sur la comptabilisation des revenus, qui remplace la norme IAS 18 « Revenu », IAS 11 « Contrats de construction », et les interprétations afférentes. IFRS 15 précise comment et quand une entité va comptabiliser les revenus et les exigences de présentation supplémentaires. Cette nouvelle norme sera en vigueur à compter du 1^{er} janvier 2018. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

IFRS 16 « Contrats de location », qui remplace IAS 17, fournit un modèle pour l'identification des contrats de location et de leur traitement dans les états financiers du preneur et du bailleur. Cette nouvelle norme est en vigueur le 1^{er} janvier 2019. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

5. Débiteurs

	2017	2016
	\$	\$
Énergie électrique	192,097	280,286
Canton d'Alfred et Plantagenet	-	9,489
Taxes à la consommation à recevoir	11,881	-
Autres	242,483	41,098
	446,461	330,873
Provision pour créances douteuses	(9,718)	(23,177)
	436,743	307,696

Hydro 2000 Inc.
Notes to the financial statements

December 31, 2017

Hydro 2000 Inc.
Notes complémentaires aux
états financiers
31 décembre 2017

6. Property, plant and equipment

	Distribution equipment/ Équipement de distribution	Other assets/ Autres actifs	Total	
	\$	\$	\$	
Cost				Coût
Balance as at December 31, 2015	790,648	33,813	824,461	Solde au 31 décembre 2015
Additions	47,230	560	47,790	Acquisitions
Disposals	(8,102)	-	(8,102)	Dispositions
Balance as at December 31, 2016	829,776	34,373	864,149	Solde au 31 décembre 2016
Additions	45,376	-	45,376	Acquisitions
Disposals	(2,552)	-	(2,552)	Dispositions
Balance as at December 31, 2017	872,600	34,373	906,973	Solde au 31 décembre 2017
Accumulated depreciation				Amortissement cumulé
Balance as at December 31, 2015	84,425	10,462	94,887	Solde au 31 décembre 2015
Depreciation expense	39,942	6,597	46,539	Amortissement
Disposals	(1,660)	-	(1,660)	Dispositions
Balance as at December 31, 2016	122,707	17,059	139,766	Solde au 31 décembre 2016
Depreciation expense	37,722	5,051	42,773	Amortissement
Disposals	(774)	-	(774)	Dispositions
Balance as at December 31, 2017	159,655	22,110	181,765	Solde au 31 décembre 2017
Net carrying amounts				Valeur comptable nette
As at December 31, 2015	706,223	23,351	729,574	Au 31 décembre 2015
As at December 31, 2016	707,069	17,314	724,383	Au 31 décembre 2016
As at December 31, 2017	712,945	12,263	725,208	Au 31 décembre 2017

7. Intangible assets

	Computer softwares/ Logiciels informatiques	
	\$	
Cost		Coût
Balance as at December 31, 2015	59,553	Solde au 31 décembre 2015
Additions	1,179	Acquisitions
Balance as at December 31, 2016	60,732	Solde au 31 décembre 2016
Additions	6,771	Acquisitions
Balance as at December 31, 2017	67,503	Solde au 31 décembre 2017
Accumulated amortization		Amortissement cumulé
Balance as at December 31, 2015	28,760	Solde au 31 décembre 2015
Amortization expense	9,796	Amortissement
Balance as at December 31, 2016	38,556	Solde au 31 décembre 2016
Amortization expense	9,324	Amortissement
Balance as at December 31, 2017	47,880	Solde au 31 décembre 2017
Net carrying amounts		Valeur comptable nette
As at December 31, 2015	30,793	Au 31 décembre 2015
As at December 31, 2016	22,176	Au 31 décembre 2016
As at December 31, 2017	19,623	Au 31 décembre 2017

Hydro 2000 Inc.

Notes to the financial statements

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Notes complémentaires aux états financiers

31 décembre 2017

8. Regulatory deferral account debit balances

	2017	2016
	\$	\$
Low voltage charges	192,219	138,889
Other regulatory assets	34,648	35,753
Payments in lieu of income taxes	26,203	26,034
Retail settlement variance account	448,620	230,341
Amounts recoverable from clients	31,392	45,407
	733,082	476,424

8. Soldes débiteurs des comptes de report réglementaires

Distribution à faible tension	
Autres actifs réglementés	
Palements versés en remplacement d'impôts sur les bénéfices	
Écart de prix avec les détaillants	
Montants récupérables des clients	

9. Accounts payable and accrued liabilities

	2017	2016
	\$	\$
Accounts payable - energy purchases	358,312	383,044
Debt retirement charge payable - OEFC	6,052	10,990
Payroll payable	2,971	7,882
Commodity taxes payable	-	14,377
Customer receivables in credit balances	188,086	117,032
Other accounts payable and accrued liabilities	77,829	83,517
	633,250	616,842

9. Créditeurs et charges à payer

Créditeurs - achats d'énergie	
Redevance de liquidation de la dette à payer - SFIEO	
Rémunération à payer	
Taxes à la consommation à payer	
Clients à recevoir avec soldes créditeurs	
Autres créditeurs et charges à payer	

10. Bank loan

The Corporation has an authorized line of credit of \$ 100,000 (\$ 100,000 as at December 31, 2016), at prime rate plus 4.25%, of which, \$ 78,982 remained unused as at December 31, 2017 (Nil in 2016).

10. Emprunt bancaire

La Société dispose d'une marge de crédit de 100 000 \$ (100 000 \$ au 31 décembre 2016), au taux préférentiel plus 4,25%, dont 78 982 \$ est inutilisée au 31 décembre 2017 (Nul en 2016).

11. Share capital*Authorized share capital:*

An unlimited number of shares in each of the following categories:

Voting Class A shares

Voting Class B shares, non-participating

Non-voting Class C shares, non-participating

Issued

	2017	2016
	\$	\$
1 Class A share	308,735	308,735

11. Capital-actions*Informations sur le capital-actions autorisé :*

Un nombre illimité d'actions de chacune des catégories suivantes :

Actions de catégorie A, avec droit de vote

Actions de catégorie B, avec droit de vote, non participantes

Actions de catégorie C, sans droit de vote, non participantes

Émis

1 action de catégorie A	
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Hydro 2000 Inc.

Notes to the financial statements

December 31, 2017

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2017

12. Revenues

	2017	2016
	\$	\$
<i>Energy</i>		
Residential	1,590,024	1,803,834
General < 50 KW	513,670	620,824
General < 50 KW - Unmetered scattered loads	1,930	2,202
General > 50 KW	526,468	545,363
Street lights	19,365	17,982
	2,651,457	2,990,205
<i>Distribution</i>		
Service charge	327,132	271,844
Distribution volume	195,589	232,375
Administration charge	3,675	3,631
Retailer charge	2,086	2,081
	528,482	509,931

12. Revenus

	2017	2016
	\$	\$
<i>Énergie</i>		
Résidentiel	1,590,024	1,803,834
Général < 50 KW	513,670	620,824
Général < 50 KW - Charges sans compteur	1,930	2,202
Général > 50 KW	526,468	545,363
Éclairage des rues	19,365	17,982
	2,651,457	2,990,205
<i>Distribution</i>		
Revenus de gestion	327,132	271,844
Revenus de livraison	195,589	232,375
Revenus d'administration	3,675	3,631
Revenus des détaillants	2,086	2,081
	528,482	509,931

13. Expenses

	2017	2016
	\$	\$
Salaries and benefits	134,105	162,533
Contract/consulting	290,953	178,392
Materials	66,881	70,466
Rent	11,634	11,496
Depreciation and amortization	47,325	52,237
Donations	2,000	-
Interest	60	6
	552,958	475,130

13. Charges

	2017	2016
	\$	\$
Salaire et avantages sociaux	134,105	162,533
Contrat/consultant	290,953	178,392
Matériaux	66,881	70,466
Loyer	11,634	11,496
Amortissement	47,325	52,237
Dons	2,000	-
Intérêts	60	6
	552,958	475,130

14. Insurance

With respect to liability insurance, the Corporation is a member of the Municipal Electricity Association Reciprocal Insurance Exchange (MEARIE). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members.

Insurance premiums charged to each member consist of a levy per thousands of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is \$ 24,000,000 for liability insurance, including directors and officers.

14. Assurance

En ce qui concerne l'assurance responsabilité, la Société est membre du « Municipal Electricity Association Reciprocal Insurance Exchange » (MEARIE). Un échange d'assurance réciproque peut être défini comme un groupe de personnes formées dans le but d'échanger des contrats réciproques d'indemnisation ou d'assurance avec l'autre. MEARIE est autorisé à fournir une assurance de responsabilité civile générale à ses membres.

Les primes d'assurance facturées à chaque membre se composent d'un prélèvement par millier de dollars de revenus de services sujet à un crédit ou un supplément basé sur l'expérience des réclamations de chaque membre. La couverture maximale pour l'assurance responsabilité, incluant les administrateurs et officiers, est de 24 000 000 \$.

Hydro 2000 Inc.

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Hydro 2000 Inc.

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31 décembre 2017

15. Leases

The Corporation leases office space under an operating lease which expires on March 31, 2019. Future lease payments aggregate \$ 14,979 and are payable over the next two years.

		\$
2018		11,983
2019		2,996

15. Contrats de location

La Société loue des bureaux en vertu d'un contrat de location-exploitation qui vient à échéance le 31 mars 2019. Les loyers futurs s'élèveront à 14 979 \$ et comprennent les paiements suivants pour les deux prochains exercices.

		\$
2018		11,983
2019		2,996

16. Income tax

(a) Income tax expense

PILs recognized in net income include the following:

	2017	2016
	\$	\$
Current tax (recoverable)	(2,676)	2,676
Deferred tax	2,461	4,093
Income tax expense	(215)	6,769

(b) Reconciliation of effective tax rate

The income tax expense differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rates. The reconciliation between the statutory and effective tax rates is as follows:

	2017	2016
	\$	\$
(Loss) income before taxes	(1,439)	59,745
Statutory Canadian federal and provincial income tax rates	15.0%	15.0%
Expected tax provision on income at statutory rates	(215)	8,962
Decrease in income taxes resulting from:		
Change in deferred tax rates	-	(2,193)
Total income tax expense	(215)	6,769

Statutory Canadian income tax rates for the current year comprise 10.5% (10.5% in 2016) for federal corporate tax and 4.5% (4.5% in 2016) for corporate tax in Ontario. Those rates are for small businesses.

(c) Deferred tax

Deferred tax assets (liabilities) are attributable to the following:

	2017	2016
	\$	\$
Property, plant and equipment	(1,709)	(2,464)
Intangible assets	2,338	3,064
Regulatory deferral account	109,962	71,464
Operating loss	(36,066)	-
	74,525	72,064

16. Impôts sur le bénéfices

(a) Impôts sur le résultat

Les PILs constatés dans le résultat net inclus :

	2017	2016
	\$	\$
Exigibles (recouvrables)	2,676	2,676
Impôts différés	4,093	4,093
Impôts sur le résultat	6,769	6,769

(b) Rapprochement du taux d'imposition

La charge d'impôt diffère de celle qui sera établie avec le taux statutaires combiné fédéral et provincial. Le rapprochement entre les taux statutaires et les taux effectifs est comme suit :

	2017	2016
	\$	\$
Résultat avant impôts	59,745	59,745
Taux d'impôt statutaires canadien fédéral et provincial	15.0%	15.0%
Provision attendue sur le résultat aux taux statutaires	8,962	8,962
Réduction des impôts résultant de :		
Changement de taux dans les impôts différés	(2,193)	(2,193)
Impôts sur le résultat total	6,769	6,769

Les taux d'impôts statutaires canadiens pour l'exercice courant sont 10,5% (10,5% en 2016) pour l'impôt des sociétés fédéral et 4,5% (4,5% en 2016) pour l'impôt des sociétés en Ontario. Ces taux sont pour les petites entreprises.

(c) Impôts différés

Les actifs (passifs) d'impôts différés sont attribuables à :

	2017	2016
	\$	\$
Immobilisations corporelles	(2,464)	(2,464)
Immobilisations incorporelles	3,064	3,064
Comptes de report réglementaire	71,464	71,464
Perte d'opération	-	-
	72,064	72,064

Hydro 2000 Inc.

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Hydro 2000 Inc.

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16. Income tax (continued)*(c) Deferred tax (continued)*

Movement in deferred tax balances during the year were as follows:

	2017	2016	
	\$	\$	
Balance as at January 1 st	72,064	67,971	Solde au 1 ^{er} janvier
Recognized in net loss/income	2,461	4,093	Constaté dans le résultat net
Balance as at December 31	74,525	72,064	Solde au 31 décembre

16. Impôts sur les bénéfices (suite)*(c) Impôts différés (suite)*

Les variations des soldes des impôts différés au cours de l'exercice sont comme suit:

17. Related party balances and transactions*(a) Balances and transactions with shareholder*

The amounts (receivable from) payable to shareholder are presented in Notes 5 and 9.

Significant related party transactions with the shareholder not otherwise disclosed separately in the financial statements, are summarized below:

	2017	2016	
	\$	\$	
Revenues			Revenus
Energy and distribution	79,842	91,404	Énergie et distribution

These transactions are in the normal course of operations and are recorded at the exchange amount.

17. Soldes et transactions avec les parties liées*(a) Soldes et transactions avec l'actionnaire*

Les montants (recevables de) payables à l'actionnaire sont présentés aux notes 5 et 9.

Les transactions importantes avec l'actionnaire, qui ne sont pas présentées séparément dans les états financiers, sont résumées ci-dessous :

(b) Key management personnel compensation

Key management personnel are comprised of the Corporation's manager and the members of board of directors. The compensation paid or payable to key management personnel is as follows:

Short-term employment benefits and salaries	70,612	96,537	Avantages sociaux et salaires à court terme
---	--------	--------	---

(b) Rémunération des principaux dirigeants

Les principaux dirigeants sont le gérant de la Société et les membres du conseil d'administration. La rémunération versée ou payable aux principaux dirigeants est comme suit :

18. Net change in non-cash operating working capital items

	2017	2016	
	\$	\$	
Accounts receivable	(129,047)	10,228	Débiteurs
Unbilled revenues	86,459	(76,983)	Revenus non facturés
Income taxes	(5,352)	19,388	Impôts sur les bénéfices
Prepaid expenses	(4,215)	12,319	Frais payés d'avance
Accounts payable and accrued liabilities	6,740	(208,101)	Créditeurs et charges à payer
Customers' deposits	(490)	12,859	Dépôts de clients
	(45,905)	(230,290)	

18. Variation nette des éléments hors caisse du fonds de roulement d'exploitation

Hydro 2000 Inc.

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18. Net change in non-cash operating working capital items (continued)

Non-cash transactions

During the year, capital assets were acquired at an aggregate cost of \$ 52,147 (\$ 48,969 in 2016), of which \$11,300 (\$ 1,632 in 2016) were paid after year-end and \$ 40,847 (\$ 47,337 in 2016) were paid during the year.

19. Financial instruments and risk management

(a) Fair value of financial instruments

The Corporation's accounting policies relating to the recognition and measurement of financial instruments are disclosed in Note 3(c).

The carrying amount of accounts receivable, unbilled revenues bank indebtedness, bank loan, accounts payable and accrued liabilities and customers' deposits approximates fair value because of the short maturity of these instruments.

Financial instruments which are disclosed at fair value are to be classified using a three - level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

- Level 1: inputs are unadjusted quoted prices of identical instruments in active markets,
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

The classification for disclosure purposes has been determined in accordance with generally accepted pricing models, based on discounted cash flow analysis. The most significant inputs are the contractual terms of the instrument discounted, and the market discount rates that reflects the credit risk of counterparties.

(b) Risk factors

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk and liquidity risk as well as related mitigation strategies have been discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

18. Variation nette des éléments hors caisse du fonds de Roulement d'exploitation (suite)

Opérations sans effets sur la trésorerie

Au cours de l'exercice, des immobilisations ont été acquises pour un coût total de 52 147 \$ (48 969 \$ en 2016), dont 11 300 \$ (1 632 \$ en 2016) ont été payées après la fin de l'exercice et 40 847 \$ (47 337 \$ en 2016) ont été payées au cours de l'exercice.

19. Instruments financiers et gestion des risques

(a) Juste valeur des instruments financiers

Les conventions comptables de la Société relatives à la comptabilisation et l'évaluation des instruments financiers sont présentées à la note 3 (c).

La valeur comptable des débiteurs, des revenus non facturés, du découvert bancaire, emprunt bancaire, des créditeurs et charges à payer et des dépôts de clients sont près de la juste valeur en raison de l'échéance rapprochée de ces instruments.

Les instruments financiers qui sont présentés à la juste valeur doivent être classés selon une hiérarchie à trois niveaux. Chaque niveau reflète les données utilisées pour évaluer les justes valeurs des passifs financiers et sont comme suit :

- Niveau 1 : évaluation fondée sur les prix non rajustés, sur le marché, pour des actifs ou passifs identiques,
- Niveau 2 : les données autres que les prix cotés visés au niveau 1, qui sont observables pour l'actif ou le passif, directement ou indirectement, et
- Niveau 3 : données pour les actifs ou passifs qui ne sont pas fondées sur les données de marché observables.

La classification à des fins de divulgation a été déterminée conformément aux modèles d'évaluation généralement reconnus, fondés sur l'analyse des flux de trésorerie actualisés. Les données principales sont les conditions contractuelles de l'instrument escompté et les taux d'actualisation du marché qui reflètent le risque de crédit des contreparties.

(b) Facteurs de risque

La Société comprend les risques inhérents à son domaine d'activité et les définit comme étant tout ce qui pourrait influencer sur sa capacité à réaliser ses objectifs stratégiques. L'exposition de la Société à une variété de risques tels que le risque de crédit et le risque de liquidité ainsi que les stratégies d'atténuation connexes ont été discutés ci-dessous. Cependant, les risques décrits ci-dessous ne sont pas exhaustifs et les stratégies d'atténuation n'élimineront pas l'exposition de la Société à tous les risques énumérés.

Hydro 2000 Inc.

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December 31, 2017

19. Financial instruments and risk management (continued)

(c) Credit risk

The Corporation's credit risk is primarily attributable to its accounts receivable and unbilled revenues. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by the management of the Corporation based on previous experience and its assessment of the current economic environment. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The Corporation does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

As at December 31, 2017, the aging of accounts receivable was as follow:

	2017		2016		
	\$	%	\$	%	
Trade					Clients
Current	214,996	48	281,968	85	Courant
Aged between 31 and 90 days	48,543	11	16,439	5	Entre 31 et 90 jours
Aged greater than 90 days	182,922	41	32,466	10	Plus de 90 jours
	446,461	100	330,873	100	
Allowance for doubtful accounts	(9,718)	(2)	(23,177)	(7)	Provision pour créances douteuses
	436,743	98	307,696	93	

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. The Corporation has the following financial liabilities as at December 31:

	Carrying amount/ Valeur comptable	2017	31 décembre 2017
December 31, 2017	\$	\$	
Bank indebtedness	297,777	297,777	Découvert bancaire
Bank loan	21,018	21,018	Emprunt bancaire
Accounts payable and accrued liabilities	633,250	633,250	Créditeurs et charges à payer
Customers' deposits	12,369	12,369	Dépôts de clients
	964,414	964,414	
	Carrying amount/ Valeur comptable	2016	31 décembre 2016
December 31, 2016	\$	\$	
Bank indebtedness	14,093	14,093	Découvert bancaire
Accounts payable and accrued liabilities	616,842	616,842	Créditeurs et charges à payer
Customers' deposits	12,859	12,859	Dépôts de clients
	643,794	643,794	

Hydro 2000 Inc.

Notes complémentaires aux états financiers

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19. Instruments financiers et gestion des risques (suite)

(c) Risque de crédit

Le risque de crédit de la Société est principalement imputable à ses débiteurs et ses revenus non facturés. Les montants présentés dans le bilan ont été réduits de la provision pour créances douteuses, laquelle a fait l'objet d'une estimation par la direction de la Société en fonction de l'expérience antérieure et de son évaluation de la conjoncture économique actuelle. Afin de réduire le risque, la direction a adopté des politiques de crédit qui comprennent une révision régulière des limites de crédit. La Société n'est exposée à aucun risque important à l'égard d'un client particulier et n'a eu aucune créance irrécouvrable importante au cours de l'exercice. Le risque de crédit lié à l'encaisse est limité puisque les contreparties sont des banques à charte jouissant de cotes de solvabilité élevées attribuées par des agences de notation nationales.

Au 31 décembre 2017, le classement par échéance des débiteurs était le suivant :

Risque de liquidité

Le risque de liquidité est le risque que la Société ne soit pas en mesure de remplir ses obligations financières à leur échéance. La Société surveille le solde de son encaisse et ses flux de trésorerie qui découlent de son exploitation pour être en mesure de respecter ses engagements. Au 31 décembre, les passifs financiers de la Société étaient les suivants :

Hydro 2000 Inc.

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December 31, 2017

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31 décembre 2017

20. Rate regulation

The *Ontario Energy Board Act, 1998* gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

Every five years, each electricity distributor must go through an extensive review of their distribution costs which is called a cost of service.

On an annual basis, between each cost of service, each distributors go through a less extensive review. There are three rate-setting methods under this category: 4th generation incentive rate-setting (Price Cap IR), Custom incentive rate-setting (Custom IR) and Annual incentive rate-setting index (Annual IR Index).

On an annual basis, each distributors must go through another process to recover regulatory deferral account balances (debits and credits). This process is called Incentive rate-setting mechanism (IRM). Every five years, this process is addressed through the cost of service.

For all of those rate setting mechanism, there are different applications, models and reports which must be submitted by the distributors to OEB. Consumer groups and other affected groups may also take part in the process and provide comments. The OEB decides whether or not to approve any or all of the application and then sets the rates for the distributors to charge.

In order to meet OEB's requirements, the Corporation must record some amounts in regulatory deferral accounts. Those amounts will be recovered from or reimbursed to clients over a period of time agreed in the rate-setting process. Amounts recorded in regulatory accounts includes the difference between various energy revenues and expenses components (Retail settlement variance account and Low voltage charges) and expenses (Other regulatory assets) which are not considered in the actual rates because they were unknown or could not be evaluated when the cost of service was approved.

When the regulatory deferral account balances are approved for disposal (to be recovered from or remitted to clients) in the IRM or cost of service, the approved rates are based on a number of clients and a level of consumption. The portion expected to be recovered or remitted with a fixed charge, will vary with the number of clients over the recovery or remittance period. The portion expected to be recovered or remitted with a usage charge, will vary with the consumption over the recovery or remittance period. The remaining balance between the amounts approved and the amounts recovered or remitted over the approved period, will be considered in a future IRM or cost of service.

Carrying charges are calculated on the regulatory deferral account balances. They are calculated on a monthly basis, at a rate established by OEB, on the balances at the beginning of the month. Carrying charges are calculated on the capital amounts only, not on the accumulated carrying charges.

20. Réglementation des tarifs

La *Loi de 1998 sur la Commission de l'énergie de l'Ontario* a donné à la CÉO des pouvoirs accrus et des responsabilités pour réglementer l'industrie de l'électricité. Ces pouvoirs et responsabilités comprennent le pouvoir d'approuver ou de fixer les taux de transmission et de distribution d'électricité, le pouvoir de fournir une protection tarifaire continue pour les clients ruraux et éloignés et la responsabilité de veiller à ce que les sociétés de distribution remplissent leurs obligations de brancher et servir les clients. La CÉO peut imposer des exigences de licence et des conditions, y compris, entre autres, des registres comptables appropriés, des principes comptables réglementaires et des exigences pour le processus d'établissement des tarifs.

Tous les cinq ans, chaque distributeur d'électricité doit subir un examen plus approfondi de ses coûts de distribution qui est appelé un coût de service.

Chaque distributeur doit subir un examen moins approfondi sur une base annuelle entre les coûts de service. Dans cette catégorie, il existe trois méthodes pour fixer les taux : l'établissement des taux incitatifs de 4^e génération, l'établissement des taux d'incitation personnalisés et l'indice annuel d'établissement des taux d'incitation.

Sur une base annuelle, chaque distributeur doit passer par un autre procédé afin de récupérer les soldes de comptes de report réglementaires (débiteurs et créditeurs). Ce mécanisme est appelé mécanisme d'établissement des taux incitatif. Tous les cinq ans, ce processus est inclus dans le coût de service.

Pour tous ces mécanismes d'établissement des taux, il existe différentes applications, modèles et rapports qui doivent être soumis par les distributeurs à la CÉO. Les groupes de consommateurs et d'autres groupes concernés peuvent également prendre part au processus et fournir des commentaires. La CÉO décide d'approuver ou non, l'ensemble ou une portion de l'application et fixe les taux que les distributeurs doivent facturer.

Afin de répondre aux exigences de la CÉO, la Société doit enregistrer certains montants dans les comptes de report réglementaires. Ces montants seront récupérés ou remboursés aux clients sur une période de temps convenue dans le processus d'approbation des tarifs. Les montants inscrits dans les comptes de report réglementaires comprennent la différence entre diverses composantes des revenus et charges d'énergie (écarts de prix avec les détaillants et distribution à faible tension) et les dépenses (autres actifs réglementés) qui ne sont pas prises en compte dans les taux courants parce qu'ils étaient inconnus ou ne pouvaient pas être déterminés lorsque le coût de service a été approuvé.

Lorsque les soldes de comptes de report réglementaires sont approuvés pour être disposés (récupérés ou remis aux clients) lors du mécanisme d'établissement des taux incitatif ou lors du coût de service, les tarifs approuvés sont basés sur un nombre de clients et un niveau de consommation. La portion qui devrait être récupérée ou remboursée par une charge fixe variera en fonction du nombre de clients au cours de la période de récupération ou de remboursement. La portion qui devrait être récupérée ou remboursée par des frais d'utilisation variera en fonction de la consommation des clients au cours de la période de récupération ou de remboursement. Le solde entre les montants approuvés et les montants récupérés ou remboursés au cours de la période approuvée sera considéré lors d'un mécanisme d'établissement des taux incitatif ou lors d'un coût de service futur.

Des frais financiers sont calculés sur les soldes de comptes de report réglementaires. Ils sont calculés sur une base mensuelle, avec un taux établi par la CÉO, sur les soldes au début du mois. Les frais financiers sont calculés sur les montants de capital et non sur les frais financiers cumulés.

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20. Rate regulation (continued)

The following table represents a summary of the transactions in the regulatory deferral account balances:

20. Réglementation des tarifs (suite)

Le tableau qui suit représente un sommaire des transactions dans les soldes de comptes de report réglementaires :

	2017					
	Opening balance/ Solde au début	Approved by OEB/ Approuvés par la CEO	Carrying charges/ Frais financiers	Current variances/ Variations courantes	Remitted (recovered)/ Remises (recouvrement)	Ending balance/ Solde à la fin
	\$	\$	\$	\$	\$	\$
Low voltage charges	138,889	-	1,953	51,377	-	192,219
Other regulatory assets	35,753	-	358	(1,463)	-	34,648
Payments in lieu of income taxes	26,034	-	169	-	-	26,203
Retail settlement variance account	230,341	-	4,063	214,216	-	448,620
Amounts (owing to) receivable from clients	45,407	-	(709)	-	(13,306)	31,392
	476,424	-	5,834	264,130	(13,306)	733,082

2016

	2016					
	Opening balance/ Solde au début	Approved by OEB/ Approuvés par la CEO	Carrying charges/ Frais financiers	Current variances/ Variations courantes	Remitted (recovered)/ Remises (recouvrement)	Ending balance/ Solde à la fin
	\$	\$	\$	\$	\$	\$
Low voltage charges	117,263	(34,083)	1,357	54,352	-	138,889
Other regulatory assets	55,482	43	338	(17,873)	(2,237)	35,753
Payments in lieu of income taxes	25,879	-	155	-	-	26,034
Retail settlement variance account	212,550	2,296	2,176	13,514	(195)	230,341
Amounts (owing to) receivable from clients	14,322	31,744	(566)	-	(93)	45,407
	425,496	-	3,460	49,993	(2,525)	476,424

Hydro 2000 Inc.

Notes to the financial statements

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Hydro 2000 Inc.

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31 décembre 2017

21. Capital structure / objectives

The Corporation's main objectives in the management of capital are to:

- (i) Ensure that there is access to various funding options at the lowest possible rates for the various capital initiatives and working capital requirements necessary for the rate-regulated business;
- (ii) Consistently maintain a high credit rating for the Corporation;
- (iii) Deliver appropriate financial returns to the shareholder.

21. Structure du capital et objectifs

Les principaux objectifs de la Société dans la gestion de son capital sont :

- (i) S'assurer d'avoir accès à des sources de financement variées à des taux raisonnables pour ses diverses initiatives et un fonds de roulement nécessaire au fonctionnement de ses activités réglementées;
- (ii) Maintenir une excellente évaluation de crédit pour la Société;
- (iii) Rapporter un rendement financier satisfaisant à l'actionnaire.

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Appendix D Financial Statements 2017 / 2018

2

Financial statements of
États financiers de

Hydro 2000 Inc.

December 31, 2018
31 décembre 2018

Hydro 2000 Inc.

December 31, 2018

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Hydro 2000 Inc.

31 décembre 2018

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Independent Auditor's Report

To the Directors of Hydro 2000 Inc.

Opinion

We have audited the financial statements of Hydro 2000 Inc. (the "Corporation"), which comprise the balance sheet as at December 31, 2018, and the statements of income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporations internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporations ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The image shows a handwritten signature in black ink. The word "Deloitte" is written in a cursive script, followed by "LLP" in a more formal, blocky capital font.

Chartered Professional Accountants
Licensed Public Accountants

April 16, 2019

Rapport de l'auditeur indépendant

Aux administrateurs de Hydro 2000 Inc.

Opinion

Nous avons effectué l'audit des états financiers de Hydro 2000 Inc. (la « Société »), qui comprennent le bilan au 31 décembre 2018, et les états du résultat, des variations des capitaux propres et le tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que les notes complémentaires, y compris le résumé des principales méthodes comptables (appelés collectivement les « états financiers »).

À notre avis, les états financiers ci-joints donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Société au 31 décembre 2018, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux Normes internationales d'information financière (IFRS).

Fondement de l'opinion

Nous avons effectué notre audit conformément aux normes d'audit généralement reconnues (NAGR) du Canada. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur à l'égard de l'audit des états financiers » du présent rapport. Nous sommes indépendants de la Société conformément aux règles de déontologie qui s'appliquent à notre audit des états financiers au Canada et nous nous sommes acquittés des autres responsabilités déontologiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Responsabilités de la direction et des responsables de la gouvernance à l'égard des états financiers

La direction est responsable de la préparation et de la présentation fidèle des états financiers conformément aux normes IFRS, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Lors de la préparation des états financiers, c'est à la direction qu'il incombe d'évaluer la capacité de la Société à poursuivre son exploitation, de communiquer, le cas échéant, les questions relatives à la continuité de l'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si la direction a l'intention de liquider la Société ou de cesser son activité ou si aucune autre solution réaliste ne s'offre à elle.

Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière de la Société.

Responsabilités de l'auditeur à l'égard de l'audit des états financiers

Nos objectifs sont d'obtenir l'assurance raisonnable que les états financiers pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, et de délivrer un rapport de l'auditeur contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux NAGR du Canada permettra toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent résulter de fraudes ou d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce qu'elles, individuellement ou collectivement, puissent influencer sur les décisions économiques que les utilisateurs des états financiers prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux NAGR du Canada, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique tout au long de cet audit. En outre :

- Nous identifions et évaluons les risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne.
- Nous acquérons une compréhension des éléments du contrôle interne pertinents pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de la Société.
- Nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que des informations y afférentes fournies par cette dernière.
- Nous tirons une conclusion quant au caractère approprié de l'utilisation par la direction du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité de la Société à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états financiers au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de notre rapport. Des événements ou situations futurs pourraient par ailleurs amener la Société à cesser son exploitation.
- Nous évaluons la présentation d'ensemble, la structure et le contenu des états financiers, y compris les informations fournies dans les notes, et apprécions si les états financiers représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle.

Nous communiquons aux responsables de la gouvernance notamment l'étendue et le calendrier prévus des travaux d'audit et nos constatations importantes, y compris toute déficience importante du contrôle interne que nous aurions relevée au cours de notre audit.

Deloitte S.E.N.C.R.L./s.r.l.

Comptables professionnels agréés
Experts-comptables autorisés

Le 16 avril 2019

Hydro 2000 Inc.
Balance sheet
as at December 31, 2018

Hydro 2000 Inc.
Bilan
au 31 décembre 2018

	2018	2017	
	\$	\$	
Assets			Actif
Current assets			À court terme
Cash	76,970	-	Encaisse
Accounts receivable (Note 6)	565,527	436,743	Débiteurs (note 6)
Unbilled revenues	282,615	298,992	Revenus non facturés
Income taxes	-	676	Impôts sur les bénéfices
Prepaid expenses	10,849	7,318	Frais payés d'avance
	935,961	743,729	
Property, plant and equipment (Note 7)	723,983	725,208	Immobilisations corporelles (note 7)
Intangible assets (Note 8)	9,809	19,623	Immobilisations incorporelles (note 8)
	1,669,753	1,488,560	
Regulatory deferral account debit balances (Note 9)	343,292	733,082	Soldes débiteurs des comptes de report réglementaires (note 9)
	2,013,045	2,221,642	
Liabilities			Passif
Current liabilities			À court terme
Bank indebtedness	-	297,777	Découvert bancaire
Bank loan (Note 10)	17	21,018	Emprunt bancaire (note 10)
Accounts payable and accrued liabilities (Note 11)	377,083	633,250	Créditeurs et charges à payer (note 11)
Customers' deposits	15,417	12,369	Dépôts de clients
Income taxes	73,518	-	Impôts sur les bénéfices
	466,035	964,414	
Deferred revenues	128,084	129,142	Revenus reportés
Deferred tax liabilities (Note 18)	7,181	74,525	Passif d'impôts différés (note 18)
	601,300	1,168,081	
Leases (Note 17)			Contrats de location (note 17)
Shareholder's equity			Capitaux propres
Share capital (Note 12)	308,735	308,735	Capital-actions (note 12)
Retained earnings	804,268	744,826	Bénéfices non répartis
	1,113,003	1,053,561	
	1,714,303	2,221,642	
Regulatory deferral account credit balances (Note 13)	298,742	-	Soldes créditeurs des comptes de report réglementaires (note 13)
	2,013,045	2,221,642	

The accompanying notes are an integral
part of the financial statements.

Les notes complémentaires font partie
intégrante des états financiers.

Approved by the Board

Au nom du conseil

Director _____ administrateur

Director _____ administrateur

Hydro 2000 Inc.
Statement of income
year ended December 31, 2018

Hydro 2000 Inc.
État du résultat
de l'exercice clos le 31 décembre 2018

	2018	2017	
	\$	\$	
		(Restated Note 3/ Retraité note 3)	
Revenues			Revenus
Energy (Note 14)	2,483,568	2,641,807	Énergie (note 14)
Distribution (Note 14)	525,153	528,482	Distribution (note 14)
Other operating revenues	46,574	30,510	Autres revenus d'exploitation
	3,055,295	3,200,799	
Cost of power	1,786,214	2,905,938	Coût de l'énergie
	1,269,081	294,861	
Expenses (Note 15)			Charges (note 15)
Administrative and general	247,536	248,158	Administratives et générales
Billing and collecting	163,549	175,253	Facturation et perception
Depreciation and amortization	45,712	47,325	Amortissement
Distribution - operation and maintenance	45,379	80,162	Distribution - exploitation et entretien
Donations	2,000	2,000	Dons
Interest	81	60	Intérêts
	504,257	552,958	
Income (loss) before regulatory items and income tax	764,824	(258,097)	Résultat avant éléments réglementaires et impôts
Net movement in regulatory deferral accounts	688,532	(256,658)	Variations nettes des comptes de report réglementaires
Income tax expense (Note 18)	6,850	(215)	Impôts sur le résultat (note 18)
	695,382	(256,873)	
Net income (loss)	69,442	(1,224)	Résultat net

The accompanying notes are an integral part of
the financial statements.

Les notes complémentaires font partie intégrante
des états financiers.

Hydro 2000 Inc.Statement of changes in equity
year ended December 31, 2018**Hydro 2000 Inc.**État des variations des capitaux propres
de l'exercice clos le 31 décembre 2018

	2018	2017	
	\$	\$	
Retained earnings, beginning of year	744,826	756,050	Bénéfices non répartis au début
Net income (loss)	69,442	(1,224)	Résultat net
Dividend on Class A shares	(10,000)	(10,000)	Dividende sur les actions de catégorie A
Retained earnings, end of year	804,268	744,826	Bénéfices non répartis à la fin

The accompanying notes are an integral part of
the financial statements.Les notes complémentaires font partie intégrante
des états financiers.

Hydro 2000 Inc.
Statement of cash flows
year ended December 31, 2018

Hydro 2000 Inc.
Tableau des flux de trésorerie
de l'exercice clos le 31 décembre 2018

	2018	2017	
	\$	\$	
Operating activities			Activités d'exploitation
Net income (loss)	69,442	(1,224)	Résultat net
Items not affecting cash:			Éléments sans effet sur la trésorerie :
Depreciation and amortization	45,712	47,325	Amortissement
Loss on sale of property, plant and equipment	5,516	1,778	Perte à la cession d'immobilisations corporelles
Net movement in regulatory deferral accounts	688,532	(256,658)	Variations nettes des comptes de report réglementaires
Deferred tax	(67,344)	2,461	Impôts différés
Net change in non-cash operating working capital items (Note 20)	(303,655)	(45,905)	Variation nette des éléments hors caisse du fonds de roulement d'exploitation (note 20)
	438,203	(252,223)	
Investing activities			Activités d'investissement
Purchase of capital assets	(36,205)	(42,479)	Acquisition d'immobilisations
Financing activities			Activités de financement
(Decrease) increase in bank loan	(21,001)	21,018	(Diminution) augmentation de l'emprunt bancaire
Contributions received for property, plant and equipment	3,750	-	Contributions reçues pour immobilisations corporelles
Dividend paid	(10,000)	(10,000)	Dividende payé
	(27,251)	11,018	
Net increase (decrease) in cash	374,747	(283,684)	Augmentation (diminution) nette de la trésorerie
Bank indebtedness, beginning of year	(297,777)	(14,093)	Découvert bancaire au début
Cash (bank indebtedness), end of year	76,970	(297,777)	Encaisse (découvert bancaire) à la fin

(See additional information presented in Note 20.)

(Voir les renseignements complémentaires présentés à la note 20.)

The accompanying notes are an integral part of the financial statements.

Les notes complémentaires font partie intégrante des états financiers.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

1. Description of the business

Hydro 2000 Inc. (the "Corporation") was incorporated on September 29, 2000, under the *Business Corporations Act (Ontario)* and is wholly owned by the Corporation of the Township of Alfred and Plantagenet. The Corporation is incorporated and domiciled in Canada with its head and registered office located at 440 St-Philippe Street, Alfred, Ontario, K0B 1A0.

The principal activity of the Corporation is distribution of electricity in the service areas of the village of Alfred and the village of Plantagenet in the Province of Ontario, under a license issued by the Ontario Energy Board (OEB). The Corporation is regulated under the OEB and adjustments to the distribution rates require OEB approval.

As a condition of its distribution license, the Corporation is required to meet specified Conservation and Demand Management (CDM) targets for reductions in electricity consumption and peak electricity demand. As part of this initiative, the Corporation is delivering Ontario Power Authority (OPA) funded programs in order to meet its targets.

Under the *Green Energy and Green Economy Act, 2009*, the Corporation and other Ontario electricity distributors have new opportunities and responsibilities to generate renewable energy.

2. Basis of preparation

(a) Statement of compliance

These financial statements were prepared by the Corporation's management in accordance with International financial reporting standards (IFRS) as published by the International accounting standards board (IASB).

These financial statements for the year ended December 31, 2018 were approved by the board of directors on April 16, 2019.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Presentation currency

The financial statements are presented in Canadian dollars, which is also the Corporation's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the amounts reported and disclosed in the financial statements. Estimates and underlying assumptions are continually reviewed and are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

1. Description de l'entreprise

Hydro 2000 Inc. (la « Société »), constituée le 29 septembre 2000, en vertu de la *Loi sur les sociétés par actions de l'Ontario*, est détenue à 100 % par la Corporation du Canton d'Alfred et Plantagenet. La Société a été incorporée et est résidente du Canada avec son siège social situé au 440, rue St-Philippe, Alfred, Ontario, K0B 1A0.

L'activité principale de la Société est la distribution d'électricité dans les zones de service du village d'Alfred et du village de Plantagenet dans la province de l'Ontario, en vertu d'une licence délivrée par la Commission de l'énergie de l'Ontario (CÉO). La Société est régie par la CÉO et les modifications aux tarifs de distribution nécessitent l'approbation de la CÉO.

Comme condition de sa licence de distribution, la Société est tenue de rencontrer des objectifs de conservation et de gestion de la demande (CGD) pour réduire la consommation d'électricité et la demande de pointe. Dans le cadre de cette initiative, la Société offre des programmes financés par l'Office de l'électricité de l'Ontario (OPA) dans le but d'atteindre ses objectifs.

En vertu de la *Loi de 2009 sur l'énergie verte et l'économie verte*, la Société et d'autres distributeurs d'électricité de l'Ontario ont de nouvelles opportunités et responsabilités quant à la génération d'énergie renouvelable.

2. Base de préparation

(a) Déclaration de conformité

Ces états financiers ont été préparés par la direction de la Société conformément aux Normes internationales d'information financière (IFRS) telles que publiées par l'« International accounting standards board » (IASB).

Ces états financiers pour l'exercice clos le 31 décembre 2018 ont été approuvés par le conseil d'administration le 16 avril 2019.

(b) Base d'évaluation

Les états financiers ont été préparés sur la base du coût historique.

(c) Monnaie de présentation

Les états financiers sont présentés en dollars canadiens, ce qui est également la monnaie fonctionnelle de la Société.

(d) Utilisation d'estimations et jugements

La préparation d'états financiers, conformément aux IFRS exige que la direction ait recours à des estimations, des hypothèses et des jugements qui ont une incidence sur l'application des méthodes comptables, les montants déclarés et présentés dans les états financiers. Les estimations et les hypothèses sous-jacentes sont continuellement examinées et sont basées sur l'expérience historique et d'autres facteurs qui sont considérés comme pertinents. Les résultats réels pourraient différer de ces estimations.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

Significant sources of estimation uncertainty, assumptions and judgments include the following:

(i) Unbilled revenues

The measurement of unbilled revenues is based on an estimate of the amount of electricity delivered to customers between the date of the last bill and the end of the year.

(ii) Useful lives of depreciable assets

Depreciation and amortization expense is based on estimates of the useful lives of property, plant and equipment and intangible assets. The Corporation estimates the useful lives of its property, plant and equipment and intangible assets based on management's judgment, historical experience and an asset study conducted by an independent consulting firm.

(iii) Cash Generating Units (CGU)

Determining CGU's for impairment testing is based on Management's judgment. The impairment testing requires an estimation of the value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The Corporation has only one CGU.

(iv) Valuation of financial instruments

As described in Note 21, the Corporation uses the discounted cash flow model to estimate the fair value of the financial instruments for disclosure purposes.

(v) Other areas

There are a number of other areas in which the Corporation makes estimates; these include the allowance for doubtful accounts and income taxes. These amounts are reported based on the amounts expected to be recovered/refunded and an appropriate allowance has been provided based on the Corporation's best estimate of unrecoverable amounts.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

2. Base de préparation (suite)

(d) Utilisation d'estimations et jugements (suite)

Des sources importantes d'estimation d'incertitude, les hypothèses et les jugements sont les suivants :

(i) Revenus non facturés

La mesure des revenus non facturés est basée sur une estimation de la quantité d'électricité livrée aux clients entre la date de la dernière facture et la fin de l'exercice.

(ii) Durée de vie utile des actifs amortissables

La charge d'amortissement est basée sur des estimations de la vie utile des immobilisations corporelles et des actifs incorporels. La Société estime la durée de vie utile de ses immobilisations corporelles et des actifs incorporels selon le jugement de la direction, l'expérience historique et une étude d'actifs menée par un cabinet de conseil indépendant.

(iii) Unités génératrices de trésorerie (UGT)

La détermination des UGT pour le test de dépréciation est basée sur le jugement de la direction. Le test de dépréciation nécessite une estimation de la valeur d'utilité. La valeur d'utilité nécessite une estimation des flux de trésorerie futurs attendus de l'UGT et un taux d'actualisation approprié pour calculer la valeur actuelle.

La Société a une seule UGT.

(iv) Évaluation des instruments financiers

Comme il est décrit à la note 21, la Société utilise le modèle de flux de trésorerie actualisés pour estimer la juste valeur des instruments financiers à des fins de présentation.

(v) Autres domaines

Il y a un certain nombre d'autres domaines dans lesquels la Société fait des estimations; ceux-ci comprennent la provision pour créances douteuses et les impôts sur les bénéfices. Ces montants sont présentés en fonction des montants qui devraient être recouverts/remboursés et une provision a été calculée selon la meilleure estimation de la Société des montants non recouvrables.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

3. Changes in accounting policies

Effective January 1st, 2018, the Corporation has adopted new IFRS standards and applied the following new accounting policies in preparing the Financial Statements:

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from contracts with customers* ("IFRS 15") effective for annual periods beginning on or after January 1st, 2018, which replaced existing revenue recognition guidance, including IAS 18 *Revenue* and IFRIC 18 *Transfers of Assets from Customers*. IFRS 15 contains a five step model that applies to contracts with customers that specifies that revenue is recognized when or as the Corporation transfers control of goods or services to a customer at the amount to which the Corporation expects to be entitled. Depending on whether certain criteria are met, revenue is recognized at a point in time or over time.

The Corporation adopted IFRS 15 using the modified retrospective approach with the following practical expedients:

- The Corporation did not restate completed contracts that began and ended in the same annual reporting period or completed contracts at the beginning of the earliest period presented; and
- The Corporation did not disclose the amount of consideration allocated to the remaining performance obligations nor did it provide an explanation of when the Corporation expects to recognize that amount as revenue for comparative periods presented in the Financial Statements.

The Corporation recognizes revenue in the amount that it has a right to invoice when the amount directly corresponds with the value of the Corporation's performance to date.

The adoption of IFRS 15 resulted in a \$9,650 income statement reclassification between energy sales and energy purchases for the comparative year ended December 31, 2017, and had no impact to opening retained earnings as at January 1st, 2018. The Corporation updated the impact previously disclosed in the audited financial statements for the year ended December 31, 2017 to include the additional income statement reclassification between energy sales and energy purchases for the comparative year ended December 31, 2017.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

3. Changements de méthodes comptables

À compter du 1^{er} janvier 2018, la Société a adopté les nouvelles normes IFRS et appliqué les nouvelles méthodes comptables suivantes pour la préparation des états financiers:

Produits des activités ordinaires tirés de contrats conclus avec des clients

En mai 2014, l'IASB a publié l'IFRS 15 *Produits des activités ordinaires tirés de contrats conclus avec des clients* (« IFRS 15 »), qui s'appliquait aux exercices ouverts à compter du 1^{er} janvier 2018, qui remplaçait les directives existantes en matière de comptabilisation des produits, notamment IAS 18 *Produits des activités ordinaires* et IFRIC 18, *Transferts d'actifs provenant de clients*. IFRS 15 contient un modèle en cinq étapes qui s'applique aux contrats avec les clients et qui spécifie quand le revenu est comptabilisé ou lorsqu'une entité transfère le contrôle des produits ou des services à un client au montant auquel la Société s'attend à avoir droit. Lorsque certains critères sont rencontrés, les produits sont constatés à un moment donné ou répartis sur une durée.

La Société a adopté IFRS 15 selon la méthode rétrospective modifiée avec les mesures de simplification suivantes:

- La Société n'a pas retraité les contrats terminés ayant débuté et pris fin au cours de la même période de déclaration annuelle, ni les contrats terminés au début de la première période présentée; et
- La Société n'a pas indiqué le montant de la contrepartie affectée aux obligations de prestations restantes, ni expliqué le moment où elle prévoit comptabiliser ce montant à titre de produits pour les périodes comparatives présentées dans les états financiers.

La Société comptabilise les produits du montant qu'elle est en droit de facturer lorsque le montant correspond directement à la valeur du rendement de la Société à ce jour.

L'adoption de la norme IFRS 15 a entraîné un reclassement de l'état des résultats de 9 650 \$ entre les ventes d'énergie et les achats d'énergie pour l'exercice comparatif clos le 31 décembre 2017 et n'a eu aucune incidence sur le solde d'ouverture des bénéfices non répartis au 1^{er} janvier 2018. La Société a mis à jour l'impact divulgué précédemment dans les états financiers audités pour l'exercice clos le 31 décembre 2017 afin d'inclure le reclassement supplémentaire entre les ventes d'énergie et les achats d'énergie pour l'exercice comparatif terminé le 31 décembre 2017.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

3. Changes in accounting policies (continued)

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* ("IFRS 9") effective for annual periods beginning on or after January 1st, 2018, which replaced IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for measuring impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Corporation adopted IFRS 9 retrospectively on January 1st, 2018. Despite the retrospective adoption of IFRS 9, the Corporation is not required, upon initial application, to restate comparatives.

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies related to financial instruments. The impact of IFRS 9 on the classification and measurement of financial instruments is set out below.

Financial Instrument	IAS 39 Measurement basis	IFRS 9 Measurement basis
Cash	Loans and receivable	Amortized cost
Accounts receivable	Loans and receivable	Amortized cost
Unbilled revenues	Loans and receivable	Amortized cost
Construction loan	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Other financial liabilities	Other liabilities	Amortized cost

ii) Impairment of financial assets

Loss allowances for accounts receivable and unbilled revenue are always measured at an amount equal to lifetime Expected Credit Losses (ECL). Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

3. Changements de méthodes comptables (suite)

Instruments financiers

En juillet 2014, l'IASB a publié la version finale d'IFRS 9 *Instruments financiers* (« IFRS 9 »), applicable aux exercices ouverts à compter du 1^{er} janvier 2018, qui remplace IAS 39 *Instruments financiers: Comptabilisation et évaluation* (« IAS 39 »). IFRS 9 comprend des directives révisées sur le classement et l'évaluation des instruments financiers, y compris un nouveau modèle de perte de crédit prévu pour évaluer la dépréciation d'actifs financiers, ainsi que de nouvelles exigences générales en matière de comptabilité de couverture. Il reprend également les indications relatives à la comptabilisation et à la décomptabilisation des instruments financiers d'IAS 39. La Société a adopté IFRS 9 rétrospectivement le 1^{er} janvier 2018. Malgré l'adoption rétrospective de l'IFRS 9, la Société n'est pas tenue, à la première application, de retraiter les données comparatives.

i) Classification et évaluation des instruments financiers

IFRS 9 conserve en grande partie les exigences d'IAS 39 relatives au classement et à l'évaluation des passifs financiers. Cependant, il élimine les anciennes catégories IAS 39 pour les actifs financiers détenus jusqu'à l'échéance, les prêts et créances et disponibles à la vente.

Selon IFRS 9, lors de la comptabilisation initiale, un actif financier est classé et évalué au coût amorti, à la juste valeur par le biais du résultat global, ou à la juste valeur par le biais du résultat net. Le classement des actifs financiers selon IFRS 9 repose généralement sur le modèle d'entreprise dans lequel un actif financier est géré et ses caractéristiques de flux de trésorerie contractuels. L'adoption des IFRS n'a pas eu d'incidence importante sur les conventions comptables de la Société relatives aux instruments financiers. L'impact de la norme IFRS 9 sur le classement et l'évaluation des instruments financiers est décrit ci-dessous.

Instrument financier	Base d'évaluation IAS 39	Base d'évaluation IFRS 9
Encaisse	Prêts et créances	Au coût amorti
Débiteurs	Prêts et créances	Au coût amorti
Revenus non facturés	Prêts et créances	Au coût amorti
Emprunt pour construction	Autres passifs	Au coût amorti
Créditeurs et charges à payer	Autres passifs	Au coût amorti
Dette à long terme	Autres passifs	Au coût amorti
Autres passifs financiers	Autres passifs	Au coût amorti

ii) Dépréciation d'actifs financiers

Les provisions pour pertes sur créances et produits non facturés sont toujours évaluées à un montant égal à la perte sur créances attendue (PCA) pour la durée de vie. Les PCA à vie sont les PCA résultant de tous les événements de défaut possibles sur la durée de vie attendue d'un instrument financier.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

3. Changes in accounting policies (continued)

Financial Instruments (continued)

ii) Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience, adjusted for forward-looking factors specific to the current credit environment.

The Corporation assumes that credit risk on a financial asset has increased if it is more than 30 days past due date.

The Corporation considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full, without recourse by the Corporation, such as realising security (if any is held).

If the amount of impairment loss subsequently decrease due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

Transition to IFRS 9

Under IAS 39, accounts receivable would first be provisioned for when it is deemed that the collection is unlikely. Upon adoption of IFRS 9, the Corporation measures the loss allowance at an amount equal to the lifetime ECL for trade receivables or contract assets that result from transactions that are within the scope of IFRS 15, and do not contain a significant financing component. The Corporation uses a provision matrix to measure the lifetime ECL of accounts receivable from individual customers which accounts for exposures in different customer classes. The difference using IFRS was not significant. Therefore, the opening retained earnings as at January 1st, 2018 as not been adjusted.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

3. Changements de méthodes comptables (suite)

Instruments financiers (suite)

ii) Dépréciation d'actifs financiers (suite)

Pour déterminer si le risque de crédit d'un actif financier a considérablement augmenté depuis la comptabilisation initiale et pour estimer les PCA, la Société prend en compte des informations raisonnables et justifiables, pertinentes et disponibles sans coûts ni efforts indus. Cela inclut des informations et des analyses quantitatives et qualitatives, fondées sur l'expérience historique de la Société, ajustées pour tenir compte de facteurs prospectifs spécifiques au contexte actuel du crédit.

La Société présume que le risque de crédit d'un actif financier a augmenté s'il s'est écoulé plus de 30 jours après la date d'échéance.

La Société considère qu'un actif financier est en défaut lorsqu'il est peu probable que l'emprunteur s'acquitte intégralement de ses obligations de crédit, sans recours de la part de la Société, tel que la réalisation d'une sûreté (le cas échéant).

Si le montant de la perte de valeur diminue par la suite en raison d'un événement postérieur à la comptabilisation de la perte de valeur, la perte de valeur précédemment comptabilisée est reprise en résultat net.

Passage à IFRS 9

Selon IAS 39, les comptes clients seraient d'abord provisionnés lorsqu'il est jugé que le recouvrement est improbable. À la suite de l'adoption de l'IFRS 9, la Société évalue la provision pour perte à un montant égal à la PCA sur la durée de vie utile pour les créances clients ou les actifs contractuels résultant d'opérations entrant dans le champ d'application d'IFRS 15 et ne comportant pas une composante financement significative. La Société utilise une matrice de provisions pour mesurer la durée de vie cumulative des créances clients individuelles, qui considère les expositions dans différentes catégories de clients. La différence selon les IFRS n'était pas significative. Par conséquent, le solde d'ouverture des bénéfices non répartis au 1^{er} janvier 2018 n'a pas été ajusté.

Hydro 2000 Inc.

Notes to the financial
statements
December 31, 2018

Hydro 2000 Inc.

Notes complémentaires aux
états financiers
31 décembre 2018

**3. Changes in accounting policies
(continued)***Financial Instruments (continued)*Transition to IFRS 15

Statement of loss

	2017	Adjustments/ Ajustements	2017 Restated/ Retraité	
	\$	\$	\$	
Revenues				Revenus
Energy	2,651,457	(9,650)	2,641,807	Énergie
Distribution	528,482	-	528,482	Distribution
Other operating revenues	30,510	-	30,510	Autres revenus d'exploitation
	3,210,449	(9,650)	3,200,799	
Cost of power	2,915,588	(9,650)	2,905,938	Coût de l'énergie
	294,861	-	294,861	
Expenses				Charges
Administrative and general	248,158	-	248,158	Administratives et générales
Billing and collecting	175,253	-	175,253	Facturation et perception
Depreciation and amortization	47,325	-	47,325	Amortissement
Distribution – operation and maintenance	80,162	-	80,162	Distribution – exploitation et entretien
Donations	2,000	-	2,000	Dons
Interest	60	-	60	Intérêts
	552,958	-	552,958	
Loss before regulatory items and income tax	(258,097)	-	(258,097)	Résultats avant les éléments réglementaires et impôts
Net movement in regulatory deferral account	(256,658)	-	(256,658)	Variations nettes des comptes de report réglementaires
Income tax expense	(215)	-	(215)	Impôts sur le résultat
	(256,873)	-	(256,873)	
Net loss	(1,224)	-	(1,224)	Résultat net

Energy sales are based on the cost and usage of electricity by the customer. For Regulated Price Plan ("RPP") customers, the OEB has set a fixed rate which should approximate the cost of energy purchased. The Corporation recovers the difference between amounts billed to RPP customers for electricity charges and the cost to purchase the energy from the IESO ("RPP Settlement Amount").

Les ventes d'énergie sont basées sur le coût et l'utilisation d'électricité par le client. Pour les clients disposant d'un forfait à prix réglementés (« FPR »), la CEO a fixé un taux fixe qui devrait correspondre approximativement au coût de l'énergie achetée. La Société récupère la différence entre les montants facturés aux clients du FPR pour les frais d'électricité et le coût d'achat de l'énergie auprès de la SIERÉ (le « montant de règlement du FPR »).

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

3. Changes in accounting policies (continued)

Financial Instruments (continued)

Transition to IFRS 15 (continued)

In 2017, the Government of Ontario announced the Ontario's Fair Hydro Plan, which included a number of initiatives aimed at decreasing electricity bills. For eligible non-RPP customers, the bill reduction was implemented through a reduction in the Global Adjustment charges that they would have otherwise paid ("GA Modifier"). The Corporation recovers the GA Modifier from the IESO.

The RPP Settlement Amount and the GA Modifier will be recorded differently under IFRS 15 than they were under IAS 18. Under IAS 18, energy sales were recorded at the fair value of the consideration received or receivable, including amounts received from the electricity customers and the IESO. Consequently, both the RPP Settlement Amount and the GA Modifier were recorded as energy sales. Under IFRS 15, revenue is recognized at the transaction price as per the contract with electricity customers only, and would therefore exclude amounts that are received or receivable from the IESO. As such, the RPP Settlement Amount and the GA Modifier received or receivable from IESO will be recorded as a reduction/addition from/to energy purchases instead of energy sales.

4. Significant accounting policies

The Corporation's financial statements are the representations of management, prepared in accordance with IFRS. The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

The financial statements reflect the following significant accounting policies:

(a) Rate regulation

The *Ontario Energy Board Act, 1998* gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

The Corporation recognizes revenue when electricity is delivered to customers based on OEB approved rates. Operating costs and expenses are recorded when incurred, unless such costs qualify for recognition as part of an item of property, plant and equipment or as an intangible asset.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

3. Changements de méthodes comptables (suite)

Instruments financiers (suite)

Passage à IFRS 15 (suite)

En 2017, le gouvernement de l'Ontario a annoncé le plan ontarien visant à réduire la facture d'électricité. Pour les clients éligibles non-FPR, la réduction de la facture a été mise en œuvre par une réduction des frais de rajustement global qu'ils auraient autrement payés (« modificateur d'ajustement global »). La Société récupère le modificateur d'ajustement global auprès de la SIERÉ.

Le montant de règlement du FPR et le modificateur d'ajustement global seront comptabilisés différemment selon IFRS 15 par rapport à IAS 18. Selon IAS 18, les ventes d'énergie étaient comptabilisées à la juste valeur de la contrepartie reçue ou à recevoir, y compris les montants reçus des clients d'électricité et de la SIERÉ. Par conséquent, le montant du règlement du FPR et le modificateur de l'ajustement global ont été comptabilisés en tant que revenus d'énergie. Selon IFRS 15, le revenu est comptabilisé au prix de transaction prévu par le contrat conclu uniquement avec les clients du secteur de l'électricité, ce qui exclut donc les montants reçus ou à recevoir de la SIERÉ. À ce titre, le montant de règlement du FPR et le modificateur d'ajustement global reçu ou à recevoir de la part de la SIERÉ seront comptabilisés en tant que réduction / addition d'achats d'énergie au lieu des revenus d'énergie.

4. Principales conventions comptables

Les états financiers de la Société sont les déclarations de la direction, préparés conformément aux IFRS. Les méthodes comptables présentées ci-dessous ont été appliquées de manière cohérente à tous les exercices présentés dans ces états financiers, sauf indication contraire.

Les états financiers reflètent les principales conventions comptables suivantes :

(a) Tarifs réglementés

La *Loi de 1998 sur la Commission de l'énergie de l'Ontario* a donné à la CÉO des pouvoirs accrus et des responsabilités pour réglementer l'industrie de l'électricité. Ces pouvoirs et responsabilités comprennent le pouvoir d'approuver ou de fixer les taux de transmission et de distribution d'électricité, le pouvoir de fournir une protection tarifaire continue pour les clients ruraux et éloignés et la responsabilité de veiller à ce que les sociétés de distribution remplissent leurs obligations de brancher et servir les clients. La CÉO peut imposer des exigences de licence et des conditions, y compris, entre autres, des registres comptables appropriés, des principes comptables réglementaires et des exigences pour le processus d'établissement des tarifs.

La Société constate les revenus lorsque l'électricité est livrée aux clients basés sur les tarifs établis par la CÉO. Les coûts et les charges d'exploitation sont constatés lorsqu'ils sont engagés, à moins que ces coûts soient admissibles en tant qu'immobilisation corporelle ou immobilisation incorporelle.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

4. Significant accounting policies

(a) Rate regulation (continued)

As prescribed by the OEB, on a monthly basis, the Corporation compares its energy revenues and expenses and puts the difference in its regulatory deferral account debit/credit balances. Being an electricity distributor, the Corporation is not allowed to make any profit on the sale of energy. The Corporation also has to transfer to its regulatory deferral account debit/credit balances, when directed by OEB, expenses which were not considered in the cost of services. Carrying charges are also calculated on the regulatory deferral account debit/credit balances on a monthly basis at a prescribed rate determined by OEB.

(b) Revenue recognition

(i) Electricity distribution and sale

Revenue from the sale and distribution of electricity is recorded on the basis of cyclical billings based on electricity usage and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed. Revenue is generally comprised of the following:

- Electricity Price and Related Rebates :
The electricity price and related rebates represent a pass through of the commodity cost of electricity.
- Distribution Rate:
The distribution rate is designed to recover the costs incurred by the Corporation in delivering electricity to customers, as well as the ability to earn the OEB allowed rate of return. Distribution charges are regulated by the OEB and typically comprise a fixed charge and a usage-based (consumption) charge.
- Retail Transmission Rate:
The retail transmission rate represents a pass through of costs charged to the Corporation for the transmission of electricity from generating stations to the Corporation's service area. Retail transmission rates are regulated by the OEB.
- Wholesale Market Service Charge:
The wholesale market service charge represents a pass through of various wholesale market support costs charged by Hydro One, a supplier.

4. Principales conventions comptables

(a) Tarifs réglementés (suite)

Tel que requis par la CÉO, sur une base mensuelle, la Société doit comparer ses revenus et charges d'énergie et mettre la différence dans les soldes débiteurs/créditeurs des comptes de report réglementaires. Étant un distributeur d'énergie, la Société ne peut pas faire de profit sur les ventes d'énergie. La Société doit également transférer dans ses soldes débiteurs/créditeurs des comptes de report réglementaires, lorsqu'exigés par la CÉO, des charges non considérées dans le coût de service. Des frais financiers sont également calculés sur les soldes débiteurs/créditeurs des comptes de report réglementaires sur une base mensuelle au taux prescrit établi par la CÉO.

(b) Constatation des revenus

(i) Distribution et vente d'électricité

Les revenus provenant de la vente et la distribution d'électricité sont enregistrés selon le cycle de facturation en fonction de la consommation et comprennent également des revenus non facturés à l'égard de l'électricité livrée mais non encore facturée. Les revenus sont composés des éléments suivants :

- Prix de l'électricité et rabais connexes :
Le prix de l'électricité et les rabais connexes représentent les coûts réels.
- Tarifs de distribution :
Les tarifs de distribution sont conçus pour récupérer les coûts encourus par la Société pour fournir l'électricité aux clients, ainsi qu'un taux de rendement autorisé par la CÉO. Les tarifs de distribution sont réglementés par la CÉO et comprennent une charge fixe et une charge basée sur la consommation.
- Tarifs de transmission de détail :
Les tarifs de transmission de détail représentent les coûts pour la transmission de l'électricité à partir des stations de production d'électricité jusqu'aux zones de services exploitées par la Société. Les tarifs de transmission de détail sont réglementés par la CÉO.
- Frais de service du marché en gros :
Les frais de service du marché en gros représentent les coûts facturés par Hydro One, un fournisseur, pour divers coûts de support.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2018

4. Significant accounting policies (continued)

(b) *Revenue recognition (continued)*

(ii) Other revenue

Other revenue includes revenue from the sale of other services and interest revenues.

Revenue related to the sale of other services is recognized as services are rendered.

Certain items of property, plant and equipment are acquired or constructed with financial assistance in the form of contributions from developers or customers ("customer contributions"). Such contributions, whether in cash or in-kind, are recognized as deferred revenue and amortized into income over the life of the related assets. Contributions in-kind are valued at their fair value at the date of their contribution.

Government grants under CDM programs are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(c) *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as loans and receivables or as other liabilities. Transaction costs for financial assets classified as loans and receivables and financial liabilities classified as other liabilities are capitalized as part of the carrying value at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate method, less any impairment losses. Losses are recognized in net income when the loans and receivables are derecognized or impaired.

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and the loss event has had a negative effect on estimated future cash flows of the asset which are reliably measurable.

Loans and receivables are comprised of accounts receivable and unbilled revenues.

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2018

4. Principales conventions comptables (suite)

(b) *Constatation des revenus*

(ii) Autres revenus

Les autres revenus comprennent les revenus provenant de la vente de services et les revenus d'intérêts.

Les revenus liés à la vente d'autres services sont comptabilisés lorsque les services sont rendus.

Certaines immobilisations corporelles sont acquises ou construites avec l'aide financière de développeurs ou clients sous forme de contributions. Ces contributions, en espèces ou en nature, sont comptabilisées à titre de revenus reportés et sont amorties sur la durée de vie utile des immobilisations corporelles correspondantes. Les contributions en nature sont évaluées à leur juste valeur à la date de leur contribution.

Les subventions au titre des programmes de CGD sont comptabilisées lorsqu'il existe une assurance raisonnable que la subvention sera reçue et que toutes les conditions attachées seront respectées. Lorsque la subvention est liée à un élément de charge, elle est comptabilisée comme revenu au même rythme que les charges correspondantes sont comptabilisées.

(c) *Instruments financiers*

Les actifs et passifs financiers sont initialement comptabilisés à la juste valeur et sont subséquemment comptabilisés selon leur classification comme prêts et créances ou comme autres passifs. Les coûts de transaction pour les actifs financiers classés comme prêts et créances et les passifs financiers classés comme autres passifs sont capitalisés comme la valeur comptable à la comptabilisation initiale.

(i) Prêts et créances

Les prêts et créances sont des actifs financiers non dérivés à paiements fixes ou déterminables qui ne sont pas cotés sur un marché actif. Après la comptabilisation initiale, ces actifs financiers sont comptabilisés au coût après amortissement selon la méthode du taux d'intérêt effectif, déduction faite des pertes de valeur. Les pertes sont comptabilisées dans le résultat net lorsque les prêts et créances sont décomptabilisés ou dépréciés.

Les prêts et créances sont évalués à chaque date de clôture afin de déterminer s'il y a des preuves de dépréciation. Un actif financier est déprécié si des preuves objectives démontrent qu'un événement s'est produit après la constatation initiale de l'actif et que l'événement, qui peut être mesuré de manière fiable, a eu un effet négatif sur les flux de trésorerie futurs estimés.

Les prêts et créances sont composés des débiteurs et des revenus non facturés.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2018

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2018

4. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Other liabilities

All non-derivative financial liabilities are classified as other liabilities. Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when either the Corporation is discharged from its obligation, the obligation expires, or the obligation is cancelled or replaced by a new financial liability with substantially modified terms.

Financial liabilities are further classified as current or non-current depending on whether they will fall due within twelve months after the balance sheet date or beyond.

Other liabilities are comprised of bank indebtedness, bank loan, accounts payable and accrued liabilities and customers' deposits.

(d) Property, plant and equipment

Property, plant and equipment (PP&E) is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and includes contracted services, cost of materials, direct labour and borrowing costs incurred in respect of qualifying assets. When parts of an item of PP&E have different useful lives, they are accounted for as separate components of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E.

When items of PP&E are disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal with the carrying amount of the item and is included in net income.

Depreciation of PP&E is recognized on a straight-line basis over the estimated useful life of each component of PP&E. The estimated useful lives are as follows:

Distribution equipment	15 to 60 years
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Other assets

Computer hardware	5 years
Leasehold improvement	Term of the lease
Office equipment and furniture	10 years

Depreciation methods and useful lives are reviewed at each financial year-end and any changes are adjusted prospectively.

4. Principales conventions comptables (suite)

(c) Instruments financiers (suite)

(ii) Autres passifs

Les passifs non dérivés sont classés comme autres passifs. Après la comptabilisation initiale, les autres passifs sont évalués au coût amorti selon la méthode du taux d'intérêt effectif.

Les passifs financiers sont décomptabilisés lorsque la Société est déchargée de son obligation, l'obligation prend fin, ou l'obligation est annulée ou remplacée par un nouveau passif financier avec des termes sensiblement modifiés.

Les passifs financiers sont classés comme courant ou non courant selon qu'ils arriveront à échéance dans les douze mois après la date de clôture du bilan ou plus tard.

Les autres passifs sont composés du découvert bancaire, emprunt bancaire, des créiteurs et charges à payer et des dépôts de clients.

(d) Immobilisations corporelles

Les immobilisations corporelles sont évaluées au coût moins l'amortissement cumulé et les pertes de valeur cumulées. Le coût comprend les charges qui sont directement attribuables à l'acquisition de l'actif qui inclut les services contractuels, le coût des matériaux, de la main-d'œuvre directe et les coûts d'emprunt encourus à l'égard des actifs qualifiés. Lorsque des portions d'une immobilisation corporelle ont des durées de vie utile différentes, elles sont divisées par composantes.

Les pièces de rechange principales et le matériel de secours sont reconnus comme des éléments des immobilisations corporelles.

Lorsque des immobilisations corporelles sont disposées, le gain ou la perte sur disposition est déterminé en comparant le produit de disposition à la valeur comptable et est comptabilisé dans le résultat net.

L'amortissement des immobilisations corporelles est comptabilisé selon la méthode linéaire sur la durée de vie utile estimative de chaque composante. Les durées de vie utile estimées sont les suivantes :

Équipement de distribution	15 à 60 ans
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Autres actifs

Matériel informatique	5 ans
Améliorations locatives	Terme du bail
Matériel et mobilier de bureau	10 ans

Les méthodes d'amortissement et les durées de vie sont révisées annuellement et les ajustements sont comptabilisés de façon prospective.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

4. Significant accounting policies (continued)

(e) Intangible assets

Intangible assets include computer softwares. They are measured at cost less accumulated amortization and accumulated impairment losses.

Computer softwares are amortized on a straight-line basis over the estimated useful lives from the date that they are available for use. The estimated useful life is 5 years.

Amortization methods and useful lives are reviewed at each financial year-end and adjusted prospectively.

(f) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs of disposal. Value in use is calculated as the present value of the estimated future cash flows expected to be derived from an asset or CGU.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of those from other assets or CGU.

Impairment losses are recognized in net income. Impairment losses relating to CGU are allocated to reduce the carrying amounts of the other assets in the CGU on a prorata basis. No impairment loss was recognized during the year.

In respect of other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Leases

Leases in which the Corporation assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Payments under finance leases are apportioned between interest expense and a reduction of the outstanding liability.

Other leases are operating leases and are not recognized in the Corporation's balance sheet. Payments made under operating leases are recognized as an expense on a straight-line basis over the term of the lease.

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

4. Principales conventions comptables (suite)

(e) Immobilisations incorporelles

Les immobilisations incorporelles incluent les logiciels informatiques. Ils sont évalués au coût moins l'amortissement cumulé et les pertes de valeur cumulées.

Les logiciels informatiques sont amortis linéairement sur la durée de vie estimative à compter de la date à laquelle ils sont disponibles pour utilisation. La durée de vie utile estimée est de 5 ans.

Les méthodes d'amortissement et les durées de vie sont révisées annuellement et les ajustements sont comptabilisés de façon prospective.

(f) Dépréciation d'actifs non financiers

La valeur comptable des actifs non financiers de la Société, sont examinés à chaque date de clôture afin de déterminer s'il existe un indice de perte de valeur. Si une telle indication existe, la valeur recouvrable de l'actif est estimée. Une perte de valeur est comptabilisée si la valeur comptable d'un actif ou d'une UGT excède sa valeur recouvrable.

La valeur recouvrable d'un actif ou d'une UGT est le plus élevé de sa valeur d'utilité et la juste valeur diminuée des coûts de sortie. La valeur d'utilité est calculée comme la valeur actuelle des flux de trésorerie futurs estimatifs susceptibles de découler d'un actif ou d'une UGT.

Aux fins du test de dépréciation, les actifs sont regroupés dans le plus petit groupe d'actifs qui génère des entrées de trésorerie largement indépendantes de celles d'autres actifs ou d'une UGT.

Les pertes de valeur sont comptabilisées dans le résultat net. Les pertes de valeur ayant rapport à une UGT sont réparties prorata afin de réduire la valeur comptable des autres actifs de cette UGT. Aucune perte de valeur n'a été comptabilisée au cours de l'exercice.

En ce qui concerne les autres actifs, une perte de valeur n'est reprise que dans la mesure où la valeur comptable de l'actif ne dépasse pas la valeur comptable qui aurait été déterminée, nette des amortissements, si aucune perte de valeur n'avait été reconnue.

(g) Contrats de location

Les baux pour lesquels la Société assume la quasi-totalité des risques et avantages inhérents à la propriété sont classés comme des contrats de location-financement. Lors de la comptabilisation initiale, l'actif loué est évalué à un montant égal au moindre de sa juste valeur et la valeur actualisée des paiements minimaux. Après la comptabilisation initiale, l'actif est comptabilisé conformément à la méthode comptable applicable à cet actif. Les paiements au titre de contrats de location-financement sont ventilés entre les charges d'intérêts et une réduction de la dette.

D'autres baux sont des locations simples et ne sont pas comptabilisés dans le bilan de la Société. Les paiements effectués en vertu de contrats de location-exploitation sont comptabilisés en charges sur une base linéaire sur la durée du bail.

Hydro 2000 Inc.

Notes to the financial statements

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4. Significant accounting policies (continued)

(h) *Payment in lieu of corporate income taxes (PILs)*

Under the *Electricity Act, 1998*, the Corporation is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). The payments in lieu of taxes are calculated on a basis as if the Corporation was a taxable company under the *Income Tax Act (Canada)* and the *Taxation Act, 2007 (Ontario)*.

Income tax expense comprises current and deferred tax and is recognized in net income except to the extent that it relates to items recognized directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse.

In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized.

(i) *Customers' deposits*

Deposits are taken to guarantee the payment of utility bills or ensure contract performance by the counterparty.

5. Future accounting changes

IFRS 16, *Leases*, which supersedes IAS 17, provides a model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. This new standard is effective on January 1st, 2019. The Corporation has not yet assessed the impact of this new standard.

IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1. The amendments are effective for annual reporting periods beginning on or after January 1st, 2020. Earlier application is permitted. The Corporation has not yet assessed the impact of this new standard.

Hydro 2000 Inc.

Notes complémentaires aux états financiers

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4. Principales conventions comptables (suite)

(h) *Paiement en remplacement d'impôts sur le bénéfice (PILs)*

En vertu de la *Loi de 1998 sur la Société financière de l'industrie de l'électricité de l'Ontario (SFIEO)*, la Société est tenue d'effectuer des paiements en remplacement d'impôts sur le bénéfice. Les paiements en remplacement d'impôts sur le bénéfice sont calculés comme si la Société était une société imposable en vertu de la *Loi de l'impôt sur le revenu (Canada)* et la *Loi de 2007 sur les impôts (Ontario)*.

La charge d'impôt sur le résultat inclut l'impôt exigible et différé et est comptabilisée en résultat net, sauf dans la mesure où elle se rapporte à des éléments comptabilisés directement dans les autres éléments du résultat étendu.

L'impôt exigible est le montant des impôts à payer ou à recevoir sur le revenu imposable ou de la perte de l'exercice, selon les taux en vigueur à la date de clôture, ainsi que tout ajustement de l'impôt dû au titre des exercices précédents.

L'impôt différé est comptabilisé selon la méthode des impôts futurs, sur les différences temporaires entre la valeur comptable des éléments du bilan et leur valeur fiscale, en utilisant les taux d'imposition pratiquement en vigueur pour les exercices où les écarts devraient se résorber.

En outre, l'impôt différé n'est pas reconnu pour les différences temporelles imposables liées à la comptabilisation initiale de l'achalandage.

Un actif d'impôt différé est comptabilisé pour les différences temporelles déductibles, dans la mesure où il est probable qu'un bénéfice imposable futur sera disponible pour être appliqué contre ces montants.

(i) *Dépôts de clients*

Des dépôts sont pris en garantie de paiement des factures de services publics ou assurer l'exécution du contrat par la contrepartie.

5. Future accounting changes

IFRS 16 « Contrats de location », qui remplace IAS 17, fournit un modèle pour l'identification des contrats de location et de leur traitement dans les états financiers du preneur et du bailleur. Cette nouvelle norme est en vigueur le 1^{er} janvier 2019. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

IAS 1, Présentation des états financiers énonce les dispositions générales relatives aux états financiers, y compris des lignes directrices concernant leur structure et les dispositions minimales en matière de contenu, et présente les concepts généraux comme la continuité de l'exploitation, la comptabilité d'exercice et la différence entre courant et non courant. La norme stipule qu'un jeu complet d'états financiers doit comprendre un état de la situation financière, un état du résultat net et des autres éléments du résultat global, un état des variations des capitaux propres et un tableau des flux de trésorerie. Les modifications s'appliquent aux exercices ouverts à compter du 1^{er} janvier 2020; leur application anticipée est permise. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

Hydro 2000 Inc.

Notes to the financial statements
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5. Future accounting changes

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendment is effective for annual reporting periods beginning on or after January 1st, 2020. Earlier application is permitted. The Corporation has not yet assessed the impact of this new standard.

6. Accounts receivable

	2018	2017	
	\$	\$	
Electrical energy	206,063	192,097	Énergie électrique
Commodity taxes receivable	960	11,881	Taxes à la consommation à recevoir
Debt retirement charge receivable - OEFC	643	-	Redevance de liquidation de la dette à recevoir - SFIEO
Other	376,431	242,483	Autres
	584,097	446,461	
Allowance for doubtful accounts	(18,570)	(9,718)	Provision pour créances douteuses
	565,527	436,743	

Hydro 2000 Inc.

Notes complémentaires aux états financiers
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5. Modifications comptables futures

IAS 8, Méthodes comptables, changements d'estimations comptables et erreurs est appliquée à la sélection et à l'application de méthodes comptables ainsi qu'à la comptabilisation des changements de méthodes comptables, des changements d'estimations comptables et des corrections d'erreurs d'une période antérieure. La norme exige la conformité à toute IFRS s'appliquant spécifiquement à une transaction, un autre événement ou une condition et fournit des indications pour l'élaboration de méthodes comptables pour d'autres éléments qui donnent lieu à des informations pertinentes et fiables. Les changements de méthodes comptables et les corrections d'erreurs sont généralement comptabilisés de façon rétrospective tandis que les changements d'estimations comptables sont généralement comptabilisés de façon prospective. Les modifications s'appliquent aux exercices ouverts à compter du 1^{er} janvier 2020; leur application anticipée est permise. La Société n'a pas encore évalué l'incidence de cette nouvelle norme.

6. Débiteurs

Hydro 2000 Inc.

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December 31, 2018

Hydro 2000 Inc.

Notes complémentaires aux
états financiers
31 décembre 2018

7. Property, plant and equipment

	Distribution equipment/ Équipement de distribution	Other assets/ Autres actifs	Total	
	\$	\$	\$	
Cost				Coût
Balance as at December 31, 2016	829,776	34,373	864,149	Solde au 31 décembre 2016
Additions	45,376	-	45,376	Acquisitions
Disposals	(2,552)	-	(2,552)	Dispositions
Balance as at December 31, 2017	872,600	34,373	906,973	Solde au 31 décembre 2017
Additions	44,997	-	44,997	Acquisitions
Disposals	(7,117)	-	(7,117)	Dispositions
Balance as at December 31, 2018	910,480	34,373	944,853	Solde au 31 décembre 2018
Accumulated depreciation				Amortissement cumulé
Balance as at December 31, 2016	122,707	17,059	139,766	Solde au 31 décembre 2016
Depreciation expense	37,722	5,051	42,773	Amortissement
Disposals	(774)	-	(774)	Dispositions
Balance as at December 31, 2017	159,655	22,110	181,765	Solde au 31 décembre 2017
Depreciation expense	36,933	3,773	40,706	Amortissement
Disposals	(1,601)	-	(1,601)	Dispositions
Balance as at December 31, 2018	194,987	25,883	220,870	Solde au 31 décembre 2018
Net carrying amounts				Valeur comptable nette
As at December 31, 2016	707,069	17,314	724,383	Au 31 décembre 2016
As at December 31, 2017	712,945	12,263	725,208	Au 31 décembre 2017
As at December 31, 2018	715,493	8,490	723,983	Au 31 décembre 2018

8. Intangible assets

	Computer softwares/ Logiciels informatiques	
	\$	
Cost		Coût
Balance as at December 31, 2016	60,732	Solde au 31 décembre 2016
Additions	6,771	Acquisitions
Balance as at December 31, 2017 and 2018	67,503	Solde au 31 décembre 2017 et 2018
Accumulated amortization		Amortissement cumulé
Balance as at December 31, 2016	38,556	Solde au 31 décembre 2016
Amortization expense	9,324	Amortissement
Balance as at December 31, 2017	47,880	Solde au 31 décembre 2017
Amortization expense	9,814	Amortissement
Balance as at December 31, 2018	57,694	Solde au 31 décembre 2018
Net carrying amounts		Valeur comptable nette
As at December 31, 2016	22,176	Au 31 décembre 2016
As at December 31, 2017	19,623	Au 31 décembre 2017
As at December 31, 2018	9,809	Au 31 décembre 2018

Hydro 2000 Inc.

Notes to the financial statements

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Hydro 2000 Inc.

Notes complémentaires aux états financiers

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9. Regulatory deferral account debit balances

	2018	2017
	\$	\$
Low voltage charges	251,521	192,219
Other regulatory assets	35,057	34,648
Payments in lieu of income taxes	26,466	26,203
Retail settlement variance account	-	448,620
Amounts recoverable from clients	30,248	31,392
	343,292	733,082

9. Soldes débiteurs des comptes de report réglementaires

Distribution à faible tension	
Autres actifs réglementés	
Palements versés en remplacement d'impôts sur les bénéfices	
Écart de prix avec les détaillants	
Montants récupérables des clients	

10. Bank loan

The Corporation has an authorized line of credit of \$100,000 (\$100,000 as at December 31, 2017), at prime rate plus 4.25%, of which, \$99 983 remained unused as at December 31, 2018 (\$78,982 in 2017).

10. Emprunt bancaire

La Société dispose d'une marge de crédit de 100 000 \$ (100 000 \$ au 31 décembre 2017), au taux préférentiel plus 4,25 %, dont 99 983 \$ est inutilisée au 31 décembre 2018 (78 982 \$ en 2017).

11. Accounts payable and accrued liabilities

	2018	2017
	\$	\$
Accounts payable - energy purchases	-	358,312
Debt retirement charge payable - OEFC	-	6,052
Payroll payable	2,959	2,971
Commodity taxes payable	41,559	-
Customer receivables in credit balances	195,939	188,086
Other accounts payable and accrued liabilities	136,626	77,829
	377,083	633,250

11. Crédoeurs et charges à payer

Créditeurs - achats d'énergie	
Redevance de liquidation de la dette à payer - SFIEO	
Rémunération à payer	
Taxes à la consommation à payer	
Clients à recevoir avec soldes créditeurs	
Autres créditeurs et charges à payer	

12. Share capital*Authorized share capital:*

An unlimited number of shares in each of the following categories:

Voting Class A shares

Voting Class B shares, non-participating

Non-voting Class C shares, non-participating

Issued

	2018	2017
	\$	\$
1 Class A share	308,735	308,735

12. Capital-actions*Informations sur le capital-actions autorisé :*

Un nombre illimité d'actions de chacune des catégories suivantes :

Actions de catégorie A, avec droit de vote

Actions de catégorie B, avec droit de vote, non participantes

Actions de catégorie C, sans droit de vote, non participantes

Émis

1 action de catégorie A	
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Hydro 2000 Inc.

Notes to the financial statements
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Hydro 2000 Inc.

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13. Regulatory deferral account credit balances

	2018	2017
	\$	\$
Retail settlement variance account	298,742	-

13. Soldes créditeurs des comptes de report réglementaires

	2018	2017
	\$	\$
Écart de prix avec les détaillants	298,742	-

14. Revenues

	2018	2017
	\$	\$
		(Restated Note 3/ Retraité note 3)
<i>Energy</i>		
Residential	1,489,603	1,580,374
General < 50 KW	460,703	513,670
General < 50 KW - Unmetered scattered loads	1,713	1,930
General > 50 KW	513,789	526,468
Street lights	17,760	19,365
	2,483,568	2,641,807

14. Revenus

	2018	2017
	\$	\$
		(Restated Note 3/ Retraité note 3)
<i>Énergie</i>		
Résidentiel	1,489,603	1,580,374
Général < 50 KW	460,703	513,670
Général < 50 KW - Charges sans compteur	1,713	1,930
Général > 50 KW	513,789	526,468
Éclairage des rues	17,760	19,365
	2,483,568	2,641,807

Distribution

Service charge	344,077	327,132
Distribution volume	175,317	195,589
Administration charge	3,680	3,675
Retailer charge	2,079	2,086
	525,153	528,482

Distribution

Revenus de gestion	344,077	327,132
Revenus de livraison	175,317	195,589
Revenus d'administration	3,680	3,675
Revenus des détaillants	2,079	2,086
	525,153	528,482

15. Expenses

	2018	2017
		\$
Salaries and benefits	141,575	134,105
Contract/consulting	239,324	290,953
Materials	63,669	66,881
Rent	11,896	11,634
Depreciation and amortization	45,712	47,325
Donations	2,000	2,000
Interest	81	60
	504,257	552,958

15. Charges

	2018	2017
		\$
Salaire et avantages sociaux	141,575	134,105
Contrat/consultant	239,324	290,953
Matériaux	63,669	66,881
Loyer	11,896	11,634
Amortissement	45,712	47,325
Dons	2,000	2,000
Intérêts	81	60
	504,257	552,958

16. Insurance

With respect to liability insurance, the Corporation is a member of the Municipal Electricity Association Reciprocal Insurance Exchange (MEARIE). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members.

16. Assurance

En ce qui concerne l'assurance responsabilité, la Société est membre du « Municipal Electricity Association Reciprocal Insurance Exchange » (MEARIE). Un échange d'assurance réciproque peut être défini comme un groupe de personnes formées dans le but d'échanger des contrats réciproques d'indemnisation ou d'assurance avec l'autre. MEARIE est autorisé à fournir une assurance de responsabilité civile générale à ses membres.

Hydro 2000 Inc.

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Hydro 2000 Inc.

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16. Insurance (continued)

Insurance premiums charged to each member consist of a levy per thousands of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is \$30,000,000 for liability insurance, including directors and officers.

17. Leases

The Corporation leases office space under an operating lease which expires on March 31, 2022. Future lease payments aggregate \$40,033 and are payable over the next four years.

	\$
2019	12,163
2020	12,315
2021	12,438
2022	3,117

18. Income tax

(a) Income tax expense

PILs recognized in net income include the following:

	2018	2017	
	\$	\$	
Current tax (recoverable)	74,194	(2,676)	Exigibles (recouvrables)
Deferred tax	(67,344)	2,461	Impôts différés
Income tax expense	6,850	(215)	Impôts sur le résultat

(b) Reconciliation of effective tax rate

The income tax expense differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rates. The reconciliation between the statutory and effective tax rates is as follows:

	2018	2017	
	\$	\$	
Income (loss) before taxes	76,292	(1,439)	Résultat avant impôts
Statutory Canadian federal and provincial income tax rates	26.50%	26.50%	Taux d'impôt statutaires canadien fédéral et provincial
Expected tax provision on income at statutory rates	20,217	(381)	Provision attendue sur le résultat aux taux statutaires
Decrease in income taxes resulting from:			Réduction des impôts résultant de :
Small business deduction	(13,367)	166	Déduction accordée aux petites entreprises
Total income tax expense	6,850	(215)	Impôts sur le résultat total

Statutory Canadian income tax rates for the current year comprise 15.0% (15.0% in 2017) for federal corporate tax and 11.5% (11.5% in 2017) for corporate tax in Ontario. Those rates are for small businesses.

16. Assurance (suite)

Les primes d'assurance facturées à chaque membre se composent d'un prélèvement par millier de dollars de revenus de services sujet à un crédit ou un supplément basé sur l'expérience des réclamations de chaque membre. La couverture maximale pour l'assurance responsabilité, incluant les administrateurs et officiers, est de 30 000 000 \$.

17. Contrats de location

La Société loue des bureaux en vertu d'un contrat de location-exploitation qui vient à échéance le 31 mars 2022. Les loyers futurs s'élèveront à 40 033 \$ et comprennent les paiements suivants pour les quatre prochains exercices.

18. Impôts sur le bénéfices

(a) Impôts sur le résultat

Les PILs constatés dans le résultat net inclus :

(b) Rapprochement du taux d'imposition

La charge d'impôt diffère de celle qui sera établie avec le taux statutaires combiné fédéral et provincial. Le rapprochement entre les taux statutaires et les taux effectifs est comme suit :

Les taux d'impôts statutaires canadiens pour l'exercice courant sont 15,0 % (15,0 % en 2017) pour l'impôt des sociétés fédéral et 11,5 % (11,5 % en 2017) pour l'impôt des sociétés en Ontario. Ces taux sont pour les petites entreprises.

Hydro 2000 Inc.

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Hydro 2000 Inc.

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31 décembre 2018

18. Income tax (continued)*(c) Deferred tax*

Deferred tax assets (liabilities) are attributable to the following:

	2018	2017
	\$	\$
Property, plant and equipment	(951)	(1,709)
Intangible assets	1,449	2,338
Regulatory deferral account	6,683	109,962
Operating loss	-	(36,066)
	7,181	74,525

Movement in deferred tax balances during the year were as follows:

	2018	2017
	\$	\$
Balance as at January 1 st	74,525	72,064
Recognized in net (loss) income	(67,344)	2,461
Balance as at December 31	7,181	74,525

18. Impôts sur le bénéfices (suite)*(c) Impôts différés*

Les actifs (passifs) d'impôts différés sont attribuables à :

	2018	2017
	\$	\$
Immobilisations corporelles	(1,709)	(1,709)
Immobilisations incorporelles	2,338	2,338
Comptes de report réglementaire	109,962	109,962
Perte d'opération	(36,066)	(36,066)
	74,525	74,525

Les variations des soldes des impôts différés au cours de l'exercice sont comme suit:

	2018	2017
	\$	\$
Solde au 1 ^{er} janvier	72,064	72,064
Constaté dans le résultat net	2,461	2,461
Solde au 31 décembre	74,525	74,525

19. Related party balances and transactions*(a) Balances and transactions with shareholder*

The amounts (receivable from) payable to shareholder are presented in Notes 6 and 11.

Significant related party transactions with the shareholder not otherwise disclosed separately in the financial statements, are summarized below:

	2018	2017
	\$	\$
Revenues		
Energy and distribution	77,201	79,842

These transactions are in the normal course of operations and are recorded at the exchange amount.

(b) Key management personnel compensation

Key management personnel are comprised of the Corporation's manager and the members of board of directors. The compensation paid or payable to key management personnel is as follows:

	2018	2017
	\$	\$
Short-term employment benefits and salaries	72,021	70,612

19. Soldes et transactions avec les parties liées*(a) Soldes et transactions avec l'actionnaire*

Les montants (recevables de) payables à l'actionnaire sont présentés aux notes 6 et 11.

Les transactions importantes avec l'actionnaire, qui ne sont pas présentées séparément dans les états financiers, sont résumées ci-dessous :

	2018	2017
	\$	\$
Revenus		
Énergie et distribution	77,201	79,842

Ces transactions sont dans le cours normal des opérations et sont constatées à la valeur d'échange.

(b) Rémunération des principaux dirigeants

Les principaux dirigeants sont le gérant de la Société et les membres du conseil d'administration. La rémunération versée ou payable aux principaux dirigeants est comme suit :

	2018	2017
	\$	\$
Avantages sociaux et salaires à court terme	72,021	70,612

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20. Additional information relating to the statement of cash flows

	2018	2017
	\$	\$
<i>Net change in non-cash operating working capital items</i>		
Accounts receivable	(128,784)	(129,047)
Unbilled revenues	16,377	86,459
Prepaid expenses	(3,531)	(4,215)
Accounts payable and accrued liabilities	(264,959)	6,740
Customers' deposits	3,048	(490)
Income taxes	74,194	(5,352)
	(303,655)	(45,905)

Non-cash transactions

During the year, capital assets were acquired at an aggregate cost of \$44,997 (\$52,147 in 2017), of which \$20,092 (\$11,300 in 2017) were paid after year-end and \$24,905 (\$40,847 in 2017) were paid during the year.

21. Financial instruments and risk management

(a) Fair value of financial instruments

The Corporation's accounting policies relating to the recognition and measurement of financial instruments are disclosed in Note 3(c).

The carrying amount of accounts receivable, unbilled revenues bank indebtedness, bank loan, accounts payable and accrued liabilities and customers' deposits approximates fair value because of the short maturity of these instruments.

Financial instruments which are disclosed at fair value are to be classified using a three - level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

- Level 1: inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

The classification for disclosure purposes has been determined in accordance with generally accepted pricing models, based on discounted cash flow analysis. The most significant inputs are the contractual terms of the instrument discounted, and the market discount rates that reflects the credit risk of counterparties.

20. Renseignements complémentaires au tableau des flux de trésorerie

Variation nette des éléments hors caisse du fonds de roulement d'exploitation

Débiteurs
Revenus non facturés
Frais payés d'avance
Créditeurs et charges à payer
Dépôts de clients
Impôts sur les bénéfices

Opérations sans effets sur la trésorerie

Au cours de l'exercice, des immobilisations ont été acquises pour un coût total de 44 997 \$ (52 147 \$ en 2017), dont 20 092 \$ (11 300 \$ en 2017) ont été payées après la fin de l'exercice et 24 905 \$ (40 847 \$ en 2017) ont été payées au cours de l'exercice.

21. Instruments financiers et gestion des risques

(a) Juste valeur des instruments financiers

Les conventions comptables de la Société relatives à la comptabilisation et l'évaluation des instruments financiers sont présentées à la note 3 (c).

La valeur comptable des débiteurs, des revenus non facturés, du découvert bancaire, emprunt bancaire, des créditeurs et charges à payer et des dépôts de clients sont près de la juste valeur en raison de l'échéance rapprochée de ces instruments.

Les instruments financiers qui sont présentés à la juste valeur doivent être classés selon une hiérarchie à trois niveaux. Chaque niveau reflète les données utilisées pour évaluer les justes valeurs des passifs financiers et sont comme suit :

- Niveau 1 : évaluation fondée sur les prix non rajustés, sur le marché, pour des actifs ou passifs identiques;
- Niveau 2 : les données autres que les prix cotés visés au niveau 1, qui sont observables pour l'actif ou le passif, directement ou indirectement; et
- Niveau 3 : données pour les actifs ou passifs qui ne sont pas fondées sur les données de marché observables.

La classification à des fins de divulgation a été déterminée conformément aux modèles d'évaluation généralement reconnus, fondés sur l'analyse des flux de trésorerie actualisés. Les données principales sont les conditions contractuelles de l'instrument escompté et les taux d'actualisation du marché qui reflètent le risque de crédit des contreparties.

Hydro 2000 Inc.

Notes to the financial statements
December 31, 2018

21. Financial instruments and risk management (continued)

(b) Risk factors

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk and liquidity risk as well as related mitigation strategies have been discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

(c) Credit risk

The Corporation's credit risk is primarily attributable to its accounts receivable and unbilled revenues. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by the management of the Corporation based on previous experience and its assessment of the current economic environment. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. The Corporation does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

As at December 31, 2018, the aging of accounts receivable was as follow:

	2018		2017		
	\$	%	\$	%	
Trade					Clients
Current	549,982	94	214,996	48	Courant
Aged between 31 and 90 days	11,625	2	48,543	11	Entre 31 et 90 jours
Aged greater than 90 days	22,490	4	182,922	41	Plus de 90 jours
	584,097	100	446,461	100	
Allowance for doubtful accounts	(18,570)	(3)	(9,718)	(2)	Provision pour créances douteuses
	565,527	97	436,743	98	

Hydro 2000 Inc.

Notes complémentaires aux états financiers
31 décembre 2018

21. Instruments financiers et gestion des risques (suite)

(b) Facteurs de risque

La Société comprend les risques inhérents à son domaine d'activité et les définit comme étant tout ce qui pourrait influencer sur sa capacité à réaliser ses objectifs stratégiques. L'exposition de la Société à une variété de risques tels que le risque de crédit et le risque de liquidité ainsi que les stratégies d'atténuation connexes ont été discutés ci-dessous. Cependant, les risques décrits ci-dessous ne sont pas exhaustifs et les stratégies d'atténuation n'élimineront pas l'exposition de la Société à tous les risques énumérés.

(c) Risque de crédit

Le risque de crédit de la Société est principalement imputable à ses débiteurs et ses revenus non facturés. Les montants présentés dans le bilan ont été réduits de la provision pour créances douteuses, laquelle a fait l'objet d'une estimation par la direction de la Société en fonction de l'expérience antérieure et de son évaluation de la conjoncture économique actuelle. Afin de réduire le risque, la direction a adopté des politiques de crédit qui comprennent une révision régulière des limites de crédit. La Société n'est exposée à aucun risque important à l'égard d'un client particulier et n'a eu aucune créance irrécouvrable importante au cours de l'exercice. Le risque de crédit lié à l'encaisse est limité puisque les contreparties sont des banques à charte jouissant de cotes de solvabilité élevées attribuées par des agences de notation nationales.

Au 31 décembre 2018, le classement par échéance des débiteurs était le suivant :

Hydro 2000 Inc.

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Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2018

21. Financial instruments and risk management (continued)

Liquidity risk

The Corporation's objective is to have sufficient liquidity to meet its liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements. The Corporation has the following financial liabilities as at December 31:

December 31, 2018	Carrying amount/ Valeur comptable	2018	31 décembre 2018
	\$	\$	
Bank loan	17	17	Emprunt bancaire
Accounts payable and accrued liabilities	377,083	377,083	Créditeurs et charges à payer
Customers' deposits	15,417	15,417	Dépôts de clients
	392,517	392,517	

December 31, 2017	Carrying amount/ Valeur comptable	2017	31 décembre 2017
	\$	\$	
Bank indebtedness	297,777	297,777	Découvert bancaire
Bank loan	21,018	21,018	Emprunt bancaire
Accounts payable and accrued liabilities	633,250	633,250	Créditeurs et charges à payer
Customers' deposits	12,369	12,369	Dépôts de clients
	964,414	964,414	

22. Rate regulation

The *Ontario Energy Board Act, 1998* gave the OEB increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

Every five years, each electricity distributor must go through an extensive review of their distribution costs which is called a cost of service.

On an annual basis, between each cost of service, each distributors go through a less extensive review. There are three rate-setting methods under this category: 4th generation incentive rate-setting (Price Cap IR), Custom incentive rate-setting (Custom IR) and Annual incentive rate-setting index (Annual IR Index).

21. Instruments financiers et gestion des risques (suite)

Risque de liquidité

Le risque de liquidité est le risque que la Société ne soit pas en mesure de remplir ses obligations financières à leur échéance. La Société surveille le solde de son encaisse et ses flux de trésorerie qui découlent de son exploitation pour être en mesure de respecter ses engagements. Au 31 décembre, les passifs financiers de la Société étaient les suivants :

22. Réglementation des tarifs

La *Loi de 1998 sur la Commission de l'énergie de l'Ontario* a donné à la CÉO des pouvoirs accrus et des responsabilités pour réglementer l'industrie de l'électricité. Ces pouvoirs et responsabilités comprennent le pouvoir d'approuver ou de fixer les taux de transmission et de distribution d'électricité, le pouvoir de fournir une protection tarifaire continue pour les clients ruraux et éloignés et la responsabilité de veiller à ce que les sociétés de distribution remplissent leurs obligations de brancher et servir les clients. La CÉO peut imposer des exigences de licence et des conditions, y compris, entre autres, des registres comptables appropriés, des principes comptables réglementaires et des exigences pour le processus d'établissement des tarifs.

Tous les cinq ans, chaque distributeur d'électricité doit subir un examen plus approfondi de ses coûts de distribution qui est appelé un coût de service.

Chaque distributeur doit subir un examen moins approfondi sur une base annuelle entre les coûts de service. Dans cette catégorie, il existe trois méthodes pour fixer les taux : l'établissement des taux incitatifs de 4^e génération, l'établissement des taux d'incitation personnalisés et l'indice annuel d'établissement des taux d'incitation.

Hydro 2000 Inc.

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December 31, 2018

22. Rate regulation (continued)

On an annual basis, each distributors must go through another process to recover regulatory deferral account balances (debits and credits). This process is called Incentive rate-setting mechanism (IRM). Every five years, this process is addressed through the cost of service.

For all of those rate setting mechanism, there are different applications, models and reports which must be submitted by the distributors to OEB. Consumer groups and other affected groups may also take part in the process and provide comments. The OEB decides whether or not to approve any or all of the application and then sets the rates for the distributors to charge.

In order to meet OEB's requirements, the Corporation must record some amounts in regulatory deferral accounts. Those amounts will be recovered from or reimbursed to clients over a period of time agreed in the rate-setting process. Amounts recorded in regulatory accounts includes the difference between various energy revenues and expenses components (Retail settlement variance account and Low voltage charges) and expenses (Other regulatory assets) which are not considered in the actual rates because they were unknown or could not be evaluated when the cost of service was approved.

When the regulatory deferral account balances are approved for disposal (to be recovered from or remitted to clients) in the IRM or cost of service, the approved rates are based on a number of clients and a level of consumption. The portion expected to be recovered or remitted with a fixed charge, will vary with the number of clients over the recovery or remittance period. The portion expected to be recovered or remitted with a usage charge, will vary with the consumption over the recovery or remittance period. The remaining balance between the amounts approved and the amounts recovered or remitted over the approved period, will be considered in a future IRM or cost of service.

Carrying charges are calculated on the regulatory deferral account balances. They are calculated on a monthly basis, at a rate established by OEB, on the balances at the beginning of the month. Carrying charges are calculated on the capital amounts only, not on the accumulated carrying charges.

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2018

22. Réglementation des tarifs (suite)

Sur une base annuelle, chaque distributeur doit passer par un autre procédé afin de récupérer les soldes de comptes de report réglementaires (débiteurs et créditeurs). Ce mécanisme est appelé mécanisme d'établissement des taux incitatif. Tous les cinq ans, ce processus est inclus dans le coût de service.

Pour tous ces mécanismes d'établissement des taux, il existe différentes applications, modèles et rapports qui doivent être soumis par les distributeurs à la CÉO. Les groupes de consommateurs et d'autres groupes concernés peuvent également prendre part au processus et fournir des commentaires. La CÉO décide d'approuver ou non, l'ensemble ou une portion de l'application et fixe les taux que les distributeurs doivent facturer.

Afin de répondre aux exigences de la CÉO, la Société doit enregistrer certains montants dans les comptes de report réglementaires. Ces montants seront récupérés ou remboursés aux clients sur une période de temps convenue dans le processus d'approbation des tarifs. Les montants inscrits dans les comptes de report réglementaires comprennent la différence entre diverses composantes des revenus et charges d'énergie (écarts de prix avec les détaillants et distribution à faible tension) et les dépenses (autres actifs réglementés) qui ne sont pas prises en compte dans les taux courants parce qu'ils étaient inconnus ou ne pouvaient pas être déterminés lorsque le coût de service a été approuvé.

Lorsque les soldes de comptes de report réglementaires sont approuvés pour être disposés (récupérés ou remis aux clients) lors du mécanisme d'établissement des taux incitatif ou lors du coût de service, les tarifs approuvés sont basés sur un nombre de clients et un niveau de consommation. La portion qui devrait être récupérée ou remboursée par une charge fixe variera en fonction du nombre de clients au cours de la période de récupération ou de remboursement. La portion qui devrait être récupérée ou remboursée par des frais d'utilisation variera en fonction de la consommation des clients au cours de la période de récupération ou de remboursement. Le solde entre les montants approuvés et les montants récupérés ou remboursés au cours de la période approuvée sera considéré lors d'un mécanisme d'établissement des taux incitatif ou lors d'un coût de service futur.

Des frais financiers sont calculés sur les soldes de comptes de report réglementaires. Ils sont calculés sur une base mensuelle, avec un taux établi par la CÉO, sur les soldes au début du mois. Les frais financiers sont calculés sur les montants de capital et non sur les frais financiers cumulés.

Hydro 2000 Inc.

Notes to the financial statements

December 31, 2018

Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2018

22. Rate regulation (continued)

22. Réglementation des tarifs (suite)

The following table represents a summary of the transactions in the regulatory deferral account balances:

Le tableau qui suit représente un sommaire des transactions dans les soldes de comptes de report réglementaires :

	2018						2017					
	Opening balance/ Solde au début	Approved by OEB/ Approuvés par la CEO	Carrying charges/ Frais financiers	Current variances/ Variations courantes	Remitted (recovered)/ Remises (recouvrement)	Ending balance/ Solde à la fin	Opening Balance/ Solde au début	Approved by OEB/ Approuvés par la CEO	Carrying charges/ Frais financiers	Current variances/ Variations courantes	Remitted (recovered)/ Remises (recouvrement)	Ending balance/ Solde à la fin
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Low voltage charges	192,219	-	4,032	55,270	-	251,521	138,889	-	1,953	51,377	-	192,219
Other regulatory assets	34,648	-	532	(123)	-	35,057	35,753	-	358	(1,463)	-	34,648
Payments in lieu of income taxes	26,203	-	263	-	-	26,466	26,034	-	169	-	-	26,203
Retail settlement variance account	448,620	-	5,769	(753,131)	-	(298,742)	230,341	-	4,063	214,216	-	448,620
Amounts (owing to) receivable from clients	31,392	-	(1,144)	-	-	30,248	45,407	-	(709)	-	(13,306)	31,392
	733,082	-	9,452	(697,984)	-	44,550	476,424	-	5,834	264,130	(13,306)	733,082

Hydro 2000 Inc.

Notes to the financial statements

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Hydro 2000 Inc.

Notes complémentaires aux états financiers

31 décembre 2018

23. Capital structure / objectives

The Corporation's main objectives in the management of capital are to:

- (i) Ensure that there is access to various funding options at the lowest possible rates for the various capital initiatives and working capital requirements necessary for the rate-regulated business;
- (ii) Consistently maintain a high credit rating for the Corporation;
- (iii) Deliver appropriate financial returns to the shareholder.

23. Structure du capital et objectifs

Les principaux objectifs de la Société dans la gestion de son capital sont :

- (i) S'assurer d'avoir accès à des sources de financement variées à des taux raisonnables pour ses diverses initiatives et un fonds de roulement nécessaire au fonctionnement de ses activités réglementées;
- (ii) Maintenir une excellente évaluation de crédit pour la Société;
- (iii) Rapporter un rendement financier satisfaisant à l'actionnaire.

Appendix E Reconciliation for RRR to FS

Hydro 2000 Inc.

2015 Mapping

	TB - IFRS	Adjustments	TB - OEB
1005 Cash	189,631.86	-	189,631.86
1010 Cash Advances and Working Funds	400.00	-	400.00
Cash	190,031.86	-	190,031.86
1100 Customer Accounts Receivable	277,835.84	-	277,835.84
1110 Other Accounts Receivable	69,199.32	(23,846.89)	45,352.43
1130 Accumulated Provision for Uncollectible Accounts--Credit	(29,110.96)	-	(29,110.96)
Accounts receivable	317,924.20	(23,846.89)	294,077.31
1120 Accrued Utility Revenues	308,468.36	(308,468.36)	-
Unbilled revenues	308,468.36	(308,468.36)	-
2294 Accrual for Taxes Payments in Lieu of Taxes, Etc.	14,712.00	-	14,712.00
Income taxes	14,712.00	-	14,712.00
1180 Prepayments	15,422.24	-	15,422.24
Prepaid expenses	15,422.24	-	15,422.24
1810 Leasehold Improvements	2,177.00	1,927.62	4,104.62
1830 Poles, Towers and Fixtures	290,702.63	42,172.06	332,874.69
1835 Overhead Conductors and Devices	141,022.11	165,841.11	306,863.22
1840 Underground Conduit	9,385.00	4,019.71	13,404.71
1845 Underground Conductors and Devices	52,339.55	52,824.28	105,163.83
1850 Line Transformers	105,322.13	38,711.61	144,033.74
1855 Services	52,875.00	19,713.66	72,588.66
1860 Meters	139,001.17	125,108.50	264,109.67
1915 Office Furniture and Equipment	14,556.00	8,062.37	22,618.37
1920 Computer Equipment - Hardware	17,079.74	10,111.63	27,191.37
1925 Computer Software	-	172,185.20	172,185.20
1995 Contributions and Grants - Credit	-	(102,601.00)	(102,601.00)
2105 Accumulated Amortization of Electric Utility Plan - PP&E	(94,886.61)	(770,247.47)	(865,134.08)
Property, plant and equipment	729,573.72	(232,170.72)	497,403.00
1611 Computer Software	59,552.99	(59,552.99)	-
2120 Accumulated Amortization of Electric Utility Plant - Intangibles	(28,759.99)	28,759.99	-
Intangible assets	30,793.00	(30,793.00)	-
1460 Other Non-Current Assets	22,527.82	-	22,527.82
1508 Other Regulatory Assets	45,685.59	-	45,685.59
1535 Smart Grid Capital OM&A Account	1,207.05	-	1,207.05
1550 LV Variance Account	117,263.30	(9,085.67)	108,177.63
1551 Smart Metering Entity Charge Variance Account	(39.08)	-	(39.08)
1555 Smart Meter Capital and Recovery Offset Variance Account	(1,514.98)	371.97	(1,143.01)
1557 Meter Cost Deferral Account	7,495.36	-	7,495.36
1576 CGAAP Accounting Changes	(20,098.21)	-	(20,098.21)
1580 RSVA - Wholesale Market Service Charge	(23,000.91)	811.86	(22,189.05)
1584 RSVA - Retail Transmission Network Charge	16,268.44	(5,533.12)	10,735.32
1586 RSVA - Retail Transmission Connection Charge	9,266.23	634.95	9,901.18
1588 RSVA - Power (excluding Global Adjustment)	130,435.30	(138,180.96)	(7,745.66)
1589 RSVA - Global Adjustment	79,580.64	-	79,580.64
1592 2006 PILs & Taxes Variance	26,097.50	-	26,097.50

Hydro 2000 Inc.

2015 Mapping

	TB - IFRS	Adjustments	TB - OEB
1595 Disposition and Recovery/Refund of Regulatory Balances Control Account	14,321.81	(2,471.83)	11,849.98
Regulatory deferral account debit balances	425,495.86	(153,452.80)	272,043.06
2205 Accounts Payable	(661,122.64)	598,178.96	(62,943.68)
2208 Customer Credit Balances	(135,263.44)	-	(135,263.44)
2220 Miscellaneous Current and Accrued Liabilities	(33,528.47)	-	(33,528.47)
2250 Debt Retirement Charges(DRC) Payable	(13,858.97)	13,858.97	-
2290 Commodity Taxes	-	(67,734.20)	(67,734.20)
Accounts payable and accrued liabilities	(843,773.52)	544,303.73	(299,469.79)
2440 Deferred Revenues	(108,864.84)	108,864.84	-
Deferred revenues	(108,864.84)	108,864.84	-
2350 Future Income Tax - Non-Current	(67,971.00)	1,335.00	(66,636.00)
Deferred tax liabilities	(67,971.00)	1,335.00	(66,636.00)
3005 Common Shares Issued	(308,735.00)	-	(308,735.00)
Share capital	(308,735.00)	-	(308,735.00)
3045 Unappropriated Retained Earnings	(650,334.32)	86,945.28	(563,389.04)
3046 Balance Transferred From Income	(61,278.45)	7,282.92	(53,995.53)
3075 Non-Utility Shareholders' Equity	8,535.89	-	8,535.89
Retained earnings	(703,076.88)	94,228.20	(608,848.68)
4006 Residential Energy Sales	(1,362,377.79)	643,729.89	(718,647.90)
4025 Street Lighting Energy Sales	(12,986.46)	(1,342.96)	(14,329.42)
4035 General Energy Sales	(906,911.35)	(35,822.26)	(942,733.61)
4055 Energy Sales for Resale	(21,168.83)	(1,408.72)	(22,577.55)
4062 Billed WMS	(134,048.74)	39,605.23	(94,443.51)
4066 Billed NW	(152,786.71)	42,077.76	(110,708.95)
4068 Billed CN	(107,880.42)	28,832.78	(79,047.64)
4075 Billed - LV	(114,071.38)	32,079.24	(81,992.14)
Energy revenues	(2,812,231.68)	747,750.96	(2,064,480.72)
4076 Billed – Smart Metering Entity Charge	(90.94)	(4.57)	(95.51)
4080 Distribution Services Revenue	(528,707.87)	1,705.77	(527,002.10)
4082 Retail Services Revenues	(1,960.00)	(180.80)	(2,140.80)
4084 Service Transaction Requests (STR) Revenues	(2.50)	(0.25)	(2.75)
4086 SSS Administration Revenue	(3,762.10)	0.30	(3,761.80)
Distribution revenues	(534,523.41)	1,520.45	(533,002.96)
4210 Rent from Electric Property	(6,374.12)	-	(6,374.12)
4225 Late Payment Charges	(9,103.16)	-	(9,103.16)
4235 Miscellaneous Service Revenues	(8,283.00)	-	(8,283.00)
4375 Revenues from Non-Utility Operations	(79,953.88)	79,953.88	-
4380 Expenses of Non-Utility Operations	81,849.21	(81,849.21)	-
4390 Miscellaneous Non-Operating Income	(1,267.66)	-	(1,267.66)
4405 Interest and Dividend Income	(289.63)	(6,746.17)	(7,035.80)
Other operating revenues	(23,422.24)	(8,641.50)	(32,063.74)

Hydro 2000 Inc.

2015 Mapping

	TB - IFRS	Adjustments	TB - OEB
4705 Power Purchased	1,843,706.47	(384,201.10)	1,459,505.37
4707 Charges - Global Adjustment	472,680.89	(233,897.78)	238,783.11
4708 Charges-WMS	128,783.95	(34,340.44)	94,443.51
4714 Charges-NW	157,296.72	(46,587.77)	110,708.95
4716 Charges-CN	110,146.18	(31,098.54)	79,047.64
4750 Charges - LV	181,133.53	(99,141.39)	81,992.14
Cost of power	2,893,747.74	(829,267.02)	2,064,480.72
4360 Loss on Disposition of Utility and Other Property	4,675.53	-	4,675.53
5605 Executive Salaries and Expenses	16,940.26	-	16,940.26
5610 Management Salaries and Expenses	21,851.77	(8,082.80)	13,768.97
5615 General Administrative Salaries and Expenses	12,269.11	-	12,269.11
5620 Office Supplies and Expenses	24,134.41	-	24,134.41
5630 Outside Services Employed	15,093.75	-	15,093.75
5635 Property Insurance	3,474.58	-	3,474.58
5645 Employee Pensions and Benefits	2,640.33	-	2,640.33
5655 Regulatory Expenses	70,671.71	(3,528.33)	67,143.38
5670 Rent	11,080.56	-	11,080.56
Difference	(37.50)	-	(37.50)
Administrative and general	182,794.51	(11,611.13)	171,183.38
5705 Amortization Expense - Property Plant, and Equipment	47,451.43	12,094.24	59,545.67
5715 Amortization of Intangibles and Other Electric Plant	12,775.85	(12,775.85)	-
5740 Amortization of Deferred Charges	(4,098.08)	(2,097.92)	(6,196.00)
Depreciation and amortization	56,129.20	(2,779.53)	53,349.67
5305 Supervision	68,743.87	-	68,743.87
5315 Customer Billing	124,134.26	(1,327.85)	122,806.41
5330 Collection Charges	157.60	-	157.60
5335 Bad Debt Expense	29,459.69	-	29,459.69
Billing and collecting	222,495.42	(1,327.85)	221,167.57
5005 Operation Supervision and Engineering	11,186.17	-	11,186.17
5010 Load Dispatching	6,654.05	-	6,654.05
5012 Station Buildings and Fixtures Expense	3,009.05	-	3,009.05
5065 Meter Expense	7,250.00	-	7,250.00
5095 Overhead Distribution Lines and Feeders - Rental Paid	2,015.84	-	2,015.84
5105 Maintenance Supervision and Engineering	11,148.76	-	11,148.76
5125 Maintenance of Overhead Conductors and Devices	4,844.75	-	4,844.75
5135 Overhead Distribution Lines and Feeders - Right of Way	1,150.00	-	1,150.00
5175 Maintenance of Meters	20.68	-	20.68
Difference	37.50	-	37.50
Distribution - operation and maintenance	47,316.80	-	47,316.80
6205 Donations	2,300.00	-	2,300.00
Donations	2,300.00	-	2,300.00
6005 Interest on Long Term Debt	1,696.91	-	1,696.91
6035 Other Interest Expense	10.00	4,141.84	4,151.84
Interest	1,706.91	4,141.84	5,848.75
4310 Regulatory Credits	(108,831.70)	108,831.70	-

Hydro 2000 Inc.

2015 Mapping

	TB - IFRS	Adjustments	TB - OEB
Net movement in regulatory deferral accounts	(108,831.70)	108,831.70	-
6110 Income Taxes	(8,656.00)	-	(8,656.00)
6115 Provision for Future Income Taxes	19,896.00	(1,335.00)	18,561.00
Income tax expense	11,240.00	(1,335.00)	9,905.00
	(61,278.45)	7,282.92	(53,995.53)

Hydro 2000 Inc.

2016 Mapping

TB - IFRS

1100 Customer Accounts Receivable	290,053.08
1110 Other Accounts Receivable	35,617.71
1130 Accumulated Provision for Uncollectible Accounts--Credit	(23,176.95)
2205 Accounts Payable	(278.35)
Accounts receivable	302,215.49
1120 Accrued Utility Revenues	385,450.58
Unbilled revenues	385,450.58
1180 Prepayments	3,102.59
Prepaid expenses	3,102.59
1810 Leasehold Improvements	2,177.00
1830 Poles, Towers and Fixtures	310,249.63
1835 Overhead Conductors and Devices	142,731.61
1840 Underground Conduit	9,385.00
1845 Underground Conductors and Devices	54,124.06
1850 Line Transformers	115,252.13
1855 Services	52,875.00
1860 Meters	131,566.99
1915 Office Furniture and Equipment	14,556.00
1920 Computer Equipment - Hardware	17,639.92
2105 Accumulated Amortization of Electric Utility Plan - PP&E	(139,578.33)
Property, plant and equipment	710,979.01
1611 Computer Software	60,731.64
2120 Accumulated Amortization of Electric Utility Plant - Intangibles	(38,555.64)
Intangible assets	22,176.00
1460 Other Non-Current Assets	4,654.75
1508 Other Regulatory Assets	46,180.76
1535 Smart Grid Capital OM&A Account	1,219.59
1550 LV Variance Account	138,888.60
1555 Smart Meter Capital and Recovery Offset Variance Account	(3,782.21)
1557 Meter Cost Deferral Account	7,572.34
1576 CGAAP Accounting Changes	(20,312.76)
1580 RSVA - Wholesale Market Service Charge	3,287.98
1584 RSVA - Retail Transmission Network Charge	21,990.14
1586 RSVA - Retail Transmission Connection Charge	23,183.49
1588 RSVA - Power (excluding Global Adjustment)	65,481.87

Hydro 2000 Inc.

2016 Mapping

	TB - IFRS
1589 RSVA - Global Adjustment	116,397.31
1592 2006 PILs & Taxes Variance	26,254.76
1595 Disposition and Recovery/Refund of Regulatory Balances Control Account	45,407.48
Regulatory deferral account debit balances	<u>476,424.10</u>
1005 Cash	(14,493.24)
1010 Cash Advances and Working Funds	400.00
Bank indebtedness	<u>(14,093.24)</u>
2205 Accounts Payable	(440,182.14)
2208 Customer Credit Balances	(117,031.97)
2220 Miscellaneous Current and Accrued Liabilities	(32,416.00)
2250 Debt Retirement Charges(DRC) Payable	(10,989.59)
2290 Commodity Taxes	(13,958.89)
Accounts payable and accrued liabilities	<u>(614,578.59)</u>
2210 Customer Deposits	(12,858.57)
Customer deposits	<u>(12,858.57)</u>
2294 Accrual for Taxes Payments in Lieu of Taxes, Etc.	(2,237.00)
Income taxes	<u>(2,237.00)</u>
2440 Deferred Revenues	(133,913.76)
Deferred revenues	<u>(133,913.76)</u>
2350 Future Income Tax - Non-Current	(72,010.00)
Deferred tax liabilities	<u>(72,010.00)</u>
3005 Common Shares Issued	(308,735.00)
Share capital	<u>(308,735.00)</u>
3045 Unappropriated Retained Earnings	(711,612.77)
3046 Balance Transferred From Income	(38,844.73)
3075 Non-Utility Shareholders' Equity	8,535.89
Retained earnings	<u>(741,921.61)</u>
	<u>-</u>
4006 Residential Energy Sales	(1,726,197.55)
4025 Street Lighting Energy Sales	(17,344.49)
4035 General Energy Sales	(1,126,479.85)

Hydro 2000 Inc.

2016 Mapping

	TB - IFRS
4050 Revenue Adjustment	43.61
4055 Energy Sales for Resale	(10,963.46)
4075 Billed - LV	(109,262.88)
Energy revenues	(2,990,204.62)
4076 Billed – Smart Metering Entity Charge	(5,702.40)
4080 Distribution Services Revenue	(498,515.95)
4082 Retail Services Revenues	(2,080.00)
4084 Service Transaction Requests (STR) Revenues	(1.50)
4086 SSS Administration Revenue	(3,631.16)
Distribution revenues	(509,931.01)
4210 Rent from Electric Property	(22.35)
4225 Late Payment Charges	(10,384.85)
4235 Miscellaneous Service Revenues	(11,834.46)
4375 Revenues from Non-Utility Operations	(88,719.10)
4380 Expenses of Non-Utility Operations	69,118.88
4385 Non Rate-Regulated Utility Rental Income	(6,538.50)
4390 Miscellaneous Non-Operating Income	(2,135.42)
4405 Interest and Dividend Income	(282.85)
Other operating revenues	(50,798.65)
4705 Power Purchased	2,112,638.70
4707 Charges - Global Adjustment	380,368.64
4708 Charges-WMS	135,386.96
4714 Charges-NW	148,889.57
4716 Charges-CN	116,977.65
4750 Charges - LV	163,614.77
Cost of power	3,057,876.29
4360 Loss on Disposition of Utility and Other Property	6,441.51
5605 Executive Salaries and Expenses	19,274.18
5610 Management Salaries and Expenses	71,259.17
5615 General Administrative Salaries and Expenses	6,035.18
5620 Office Supplies and Expenses	19,221.04
5630 Outside Services Employed	36,781.79
5635 Property Insurance	4,896.94
5645 Employee Pensions and Benefits	10,102.23
5655 Regulatory Expenses	23,206.34
5665 Miscellaneous General Expenses	2,754.15
5670 Rent	11,496.00

Hydro 2000 Inc.

2016 Mapping

	TB - IFRS
Administrative and general	211,468.53
5705 Amortization Expense - Property Plant, and Equipment	46,351.67
5715 Amortization of Intangibles and Other Electric Plant	9,795.65
5740 Amortization of Deferred Charges	(4,098.08)
Depreciation and amortization	52,049.24
5310 Meter Reading Expense	112.50
5315 Customer Billing	147,813.81
5330 Collection Charges	1,072.56
5335 Bad Debt Expense	19,966.94
Billing and collecting	168,965.81
5415 Energy Conservation	11,211.25
Community relations	11,211.25
5010 Load Dispatching	9,427.52
5012 Station Buildings and Fixtures Expense	28,728.93
5020 Overhead Distribution Lines and Feeders - Operation Labour	680.00
5035 Overhead Distribution Transformers- Operation	4,214.50
5120 Maintenance of Poles, Towers and Fixtures	5,000.00
5125 Maintenance of Overhead Conductors and Devices	447.75
5135 Overhead Distribution Lines and Feeders - Right of Way	8,328.00
5175 Maintenance of Meters	337.50
Distribution - operation and maintenance	57,164.20
6205 Donations	-
Donations	-
6035 Other Interest Expense	6.47
Interest	6.47
4006 Residential Energy Sales	93,090.95
4062 Billed WMS	7,347.63
4066 Billed NW	854.70
4080 Distribution Services Revenue	2,330.06
4375 Revenues from Non-Utility Operations	(1,548.64)
4405 Interest and Dividend Income	(6,301.31)
4705 Power Purchased	(53,294.55)
4707 Charges - Global Adjustment	(26,913.72)
4708 Charges-WMS	(17,236.35)

Hydro 2000 Inc.

2016 Mapping

	TB - IFRS
4714 Charges-NW	(5,399.02)
4716 Charges-CN	(11,769.42)
4750 Charges - LV	(54,351.89)
5655 Regulatory Expenses	19,421.71
6035 Other Interest Expense	2,841.61
Net movement in regulatory deferral accounts	<u>(50,928.24)</u>
6110 Income Taxes	237.00
6115 Provision for Future Income Taxes	4,039.00
Income tax expense	<u>4,276.00</u>
	<u>(38,844.73)</u>

Hydro 2000 Inc.

2017 Mapping

TB - MIFRS

1100 Customer Accounts Receivable	192,097.08
1110 Other Accounts Receivable	242,483.71
1130 Accumulated Provision for Uncollectible Accounts--Credit	(9,718.32)
1190 Miscellaneous Current and Accrued Assets	11,880.71
2205 Accounts Payable	-
Accounts receivable	436,743.18
1120 Accrued Utility Revenues	298,991.65
Unbilled revenues	298,991.65
2294 Accrual for Taxes Payments in Lieu of Taxes, Etc.	676.00
Income taxes	676.00
1180 Prepayments	7,318.02
Prepaid expenses	7,318.02
1810 Leasehold Improvements	2,177.00
1830 Poles, Towers and Fixtures	331,294.63
1835 Overhead Conductors and Devices	148,741.51
1840 Underground Conduit	9,817.50
1845 Underground Conductors and Devices	57,404.06
1850 Line Transformers	132,277.88
1855 Services	53,205.00
1860 Meters	139,859.60
1915 Office Furniture and Equipment	14,556.00
1920 Computer Equipment - Hardware	17,639.92
2105 Accumulated Amortization of Electric Utility Plan - PP&E	(181,764.71)
Property, plant and equipment	725,208.39
1611 Computer Software	67,502.64
2120 Accumulated Amortization of Electric Utility Plant - Intangibles	(47,879.64)
Intangible assets	19,623.00
1460 Other Non-Current Assets	4,654.75
1508 Other Regulatory Assets	46,721.35
1535 Smart Grid Capital OM&A Account	1,233.32
1550 LV Variance Account	192,219.33
1551 Smart Metering Entity Charge Variance Account	(1,471.74)
1555 Smart Meter Capital and Recovery Offset Variance Account	(3,822.83)
1557 Meter Cost Deferral Account	-

Hydro 2000 Inc.

2017 Mapping

	TB - MIFRS
1567 Board-Approved CDM Programs Variance Account	7,656.41
1576 CGAAP Accounting Changes	(20,546.96)
1580 RSVA - Wholesale Market Service Charge	10,697.89
1584 RSVA - Retail Transmission Network Charge	28,274.21
1586 RSVA - Retail Transmission Connection Charge	31,035.83
1588 RSVA - Power (excluding Global Adjustment)	288,418.85
1589 RSVA - Global Adjustment	90,193.49
1592 2006 PILs & Taxes Variance	26,426.43
1595 Disposition and Recovery/Refund of Regulatory Balances Control Account	31,392.02
Regulatory deferral account debit balances	<u>733,082.35</u>
1005 Cash	(298,177.02)
1010 Cash Advances and Working Funds	400.00
Bank indebtedness	<u>(297,777.02)</u>
2225 Notes and Loans Payable	(21,017.61)
Bank loan	<u>(21,017.61)</u>
2205 Accounts Payable	(386,141.42)
2208 Customer Credit Balances	(188,086.06)
2220 Miscellaneous Current and Accrued Liabilities	(52,965.02)
2250 Debt Retirement Charges(DRC) Payable	(6,052.40)
2290 Commodity Taxes	-
2292 Payroll Deductions / Expenses Payable	(6.04)
Accounts payable and accrued liabilities	<u>(633,250.94)</u>
2210 Customer Deposits	(12,369.29)
Customer deposits	<u>(12,369.29)</u>
2294 Accrual for Taxes Payments in Lieu of Taxes, Etc.	-
Income taxes	<u>-</u>
2440 Deferred Revenues	(129,141.68)
Deferred revenues	<u>(129,141.68)</u>
2350 Future Income Tax - Non-Current	(74,525.00)
Deferred tax liabilities	<u>(74,525.00)</u>
3005 Common Shares Issued	(308,735.00)
Share capital	<u>(308,735.00)</u>

Hydro 2000 Inc.

2017 Mapping

	TB - MIFRS
3045 Unappropriated Retained Earnings	(764,586.82)
3046 Balance Transferred From Income	1,224.88
3049 Dividends Payable - Common Shares	10,000.00
3075 Non-Utility Shareholders' Equity	8,535.89
Retained earnings	<u>(744,826.05)</u>
	<u>-</u>
4006 Residential Energy Sales	(1,244,705.40)
4025 Street Lighting Energy Sales	(16,560.80)
4035 General Energy Sales	(907,521.98)
4050 Revenue Adjustment	(43.61)
4055 Energy Sales for Resale	(15,567.43)
4062 Billed - WMS	(109,912.79)
4066 Billed - NW	(133,996.78)
4068 Billed - CN	(104,466.77)
4075 Billed - LV	(107,066.86)
4076 Billed - Smart Metering Entity Charge	(11,615.04)
Energy revenues	<u>(2,651,457.46)</u>
4080 Distribution Services Revenue	(522,720.97)
4082 Retail Services Revenues	(5,760.93)
4084 Service Transaction Requests (STR) Revenues	(0.25)
4086 SSS Administration Revenue	-
Distribution revenues	<u>(528,482.15)</u>
4210 Rent from Electric Property	(5,209.95)
4225 Late Payment Charges	(10,604.10)
4235 Miscellaneous Service Revenues	(7,243.10)
4375 Revenues from Non-Utility Operations	(19,744.88)
4380 Expenses of Non-Utility Operations	18,531.87
4385 Non Rate-Regulated Utility Rental Income	(5,874.02)
4390 Miscellaneous Non-Operating Income	-
4405 Interest and Dividend Income	(364.71)
Other operating revenues	<u>(30,508.89)</u>
4705 Power Purchased	1,995,532.63
4707 Charges - Global Adjustment	382,241.94
4708 Charges-WMS	117,207.14
4714 Charges-NW	140,004.80
4716 Charges-CN	112,005.30

Hydro 2000 Inc.

2017 Mapping

	TB - MIFRS
4750 Charges - LV	158,443.81
4751 Charges - Smart Metering Entity Charge	10,151.89
Cost of power	2,915,587.51
4360 Loss on Disposition of Utility and Other Property	1,778.70
5415 Energy Conservation	410.62
5605 Executive Salaries and Expenses	18,884.17
5610 Management Salaries and Expenses	47,099.00
5615 General Administrative Salaries and Expenses	-
5620 Office Supplies and Expenses	28,230.55
5630 Outside Services Employed	58,132.22
5635 Property Insurance	5,069.00
5645 Employee Pensions and Benefits	12,430.41
5655 Regulatory Expenses	64,489.62
5665 Miscellaneous General Expenses	-
5670 Rent	11,634.48
Administrative and general	248,158.77
5705 Amortization Expense - Property Plant, and Equipment	42,772.50
5715 Amortization of Intangibles and Other Electric Plant	9,324.00
5740 Amortization of Deferred Charges	(4,772.08)
Depreciation and amortization	47,324.42
5310 Meter Reading Expense	14,732.84
5315 Customer Billing	137,630.16
5320 Collecting	1,380.00
5330 Collection Charges	573.47
5335 Bad Debt Expense	20,937.02
Billing and collecting	175,253.49
5415 Energy Conservation	-
Community relations	-
5010 Load Dispatching	11,275.00
5012 Station Buildings and Fixtures Expense	18,128.96
5020 Overhead Distribution Lines and Feeders - Operation Labour	1,586.00
5035 Overhead Distribution Transformers- Operation	-
5095 Overhead Distribution Lines and Feeders - Rental Paid	4,492.23
5120 Maintenance of Poles, Towers and Fixtures	27,403.29
5125 Maintenance of Overhead Conductors and Devices	5,115.60
5135 Overhead Distribution Lines and Feeders - Right of Way	7,884.00

Hydro 2000 Inc.

2017 Mapping

	TB - MIFRS
5175 Maintenance of Meters	3,222.25
5660 General Advertising expenses	1,054.79
Distribution - operation and maintenance	80,162.12
6205 Donations	2,000.00
Donations	2,000.00
6035 Other Interest Expense	60.32
Interest	60.32
4006 Residential Energy Sales	88,268.94
4025 Street Lighting Energy Sales	2,065.00
4035 General Energy Sales	46,611.92
4050 Revenue Adjustment	-
4055 Energy Sales for Resale	-
4062 Billed WMS	694.75
4066 Billed NW	2,298.28
4068 Billed - CN	254.42
4075 Billed - LV	-
4076 Billed - Smart Metering Entity Charge	1,463.15
4080 Distribution Services Revenue	13,305.90
4375 Revenues from Non-Utility Operations	-
4405 Interest and Dividend Income	(7,628.71)
4705 Power Purchased	(306,735.22)
4707 Charges - Global Adjustment	(23,585.99)
4708 Charges-WMS	(7,989.10)
4714 Charges-NW	(8,306.30)
4716 Charges-CN	(7,792.95)
4750 Charges - LV	(51,376.95)
4751 Charges - Smart Metering Entity Charge	-
5655 Regulatory Expenses	-
6035 Other Interest Expense	1,794.61
Net movement in regulatory deferral accounts	(256,658.25)
6110 Income Taxes	(2,676.00)
6115 Provision for Future Income Taxes	2,461.00
Income tax expense	(215.00)
	1,224.88

Hydro 2000 Inc.

2018 Mapping

0.00

Energy
verification

TB - IFRS

1005 Cash	76,570.46
1010 Cash Advances and Working Funds	400.00
Cash	76,970.46
1100 Customer Accounts Receivable	206,085.56
1110 Other Accounts Receivable	376,408.13
1130 Accumulated Provision for Uncollectible Accounts--Credit	(18,570.47)
2250 Debt Retirement Charges(DRC) Payable	643.22
2290 Commodity Taxes	960.14
Accounts receivable	565,526.58
1120 Accrued Utility Revenues	282,614.64
Unbilled revenues	282,614.64
2294 Accrual for Taxes Payments in Lieu of Taxes, Etc.	-
Income taxes	-
1180 Prepayments	15,648.95
2205 Accounts Payable	(4,800.00)
Prepaid expenses	10,848.95
1810 Leasehold Improvements	2,177.00
1830 Poles, Towers and Fixtures	355,990.15
1835 Overhead Conductors and Devices	148,741.51
1840 Underground Conduit	9,817.50
1845 Underground Conductors and Devices	57,404.06
1850 Line Transformers	142,981.78
1855 Services	54,525.00
1860 Meters	141,019.61
1915 Office Furniture and Equipment	14,556.00
1920 Computer Equipment - Hardware	17,639.92
2105 Accumulated Amortization of Electric Utility Plan - PP&E	(220,869.79)
Property,plant and equipment	723,982.74
1611 Computer Software	67,502.64
2120 Accumulated Amortization of Electric Utility Plant - Intangibles	(57,693.64)
Intangible assets	9,809.00
1460 Other Non-Current Assets	4,654.75
1508 Other Regulatory Assets	46,928.10
1535 Smart Grid Capital OM&A Account	1,254.65
1550 LV Variance Account	251,521.45
1551 Smart Metering Entity Charge Variance Account	(997.77)
1555 Smart Meter Capital and Recovery Offset Variance Account	(3,885.87)
1557 Meter Cost Deferral Account	-
1567 Board-Approved CDM Programs Variance Account	7,786.91
1576 CGAAP Accounting Changes	(20,910.62)
1592 2006 PILs & Taxes Variance	26,692.99
1595 Disposition and Recovery/Refund of Regulatory Balances Control Account	30,247.91

Hydro 2000 Inc.

2018 Mapping

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Energy
verification

	TB - IFRS
Regulatory deferral account debit balances	343,292.50
1005 Cash	-
1010 Cash Advances and Working Funds	-
Bank indebtedness	-
2225 Notes and Loans Payable	(17.00)
Bank loan	(17.00)
2205 Accounts Payable	(124,663.27)
2208 Customer Credit Balances	(195,938.68)
2220 Miscellaneous Current and Accrued Liabilities	(52,958.83)
2250 Debt Retirement Charges(DRC) Payable	(1,540.46)
2290 Commodity Taxes	(1,981.58)
2292 Payroll Deductions / Expenses Payable	-
Accounts payable and accrued liabilities	(377,082.82)
2210 Customer Deposits	(15,417.46)
Customer deposits	(15,417.46)
2294 Accrual for Taxes Payments in Lieu of Taxes, Etc.	(73,518.00)
Income taxes	(73,518.00)
2440 Deferred Revenues	(128,083.68)
Deferred revenues	(128,083.68)
2350 Future Income Tax - Non-Current	(7,180.00)
Deferred tax liabilities	(7,180.00)
3005 Common Shares Issued	(308,735.00)
Share capital	(308,735.00)
3045 Unappropriated Retained Earnings	(753,361.94)
3046 Balance Transferred From Income	(69,442.64)
3049 Dividends Payable - Common Shares	10,000.00
3075 Non-Utility Shareholders' Equity	8,535.89
Retained earnings	(804,268.69)
1580 RSVA - Wholesale Market Service Charge	11,455.26
1584 RSVA - Retail Transmission Network Charge	38,630.71
1586 RSVA - Retail Transmission Connection Charge	40,408.75
1588 RSVA - Power (excluding Global Adjustment)	(477,069.62)
1589 RSVA - Global Adjustment	87,832.68
Regulatory deferral account debit balances	(298,742.22)
	0.00
4006 Residential Energy Sales	(1,154,840.67)
4025 Street Lighting Energy Sales	(15,157.15)
4035 General Energy Sales	(841,264.94)

Hydro 2000 Inc.

2018 Mapping

0.00

**Energy
verification**

TB - IFRS

4050 Revenue Adjustment	-	
4055 Energy Sales for Resale	(22,368.05)	
4062 Billed - WMS	(89,516.31)	
4066 Billed - NW	(133,638.95)	
4068 Billed - CN	(106,097.69)	
4075 Billed - LV	(111,490.28)	
4076 Billed - Smart Metering Entity Charge	(9,194.44)	
Energy revenues	(2,483,568.48)	(2,483,568.48)
4080 Distribution Services Revenue	(519,394.49)	
4082 Retail Services Revenues	(5,758.06)	
4084 Service Transaction Requests (STR) Revenues	-	
4086 SSS Administration Revenue	-	
Distribution revenues	(525,152.55)	
4210 Rent from Electric Property	(19,796.16)	
4225 Late Payment Charges	(7,952.79)	
4235 Miscellaneous Service Revenues	(19,683.22)	
4375 Revenues from Non-Utility Operations	(29,687.49)	
4380 Expenses of Non-Utility Operations	29,844.93	
4385 Non Rate-Regulated Utility Rental Income	1,460.98	
4390 Miscellaneous Non-Operating Income	(597.50)	
4405 Interest and Dividend Income	(163.12)	
Other operating revenues	(46,574.37)	
4705 Power Purchased	867,202.38	
4707 Charges - Global Adjustment	394,276.65	
4708 Charges-WMS	90,070.36	
4714 Charges-NW	143,388.41	
4716 Charges-CN	114,814.49	
4750 Charges - LV	166,759.82	
4751 Charges - Smart Metering Entity Charge	9,702.54	
Cost of power	1,786,214.65	1,786,214.65
4360 Loss on Disposition of Utility and Other Property	5,517.07	
5415 Energy Conservation	-	
5605 Executive Salaries and Expenses	11,919.74	
5610 Management Salaries and Expenses	53,755.77	
5615 General Administrative Salaries and Expenses	1,065.77	
5620 Office Supplies and Expenses	32,810.98	
5630 Outside Services Employed	63,708.85	
5635 Property Insurance	4,796.95	
5645 Employee Pensions and Benefits	10,778.33	
5655 Regulatory Expenses	51,286.86	
5665 Miscellaneous General Expenses	-	
5670 Rent	11,896.18	
Administrative and general	247,536.50	
5705 Amortization Expense - Property Plant, and Equipment	40,705.72	
5715 Amortization of Intangibles and Other Electric Plant	9,814.00	
5740 Amortization of Deferred Charges	(4,808.00)	

Hydro 2000 Inc.

2018 Mapping

0.00
Energy
verification

	TB - IFRS	
Depreciation and amortization	<u>45,711.72</u>	
5310 Meter Reading Expense	12,562.03	
5315 Customer Billing	138,382.82	
5320 Collecting	2,624.20	
5330 Collection Charges	1,802.50	
5335 Bad Debt Expense	8,177.24	
Billing and collecting	<u>163,548.79</u>	
5415 Energy Conservation	-	
Community relations	<u>-</u>	
5010 Load Dispatching	10,520.25	
5012 Station Buildings and Fixtures Expense	-	
5020 Overhead Distribution Lines and Feeders - Operation Labour	1,401.50	
5025 Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	12,640.25	
5035 Overhead Distribution Transformers- Operation	432.50	
5095 Overhead Distribution Lines and Feeders - Rental Paid	4,345.73	
5120 Maintenance of Poles, Towers and Fixtures	880.00	
5125 Maintenance of Overhead Conductors and Devices	650.00	
5135 Overhead Distribution Lines and Feeders - Right of Way	6,947.50	
5155 Maintenance of Underground Services	2,124.75	
5160 Maintenance of Line Transformers	2,110.82	
5175 Maintenance of Meters	3,065.50	
5660 General Advertising expenses	260.00	
Distribution - operation and maintenance	<u>45,378.80</u>	
6205 Donations	2,000.00	
Donations	<u>2,000.00</u>	
6035 Other Interest Expense	81.23	
Interest	<u>81.23</u>	
4006 Residential Energy Sales	1,047,886.62	1,047,886.62
4025 Street Lighting Energy Sales	-	-
4035 General Energy Sales	-	-
4050 Revenue Adjustment	-	-
4055 Energy Sales for Resale	-	-
4062 Billed WMS	-	-
4066 Billed NW	835.08	835.08
4068 Billed - CN	489.24	489.24
4075 Billed - LV	-	-
4076 Billed - Smart Metering Entity Charge	2,482.21	2,482.21
4080 Distribution Services Revenue	-	
4210 Rent from Electric Property	811.25	
4375 Revenues from Non-Utility Operations	-	
4405 Interest and Dividend Income	(12,896.21)	
4705 Power Purchased	(245,383.93)	(245,383.93)
4707 Charges - Global Adjustment	(30,350.91)	(30,350.91)
4708 Charges-WMS	(554.05)	(554.05)
4714 Charges-NW	(10,584.54)	(10,584.54)

Hydro 2000 Inc.

2018 Mapping

		0.00
	TB - IFRS	Energy
		verification
4716 Charges-CN	(9,206.04)	(9,206.04)
4750 Charges - LV	(55,269.54)	(55,269.54)
4751 Charges - Smart Metering Entity Charge	(2,990.31)	(2,990.31)
5095 Overhead Distribution Lines and Feeders - Rental Paid	(180.44)	
5655 Regulatory Expenses	-	
6035 Other Interest Expense	3,443.64	
Net movement in regulatory deferral accounts	<u>688,532.07</u>	
6110 Income Taxes	74,194.00	
6115 Provision for Future Income Taxes	<u>(67,345.00)</u>	
Income tax expense	<u>6,849.00</u>	
	<u>(69,442.64)</u>	<u>0.00</u>

Appendix F Survey Results (English)

Highlights of Survey Results

Responses to English survey Q12

Response Percent	Response Count	Max Value	Actual Total Value	%	
61.54%	8	4	32		32
30.77%	4	3	12		16
0.00%	0	2	0		0
0.00%	0	1	0		0
	12	1496	44	91.67%	48
	4				

Responses to English survey Q13

Response Percent	Response Count	Max Value	Actual Total Value	%	
84.62%	11	2	22		22
0.00%	0	0	0		0
	11	1496	22	100.00%	22
				95.83%	

Responses to English survey Q25

Response Percent	Response Count	Max Value	Actual Total Value	%	
76.92%	10	4	40		40
23.08%	3	3	9		12
5.41%	0	2	0		0
0.68%	0	1	0		0
	13	1496	49	94.23%	52

Responses to French survey Q12

Response Percent	Response Count	Max Value	Actual Total Value	%	
61.21%	71	4	284		284
23.28%	27	3	81		108
0.01%	1	2	2		4
0.00%	0	1	0		0
	99	1496	367	92.68%	396
	4				

Responses to French survey Q13

Response Percent	Response Count	Max Value	Actual Total Value	%	
83.19%	94	2	188		188
0.88%	1	0	0		2
	95	1496	188	98.95%	190
				95.81%	

Responses to French survey Q25

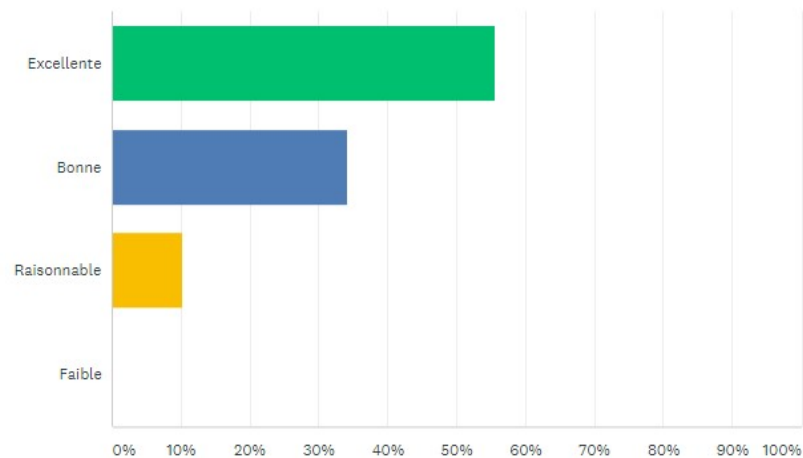
Response Percent	Response Count	Max Value	Actual Total Value	%	
65.14%	71	4	284		284
31.19%	34	3	102		136
3.67%	4	2	8		16
0.00%	2	1	0		8
	111	1496	394	88.74%	444

95.82%

91.48%

Comment évaluez-vous la capacité de Hydro 2000 à rétablir le service...

Answered: 117 Skipped: 4

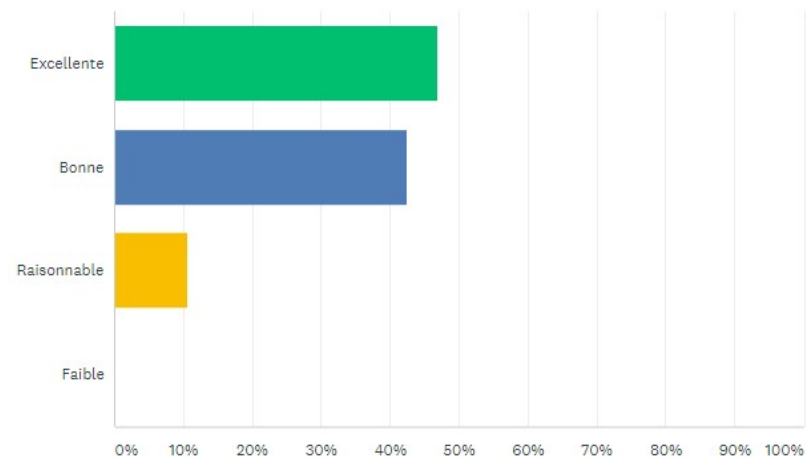


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

Comment évaluez-vous la capacité de Hydro 2000 à être atteignable ...

Answered: 113 Skipped: 8

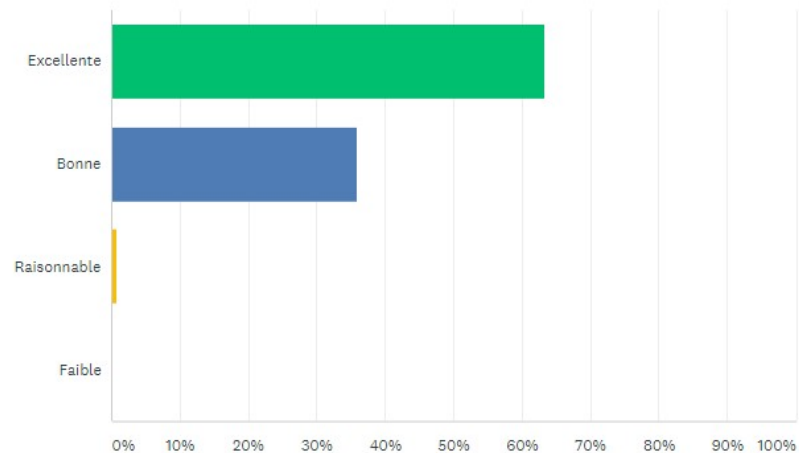


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

En ce qui concerne la fiabilité globale du service électrique, comment ...

Answered: 117 Skipped: 4

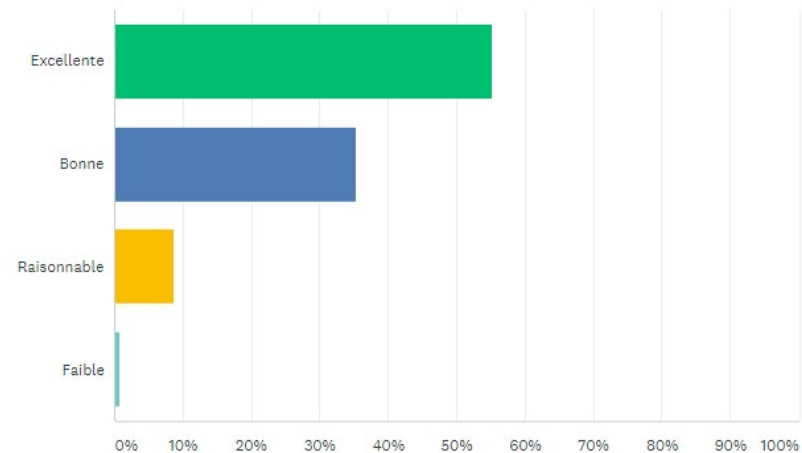


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

En ce qui a trait à la facturation, comment évaluez-vous chaque catég...

Answered: 116 Skipped: 5

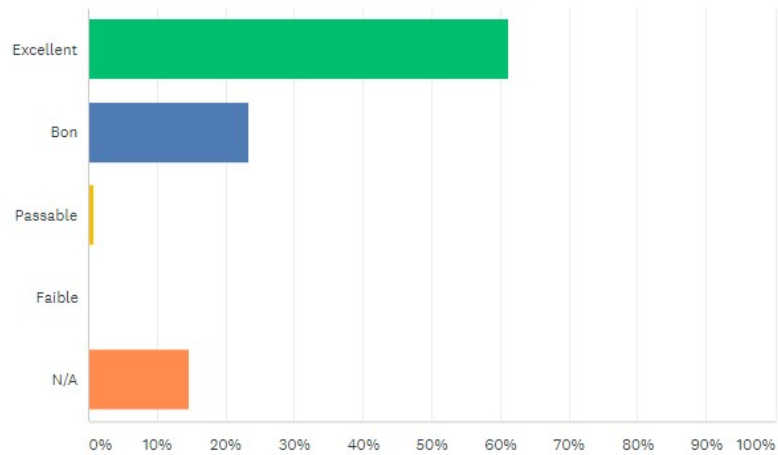


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

En pensant à votre plus récente interaction avec Hydro 2000, comme...

Answered: 116 Skipped: 5

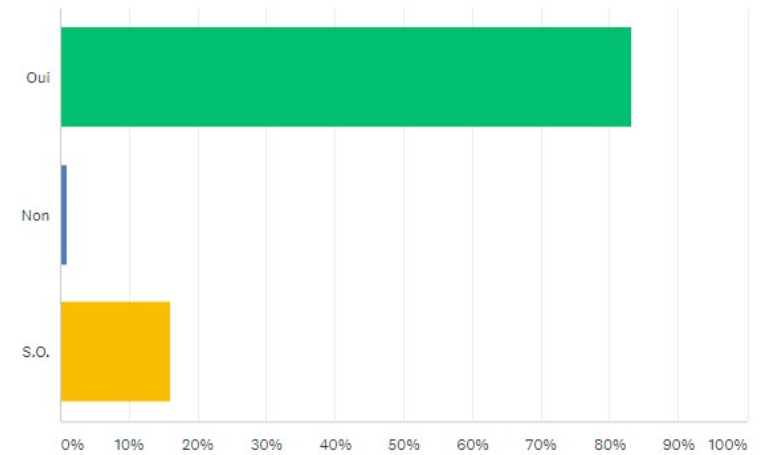


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

En pensant à votre plus récente interaction avec le service à la clientèle...

Answered: 113 Skipped: 8

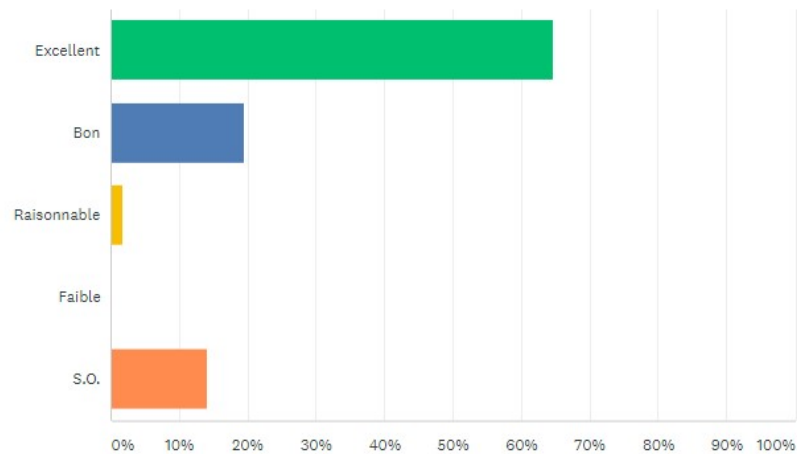


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

Dans l'ensemble, comment évaluez-vous la façon dont le représentant...

Answered: 113 Skipped: 8

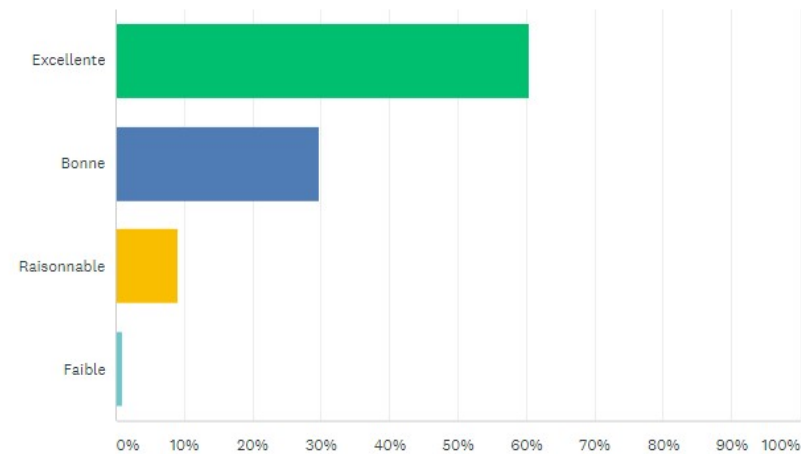


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

Veuillez évaluer la performance de Hydro 2000 en ce qui concerne la ...

Answered: 111 Skipped: 10

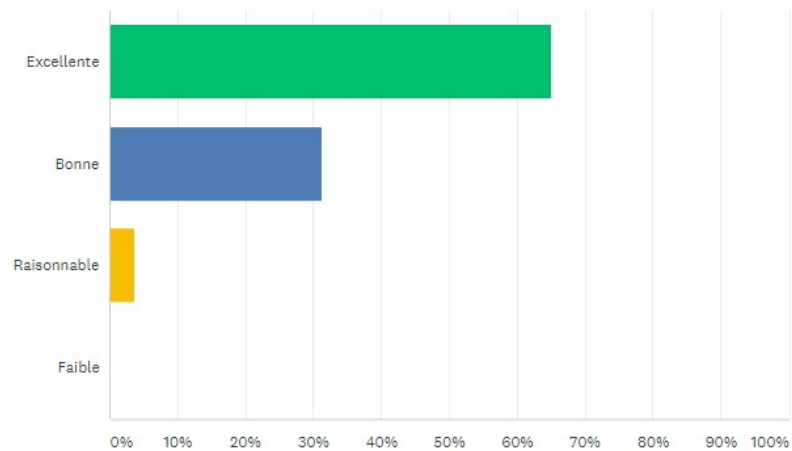


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

En considérant l'ensemble, comment évaluez-vous la performance glo... ...

Answered: 109 Skipped: 12

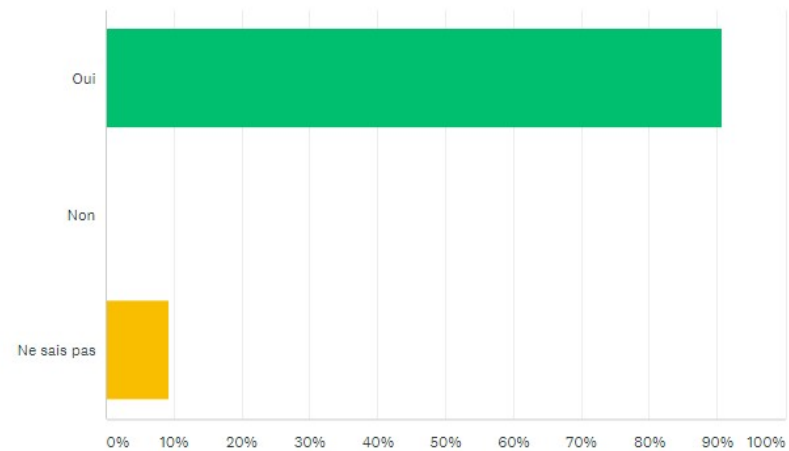


2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

Vous décririez votre utilité comme étant accessible/approchable? ...

Answered: 108 Skipped: 13



2019 Hydro 2000 Sondage Résidentiel

🔍 (0)

Appendix G Newsletter

Hydro 2000 Inc. will submit its cost of service to the Ontario Energy Board. This procedure must be followed every four years. The purpose is to explain the expenses of the past years to ensure that the planned spending for 2020 and 2021 is reasonable.

Hydro 2000 Inc. Board of Directors have established their priorities for the 2020-2021 in capital spending.

The following is a summary of the expenditures:

2020

SYSTEM ACCESS

Since 2018 new customers are connecting to our distribution system. On average, four new services annually over the last two years. Hydro 2000 expects the same scenario for 2020 at a cost of \$5,000.

SYSTEM RENEWAL

An annual budget of \$14,500 for Overhead Conductors and devices is foreseen for the conversion from porcelain arresters for more efficient arresters and the design of new distribution map for more efficient service. An annual budget of \$7,300 is foreseen for the replacement of parts inside the underground transformers. An annual budget of \$72,900 for line transformers change to meet the PCB Regulation (SOR/2008-273) deadline of December 31, 2025. An annual budget of \$40,000 to upgrade our network poles to improve safety and reliability of our network. An annual budget of \$6,750 to sample and upgrade meters to meet Measurement Canada Regulation regarding electricity meters.

GENERAL PLANT

An annual budget of \$3,500 for office equipment, leasehold improvement and computer equipment is foreseen to replace wear and tear. An annual budget of \$36,000 is foreseen for a required upgrade the metering software.

2021

SYSTEM ACCESS

Since 2018 new customers are connecting to our distribution system. On average, four new services annually over the last two years. Hydro 2000 expects the same scenario for 2021 at a cost of \$5,000.

SYSTEM RENEWAL

An annual budget of \$10,500 for Overhead Conductors and devices is foreseen for the conversion from porcelain arresters for more efficient arresters. An annual budget of \$3,300 is foreseen for the replacement of parts inside the underground transformers and again the design of new distribution map for the underground service for more efficient service. An annual budget of \$72,900 for line transformers change to meet the PCB Regulation (SOR/2008-273) deadline of December 31, 2025. An annual budget of \$40,000 to upgrade our network poles to improve safety and reliability of our network. An annual budget of \$2,750 to sample and upgrade meters to meet Measurement Canada Regulation regarding electricity meters.

GENERAL PLANT

An annual budget of \$3,500 for office equipment, leasehold improvement and computer equipment is foreseen to replace wear and tear.

Hydro 2000 wishes to obtain your opinion on capital spending for the years 2020-2021. You can submit your opinion on capital spending for the years 2020-2021. You can submit your comments by:

info@hydro2000.ca | T: 613-679-4093 | F: 613-679-0452
P.O. Box 370, 440 St-Philippe Street, ALFRED ON K0B 1A0

Appendix H PDF of List of Approvals

File Number: EB-2019-0041
Exhibit:
Tab:
Schedule:
Page:
Date:

Appendix 2-A **List of Requested Approvals**

The distributor must fill out the following sheet with the complete list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts) new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified, as well being clearly documented in the appropriate sections of the application.

Additional requests may be added by copying and pasting blank input rows, as needed.

If additional requests arise, or requested approvals are removed, during the processing of the application, the distributor should update this list.

Hydro 2000 Inc. is seeking the following approvals in this application:

1		Approval to charge distribution rates effective May 1, 2020 to recover a base revenue requirement of \$581,156 which includes a revenue deficiency of \$35,002 using the Service Revenue Requirement as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.
2		Approval of the Distribution System Plan as outlined in Exhibit 2 Section 2.5.2.
3		Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.
4		Approval of the proposed loss factors as detailed in Exhibit 8.
5		Approval to continue to charge Wholesale Market and Rural Rate Protection Charges approved in the Board Decision and Order in the matter of Hydro 2000 Distribution Rates
6		Approval of the rate riders for a one-year disposition of the Group 1 and Group 2 and Other Deferral and Variance Accounts as detailed in Exhibit 9.

7		Approval to dispose of balances in the LRAM variance account as presented in Exhibit 9.
8		Such other approvals that Hydro 2000 may request and that the OEB accepts.