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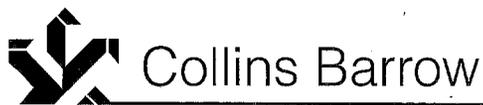
Appendix A Financial Statements 2014 / 2015

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**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2015
AND DECEMBER 31, 2014**



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INDEPENDENT AUDITOR'S REPORT

To the Directors and Shareholder of
Hearst Power Distribution Company Limited/
Corporation de Distribution Électrique de Hearst

Report on the Financial Statements

We have audited the accompanying financial statements of Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst, which comprise the statements of financial position as at December 31, 2015, December 31, 2014 and January 1, 2014, and the statements of income and comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and December 31, 2014, 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.

Independent 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

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 management'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 in our audit 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 Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst as at December 31, 2015, December 31, 2014 and January 1, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

Collins Barrow Gagné Gagnon Bisson Hébert

Chartered Professional Accountants
Licenced Public Accountants
Hearst, Ontario
April 26, 2016

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015, DECEMBER 31, 2014 AND JANUARY 1, 2014

	December 31, 2015	December 31, 2014 (note 25)	January 1, 2014 (note 25)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (note 5)	\$ 1,629,989	\$ 3,398,605	\$ 4,246,772
Investments (note 6)	1,477,404	-	-
Accounts receivable (note 7)	893,946	864,455	765,045
Unbilled service revenue	1,092,790	1,074,168	1,211,975
Inventory	73,833	87,390	81,001
Prepaid expenses	22,294	25,786	17,161
	<u>5,190,256</u>	<u>5,450,404</u>	<u>6,321,954</u>
FUTURE PAYMENT IN LIEU OF TAXES (note 8)	24,200	10,400	47,450
PROPERTY AND EQUIPMENT (note 9)	1,460,084	952,303	896,459
INTANGIBLE ASSETS (note 10)	12,596	16,763	11,389
	<u>1,496,880</u>	<u>979,466</u>	<u>955,298</u>
TOTAL ASSETS	6,687,136	6,429,870	7,277,252
REGULATORY DEFERRALS (note 11)	229,948	1,019,730	830,986
TOTAL ASSETS AND REGULATORY DEFERRALS	\$ 6,917,084	\$ 7,449,600	\$ 8,108,238

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015, DECEMBER 31, 2014 AND JANUARY 1, 2014

	December 31, 2015	December 31, 2014 (note 25)	January 1, 2014 (note 25)
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities (note 12)	\$ 1,890,141	\$ 1,915,775	\$ 2,174,585
Payments in lieu of taxes	3,444	3,299	12,954
Demand loan (note 13)	1,250,000	1,250,000	1,700,000
Customer deposits (note 14)	64,191	55,419	51,061
Due to Town of Hearst	443,743	514,487	337,822
	<u>3,651,519</u>	<u>3,738,980</u>	<u>4,276,422</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION (note 15)	19,489	14,610	-
TOTAL LIABILITIES	<u>3,671,008</u>	<u>3,753,590</u>	<u>4,276,422</u>
SHAREHOLDER'S EQUITY			
SHARE CAPITAL (note 16)	10,000	10,000	10,000
RETAINED EARNINGS	3,086,947	3,300,389	3,204,124
TOTAL SHAREHOLDER'S EQUITY	<u>3,096,947</u>	<u>3,310,389</u>	<u>3,214,124</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	6,767,955	7,063,979	7,490,546
REGULATORY DEFERRALS (note 11)	149,129	385,621	617,692
TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS	<u>\$ 6,917,084</u>	<u>\$ 7,449,600</u>	<u>\$ 8,108,238</u>

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

Approved on behalf of the board

_____, President

_____, Director

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015 Budget (unaudited)	2015 Actual	2014 Actual
SERVICE REVENUE			
Electricity	\$ 7,448,683	\$ 8,477,427	\$ 7,833,680
Wholesale market services, transmission and connection	1,537,457	1,402,396	1,507,970
Regulatory adjustment to sale of energy (note 11)	-	553,290	(420,813)
	<u>8,986,140</u>	<u>10,433,113</u>	<u>8,920,837</u>
COST OF SALES			
Electricity	7,448,683	8,477,427	7,833,680
Wholesale market services, transmission and connection	1,537,457	1,402,396	1,507,970
	<u>8,986,140</u>	<u>9,879,823</u>	<u>9,341,650</u>
GROSS MARGIN	<u>-</u>	<u>553,290</u>	<u>(420,813)</u>
DISTRIBUTION REVENUE	1,150,367	1,337,221	1,177,824
NON-UTILITY NET INCOME	-	30,908	-
INVESTMENT INCOME	80,000	11,454	50,388
OTHER REVENUES	174,736	111,455	208,327
	<u>1,405,103</u>	<u>1,491,038</u>	<u>1,436,539</u>
EXPENSES (note 24)			
DISTRIBUTION, OPERATION AND MAINTENANCE	511,368	597,853	469,173
ADMINISTRATION AND FINANCE			
Meter reading, billing and collecting	264,100	313,682	231,252
General administration	276,428	301,148	295,841
Interest on long-term debt	110,000	79,300	175,000
Regulatory (transfer P&E from CGAAP to MIFRS)	-	-	35,220
	<u>650,528</u>	<u>694,130</u>	<u>737,313</u>
AMORTIZATION	137,783	344,309	85,603
	<u>1,299,679</u>	<u>1,636,292</u>	<u>1,292,089</u>
INCOME (LOSS) FROM OPERATIONS	<u>105,424</u>	<u>408,036</u>	<u>(276,363)</u>

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015 Budget (unaudited)	2015 Actual	2014 Actual
OTHER EXPENSES			
Cost of other merchandising	-	27,462	-
Loss on disposal of property and equipment	-	2,045	-
Management fees on investments	-	8,011	-
Unrealized loss on investments	-	39,813	-
	-	77,331	-
INCOME (LOSS) BEFORE INCOME TAXES AND REGULATORY ITEMS	105,424	330,705	(276,363)
Net movement on regulatory deferral accounts (note 11)	-	(553,290)	420,813
INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES	105,424	(222,585)	144,450
PAYMENTS IN LIEU OF TAXES			
Current (note 8)	10,000	4,657	11,135
Future (note 8)	4,500	(13,800)	37,050
	14,500	(9,143)	48,185
TOTAL INCOME (LOSS) AND OTHER COMPREHENSIVE INCOME	\$ 90,924	\$ (213,442)	\$ 96,265

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2015 AND 2014

	Share capital	Accumulated Other Comprehen- sive Income	Retained Earnings	Total
January 1, 2014	\$ 10,000	\$ -	\$ 3,204,124	\$ 3,214,124
Total income and other comprehensive income	-	-	96,265	96,265
December 31, 2014	10,000	-	3,300,389	3,310,389
Total loss and other comprehensive income	-	-	(213,442)	(213,442)
December 31, 2015	\$ 10,000	\$ -	\$ 3,086,947	\$ 3,096,947

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING ACTIVITIES		
Total income (loss) and other comprehensive income	\$ (213,442)	\$ 96,265
Items not involving cash:		
Amortization of property and equipment	340,148	85,413
Amortization of intangible assets	4,167	3,301
Contributions in aid of construction	(557)	(248)
Future payment in lieu of taxes	(13,800)	37,050
Loss on disposal of property and equipment	2,045	-
Unrealized loss on investments	39,813	-
	<u>158,374</u>	<u>221,781</u>
Changes in:		
Accounts receivable	(29,491)	(99,410)
Prepaid expenses	3,492	(8,625)
Accounts payable and accrued liabilities (note 12)	(25,633)	(258,809)
Payments in lieu of taxes	145	(9,655)
Customer deposits	8,772	4,358
Other regulatory assets and liabilities	553,289	(420,815)
Inventory	13,557	(6,389)
Unbilled revenue	(18,622)	137,806
	<u>663,883</u>	<u>(439,758)</u>
INVESTING ACTIVITIES		
Purchase of investments	(1,500,000)	-
Reinvested income on investments	(17,217)	-
Purchase of property and equipment	(197,263)	(141,257)
Purchase of intangible assets	-	(8,675)
Transfer of smart meters variance accounts to property and equipment	(658,717)	-
Decapitalization of smart meters stranded cost	6,006	-
	<u>(2,367,191)</u>	<u>(149,932)</u>
FINANCING ACTIVITIES		
Contributions in aid of construction received	5,436	14,858
Repayment of demand loan	-	(450,000)
Due to Town of Hearst	(70,744)	176,665
	<u>(65,308)</u>	<u>(258,477)</u>
DECREASE IN CASH DURING THE YEAR	(1,768,616)	(848,167)
CASH, BEGINNING OF YEAR	3,398,605	4,246,772
CASH, END OF YEAR	\$ 1,629,989	\$ 3,398,605

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

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

1. STATUS AND NATURE OF OPERATIONS

Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst was incorporated November 2, 2000 under the Ontario Business Corporations Act. The company operates an electrical distribution utilities in the territory of the Corporation of the Town of Hearst. The address of the company's office and principal place of business is 925 Alexandra Street, Hearst, Ontario, Canada.

The sole shareholder of the company is the Corporation of the Town of Hearst.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements of Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

These are the company's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. They should be read in conjunction with the 2014 Canadian generally accepted accounting principles ("Canadian GAAP") financial statements and related notes. In this context, the term "Canadian GAAP" refers to generally accepted accounting principles before the adoption of IFRS. An explanation of how the transition to IFRS has affected the reporting financial position, financial performance and cash flows of the company is provided in note 25.

The financial statements were authorized for issue by the Board of Directors on April 26, 2016.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars (CDN\$), which is also the company's functional currency, and all values are rounded to the nearest dollar, unless when otherwise indicated.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

2. BASIS OF PREPARATION, (CONT'D)

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Explanation of Activities subject to Rate Regulation

Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst, as an electricity distributor, is both licensed and regulated by the OEB which has a legislative mandate to oversee various aspects of the electricity industry. The OEB exercises statutory authority through setting or approving all rates charged by the company and establishing standards of service for the company's customers.

The OEB has broad powers relating to licensing, standards of conduct and service and the regulation of rates charged by the company and other electricity distributors in Ontario. The Ontario government enacted the Energy Competition Act, 1998, to introduce competition to the Ontario energy market. Rates are set by the OEB on an annual basis for May 1 to April 30.

Regulatory risk

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulator regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

Recovery risk

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at January 1, 2014 for the purposes of the transition to IFRS, unless otherwise indicated.

a) Regulatory Deferral Accounts

The company has early adopted IFRS 14 *Regulatory Deferral Accounts*. In accordance with IFRS 14, the company has continued to apply the accounting policies it applied in accordance the pre-changeover Canadian GAAP for the recognition, measurement and impairment of assets and liabilities arising from rate regulation. These are referred to as regulatory deferral account balances.

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory deferral account balances can arise from differences in amounts collected from customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the company in the wholesales market administered by the Independent Electricity System Operator (the "IESO") after May 1, 2002. These amounts have been accumulated pursuant to regulation underlying the Electricity Act (the "EA") and deferred in anticipation of their future recovery or expense in electricity distribution service charges.

Explanation of Recognized Amounts

Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets as described below.

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

b) Revenue

Revenue is recognized to the extent that it is probable that economic benefits will flow to the company and that the revenue can be reliably measured. Revenue comprises of sales and distribution of energy, pole use rental, collection charges, investment income and other miscellaneous revenues.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Sale and distribution of energy

The company is licensed by the OEB to distribute electricity. As a licensed distributor, the company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the company ultimately collects these amounts from customers. The company has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity is recognized on an accrual basis, including unbilled revenues accrued in respect of electricity delivered but not yet billed. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

Other

Other revenues, which include revenues from pole use rental, collection charges, contributions in aid of construction and other miscellaneous revenues are recognized at the time services are provided.

Where the company has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Contributions in aid of construction

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as contributions in aid of construction and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

Non-utility revenues

All other revenues not related to sale and distribution of energy. These revenues consist mainly of street lighting installation, repair and/or maintenance services and water reading and billing services.

Non-utility revenues are recognized as the service is performed.

Investment income

Investment income is recognized when earned.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

d) Financial Assets

Financial assets - classified as loans and receivables

These include cash and cash equivalents, accounts receivable and unbilled service revenue. They are initially recorded at fair value and subsequently recognized at amortized cost using the effective interest method. Collectability of accounts receivable is reviewed on an ongoing basis. Accounts receivable which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of future cash flows. The amount of the provision is recognized in the statement of comprehensive income.

Financial assets - classified at fair value through profit and loss

Investments are classified as fair value through profit and loss which are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from disposals of investments and changes in fair value are recognized in comprehensive income. Disposal of investment is recorded at weighted average rate.

e) Financial Liabilities

Accounts payable and accrued liabilities, payments in lieu of taxes, demand loan, customer deposits and due to Town of Hearst are classified as other financial liabilities. These liabilities are initially recorded at fair value and subsequently recognized at amortized cost.

Customer Deposits

Customers may be required to post security to obtain electricity or other services, which are refundable. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as deposits, which are reported separately from the company's own cash and cash equivalents. Deposits to be refunded to customers within the next fiscal year are classified as a current liability. Interest rates paid on customer deposits are based on the Bank of Canada's prime business rate less 2%.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

f) Property and Equipment

Recognition and measurement

Property and equipment ("P&E") are recognized at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the company, including eligible borrowing costs.

Amortization of P&E is recorded in the statements of comprehensive income on a straight-line basis over the estimated useful life of the related asset. In the year of acquisition, only half of the following rate is used. In the year of disposition, no amortization is recorded. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives are as follows:

Land and Buildings	
Land	Not amortized
Buildings and components	20 to 70 years
Distribution Equipment	
Meters	15 years
Smart meters	15 years
Services	25 years
Transformers	40 years
Underground conductor and devices	40 years
Overhead conductor and devices	45 years
Poles, towers and fixtures	45 years
Underground conduit and foundations	50 years
Automotive Equipment	
Transportation equipment	5 to 10 years
Other Equipment	
Computer equipment and hardware	5 years
Communication equipment	10 years
Office furniture and equipment	10 years
Stores equipment	10 years
Tools, shop and garage equipment	10 years
Work-in-Progress	
Major spare parts	Not amortized

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Major spare parts

Major spares parts such as spare transformers and other items kept as standby/back up equipment are accounted for as P&E since they support the company's distribution system reliability.

Contributions in aid of construction

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction. The contribution represents the company's obligation to continue to provide

Gains and losses on disposal

Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the statement of comprehensive income when the asset is disposed of. When an item of property and equipment with related Contributions in aid of construction is disposed, the remaining deferred revenue is recognized in full in the statement of comprehensive income.

g) Borrowing Costs

The company capitalizes interest expenses and other finance charges directly relating to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use. Capitalization commences when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization will be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

h) Intangible Assets

Computer software

Computer software that is acquired or developed by the company, including software that is not integral to the functionality of equipment purchased, which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

Land rights

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the company does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Organization costs

Organization costs represents the cost for acquiring the local distribution in excess of fair value of the net identifiable assets purchased. Organization costs is measured at cost less accumulated amortization and accumulated impairment losses.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date. The estimated useful lives for the current and comparative years are:

Computer software	5 years
Land rights	10 years
Organization costs	20 years

i) Impairment of Non-Financial Assets

The company conducts annual internal assessments of the values of property and equipment, intangible assets and regulatory deferral account debit balances to determine whether there are events or changes in circumstances that indicate that their carrying amount may not be recoverable. Where the carrying value exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit ("CGU"), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The company has one cash-generating unit for which impairment testing is performed. An impairment loss is charged to the statement of comprehensive income, except to the extent it reverses gains previously recognized in other comprehensive income.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

j) Employee Future Benefits

Defined contribution plan

The employees of the company participate in the Ontario Municipal Employees Retirement System (“OMERS”). The company also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The company is only one of a number of employers that participates in the plan and the financial information provided to the company on the basis of the contractual agreements is usually insufficient to measure the company’s proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company’s obligation on behalf of its retired employees unfunded extended medical and dental benefits is recorded at actual cost when occurred.

k) Payment in Lieu of Taxes Payable

Tax status

The company is a Municipal Electricity Utility (“MEU”) for purposes of the payments in lieu of taxes (“PILs”) regime contained in the Electricity Act, 1998. As an MEU, the company is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the company is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation (“OEFC”), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Current and deferred tax

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities/(assets) are settled/(recovered).

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

At the end of each reporting period, the company reassesses both recognized and unrecognized deferred tax assets. The company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

l) Finance Income and Finance Costs

Finance income comprises of interest income on funds invested such as cash and short-term investments. Interest income is recognized as it accrues in the statement of comprehensive income, using the effective interest method.

Finance cost comprises of interest payable on debt and impairment losses recognized on financial assets.

m) Inventory

Cost of inventory comprise of direct materials, which typically consists of distribution assets not deemed as major spares, unless purchased for specific capital projects in process or as spare units. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost. Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed into inventory. Inventory is recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

n) Standards, Amendments and Interpretations Not Yet Effective

At the date of authorization of these financial statements, certain new standards, amendments IAS 8.31 and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company.

Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

IFRS 9, Financial Instruments replaces IAS 39, Financial Instruments: Recognition and Measurement

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is based on the core principle to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control. IFRS 15 replaces all of the revenue guidance that previously existed in IFRSs. The effective date for IFRS 15 is January 1, 2017.

The company is in the process of evaluating the impact of these new standards.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

4. USE OF ESTIMATES AND JUDGEMENTS

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Payments in lieu of taxes payable

The company is required to make payments in lieu of tax calculated on the same basis as income taxes on taxable income earned and capital taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Accounts receivable for bad debts

In determining the allowance for doubtful accounts, the company considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

5. CASH AND CASH EQUIVALENTS

The company's bank account is held at the Caisse Populaire de Hearst Limitée and earns interest based upon its lowest monthly credit balance. Interest is paid quarterly at the bank's monthly prime rate times 30%. As at December 31, 2015 the rate was 0.81% (December 31, 2014 - 0.90%) (January 1, 2014 - 0.90%).

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

6. INVESTMENTS

	December 31, 2015
Cash or cash equivalent	\$ 146,529
Fixed income securities	1,055,399
Equity market	275,476
	<u>\$ 1,477,404</u>

In the current year, the company realized losses of \$6,277 with the disposition of investments and mutual fund revenues of \$32,206. The company incurred fees of \$8,011 to administer its funds. The company recorded unrealized losses of \$39,813 as at December 31, 2015 to reflect their investments at fair market value.

7. ACCOUNTS RECEIVABLE

	December 31, 2015	December 31, 2014	January 1, 2014
Electric energy receivable	\$ 755,681	\$ 620,394	\$ 539,552
Related party receivable	21,720	48,525	30,720
Other accounts receivable	88,059	195,536	210,394
Ontario Power Authority (OPA)	28,486	-	-
	<u>893,946</u>	<u>864,455</u>	<u>780,666</u>
Less: Allowance for bad debts	-	-	15,621
	<u>\$ 893,946</u>	<u>\$ 864,455</u>	<u>\$ 765,045</u>

Due to its short-term nature, the carrying amount of the accounts receivable approximates its fair value.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

8. PAYMENTS IN LIEU OF TAXES

The significant components of the provision for payments in lieu of taxes recognized in net income are as follows:

	2015	2014
Current tax		
Based on current year taxable income	\$ 3,444	\$ 11,135
Adjustments for under provision in prior period	1,213	-
	<u>4,657</u>	<u>11,135</u>
Deferred tax		
Change in unrecognized deferred tax assets	(13,800)	37,050
	<u>\$ (9,143)</u>	<u>\$ 48,185</u>

Reconciliation of effective tax rate

Statutory Canadian federal and provincial tax rates for the current year comprise 28% (2014 - 28%) for Federal corporate tax and 11.5% (2014 - 11.5%) for Ontario corporate tax. The PILs expense varies from amounts which would be computed by applying the company's combined statutory income tax rate as follows:

	2015	2014
Income before provision for PILs	\$ (222,585)	\$ 144,450
Statutory Canadian federal and provincial tax rate	39.5%	39.5%
Provision for PILs at statutory rate	\$ (87,921)	\$ 57,058
Increase (decrease) in income tax resulting from:		
None deductible interest and penalties	-	236
Capital cost allowance in excess of amortization expense	-	(26,092)
Amortization expense in excess of capital cost allowance	77,578	-
Amortization of intangible assets in excess of cumulative eligible capital deduction	1,426	266
Loss on disposal of property and equipment	808	-
Unrealised losses from investments	15,726	-
Non-active investment income (net)	(4,173)	-
Small business deduction	-	(19,120)
	<u>3,444</u>	<u>12,348</u>
Adjustments for under provision in prior period	1,213	(1,213)
Provision for payments in lieu of taxes	<u>\$ 4,657</u>	<u>\$ 11,135</u>
Effective tax rate	-	7.71%

Deferred payments in lieu of income taxes balances

Significant component of the company's deferred payments in lieu of income tax balances is as follows:

	2015	2014
Property and equipment	\$ 24,200	\$ 10,400

**HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION
ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

9. PROPERTY AND EQUIPMENT

	Land and buildings	Distribution equipment	Automotive equipment	Other equipment	Work-in- progress	Total
COST						
January 1, 2014	\$ 143,293	\$ 481,561	\$ 214,267	\$ 14,527	\$ 42,811	\$ 896,459
Additions	57,290	63,644	-	17,764	2,559	141,257
December 31, 2014	200,583	545,205	214,267	32,291	45,370	1,037,716
Additions	10,574	827,775	-	8,799	8,832	855,980
Disposals	-	(11,224)	-	-	-	(11,224)
December 31, 2015	\$ 211,157	\$ 1,361,756	\$ 214,267	\$ 41,090	\$ 54,202	\$ 1,882,472
ACCUMULATED AMORTIZATION						
January 1, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	6,322	41,185	30,668	7,238	-	85,413
December 31, 2014	6,322	41,185	30,668	7,238	-	85,413
Amortization	7,364	297,042	29,599	6,143	-	340,148
Disposals	-	(3,173)	-	-	-	(3,173)
December 31, 2015	\$ 13,686	\$ 335,054	\$ 60,267	\$ 13,381	\$ -	\$ 422,388

CARRYING AMOUNTS

January 1, 2014	\$ 143,293	\$ 481,561	\$ 214,267	\$ 14,527	\$ 42,811	\$ 896,459
December 31, 2014	\$ 194,261	\$ 504,020	\$ 183,599	\$ 25,053	\$ 45,370	\$ 952,303
December 31, 2015	\$ 197,471	\$ 1,026,702	\$ 154,000	\$ 27,709	\$ 54,202	\$ 1,460,084

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

10. INTANGIBLE ASSETS

	Computer software	Land rights	Organization costs	Total
COST				
January 1, 2014	\$ 121,752 \$	4,232 \$	25,471 \$	151,455
Additions	8,675	-	-	8,675
December 31, 2014	130,427	4,232	25,471	160,130
December 31, 2015	\$ 130,427 \$	4,232 \$	25,471 \$	160,130
ACCUMULATED AMORTIZATION				
January 1, 2014	\$ 118,273 \$	4,232 \$	17,561 \$	140,066
Amortization	2,027	-	1,274	3,301
December 31, 2014	120,300	4,232	18,835	143,367
Amortization	2,893	-	1,274	4,167
December 31, 2015	\$ 123,193 \$	4,232 \$	20,109 \$	147,534
CARRYING AMOUNTS				
January 1, 2014	\$ 3,479 \$	-	\$ 7,910 \$	11,389
December 31, 2014	\$ 10,127 \$	-	\$ 6,636 \$	16,763
December 31, 2015	\$ 7,234 \$	-	\$ 5,362 \$	12,596

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

11. REGULATORY DEFERRALS

All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. In 2015, the company had a cost of service application to the OEB; resulting in disposal of deferral accounts and new rates applicable as of January 1, 2016. Where no recovery period is noted, the deferral amount will be applied for disposition at the time of the next cost of service application to the OEB, which is currently scheduled for 2020. The recovery period will be determined by the OEB at that time.

Due to previous, existing or expected future regulatory articles or decisions, the company has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

	2014	Disposition 2015	Balances arising in the period	Recovery	2015
Regulatory deferral debits					
Other regulatory assets	\$ 38,747	\$ (38,747)	194	-	194
Miscellaneous deferred debits	4,235	(4,235)	4	-	4
LV variance account	24,306	(24,306)	54,118	-	54,118
Stranded meters	45,081	-	6,006	-	51,087
Smart meter capital and recovery	297,618	(297,618)	-	-	-
Smart meter OM&A variance	451,012	(451,012)	-	-	-
Retail services and settlement variances	128,311	(128,311)	25,692	-	25,692
RSVA - RPP settlement	19	-	-	(19)	-
Smart metering entity charge variance account	1,300	(1,300)	550	-	550
Lost revenue adjustment mechanism (LRAM)	5,290	(15,921)	10,658	-	27
Disposition and recovery of regulatory 2012	23,811	(23,811)	-	98,276	98,276
Total regulatory deferral debits	1,019,730	(985,261)	97,222	98,257	229,948

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

11. REGULATORY DEFERRALS, (CONT'D)

	2014	Disposition 2015	Balances arising in the period	Recovery	2015
Regulatory deferral credits					
Other regulatory liabilities	\$ (12,419)	-	-	-	\$ (12,419)
RCVA retail	(96)	96	(12)	-	(12)
Accounting changes under CGAAP	(74,176)	-	-	-	(74,176)
Disposition and recovery of regulatory 2010	(233,640)	233,640	-	(841)	(841)
Disposition and recovery of regulatory 2011	(65,290)	65,290	-	-	-
Disposition and recovery of regulatory 2015	-	(62,395)	-	714	(61,681)
Total regulatory deferral credits	(385,621)	236,631	(12)	(127)	(149,129)
Net regulatory asset	\$ 634,109	\$ (748,630)	\$ 97,210	\$ 98,130	\$ 80,819

Carrying charges are calculated monthly on the opening balance of the applicable variance account using the prescribed interest rate set by the OEB. During the year the company recorded a net debit balance of \$18,078 (2014 - \$23,906) to the above regulatory accounts for carrying charges and the related net credit balance is included in finance income. The prescribed interest rate history is as follows:

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
2015 OEB quarterly prescribed interest rates	1.47%	1.10%	1.10%	1.10%
2014 OEB quarterly prescribed interest rates	1.47%	1.47%	1.47%	1.47%

Other regulatory assets and miscellaneous deferred debits

In the 2015 cost of service application the OEB has allowed for the deferral of specific costs to be disposed in 2015. The company had incurred \$35,500 (201 - \$35,500) of costs relating to conversion to IFRS, plus \$3,246 (2014 - \$2,133) of carrying charges. Balances at year end represent carrying charges for the period before the approval of the disposal by the OEB. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

11. REGULATORY DEFERRALS, (CONT'D)

Low voltage (LV) variance account

This account is used to record the variance arising from low voltage transactions which are not part of the electricity wholesale market. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

Stranded meters

This account includes the NBV of stranded mechanical meters, which have been replaced by smart meters, plus carrying charges. Recoveries will begin on January 1, 2016 and will end December 31, 2017.

Smart meters

In the 2015 cost of service application, the OEB allowed the disposal of the smart meter variances. The company had accumulated the following balances :

Smart meter capital and recovery		
Smart meter customer revenues	\$	(171,620)
Capital expenditures		658,717
Accumulated amortization		(215,373)
Carrying charges (net)		25,894
	\$	<u>297,618</u>
Smart meter OM&A variance		
Amortization expense	\$	215,373
Maintenance of meters		217,303
Carrying charges		18,336
	\$	<u>451,012</u>

Retail settlement variance accounts (RSVA)

RSVAs are comprised of the variances between amounts charged by the company to its customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the company. The settlement variances relate primarily to service charges, non-competitive electricity charges and the global adjustment. Accordingly, the corporation has deferred the variances between the costs incurred and the related recoveries in accordance with the criteria set out in the accounting principles prescribed by the OEB. The balance for settlement variances continues to be calculated and attracts carrying charges in accordance with the OEB's direction.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

11. REGULATORY DEFERRALS, (CONT'D)

Smart metering entity charge variance account

The OEB is managing the development of the meter data management/repository to collect, manage, store and retrieve information related to the metering of customers' use of electricity in Ontario.

A monthly carrying charge is calculated based on Board approved interest rates and added to the balance of each account.

Lost revenue adjustment mechanism (LRAM) variance account

This variance account is used to record the (LRAM) variances in relation to the conservation and demand management (CDM) programs or activities undertaken by a distributor in accordance with Board-prescribed requirements. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

Disposition and recovery of regulatory

This variance account is comprised of the cumulative balances of regulatory assets and liabilities approved for disposition by the OEB, reduced by amounts recovered/(refunded) to customers through billing of approved disposition rate riders. The number of years over which the recovery has been approved is prescribed by the OEB.

RCVA Retail

This account is used monthly to record the net of revenues derived from services such as, Establishing Service Agreements; Distributor-Consolidated Billing; and EBT (Hub) fees, and the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract, as well as the incremental costs incurred to provide the Distributor-Consolidated Billing services. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

Accounting Changes Under CGAAP

The total amount accumulated in regard to the financial differences arising as a result of the election to make accounting changes to amortization; the difference is a reflection of the revised amortization expense in comparison to the depreciation that would have been recorded under previous service life terms and thus included in rates charged to customers.

The cumulative variance in this account will be refunded/(recovered) starting January 1, 2016 through an adjustment to depreciation expense over an approved amortization period of two years.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	December 31, 2014	January 1, 2014
Accounts payable	\$ 1,750,034	\$ 1,737,677	\$ 1,854,771
Customer credit balances	35,283	40,019	35,973
Commodity taxes	9,064	21,466	-
Payroll / wages payable	16,847	18,949	-
Debt retirement charges	47,913	52,809	59,308
Accrued fees	31,000	15,680	18,000
RRR overcollection	-	-	206,533
Ontario Power Authority (OPA)	-	29,175	-
	<u>\$ 1,890,141</u>	<u>\$ 1,915,775</u>	<u>\$ 2,174,585</u>

13. DEMAND LOAN

	December 31, 2015	December 31, 2014	January 1, 2014
Promissory note payable to the Corporation of the Town of Hearst, interest at 5.50% plus prime, payable on a monthly basis, no fixed capital repayment	\$ 1,250,000	\$ 1,250,000	\$ 1,700,000

14. CUSTOMER DEPOSITS

Customer deposits represents cash deposits from electricity distribution customers and retailers.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

As at December 31, 2015 the customer deposits balance is \$64,191 (December 31, 2014 - \$55,419) (January 1, 2014 - \$51,061).

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

15. CONTRIBUTIONS IN AID OF CONSTRUCTION

	December 31, 2015	December 31, 2014	January 1, 2014
Deferred contributions, net beginning of year	\$ 14,610	\$ -	\$ -
Contributions in aid of construction received	5,436	14,858	-
Contributions in aid of construction recognized as other revenues	(557)	(248)	-
	<u>\$ 19,489</u>	<u>\$ 14,610</u>	<u>\$ -</u>

16. SHARE CAPITAL

	December 31, 2015	December 31, 2014	January 1, 2014
Authorized			
Unlimited number of preference shares, dividends at the discretion of the directors, non voting			
Unlimited number of common shares			
Issued			
10,000 common shares	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

17. EMPLOYEE FUTURE BENEFITS

a) Defined contribution plan

The employees of the company participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit plan for employees, the related obligation of the corporation cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. The employer's portion of amounts paid to OMERS during the year was \$44,387 (2014 - \$39,201). The contributions were made for current service and these have been recognized in net income.

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

17. EMPLOYEE FUTURE BENEFITS, (CONT'D)

b) Defined benefit plan

The company provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The company has reported its share of the defined benefit costs in these financial statements.

Per agreement, the company purchases certain benefits for retired employees until they reach 65 years of age. Subsequent payments for these benefits will amount to:

2016	\$	3,961
2017		3,961
2018		3,961
2019		3,961
2020		1,980
		<hr/>
	\$	17,824

18. LIABILITY INSURANCE

The company belongs to the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2015, the company has not been made aware of any assessments for losses. Insurance premiums charged to each member consist of a levy per thousand of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage of the company's policy is \$24,000,000 for liability insurance.

19. CREDIT FACILITIES

LINE OF CREDIT

The company has a line of credit, secured by a general security agreement, with an authorized limit of \$300,000 available under a credit facility agreement with the Caisse Populaire de Hearst Limitée. As at December 31, 2015 the balance was \$NIL (2014 - \$NIL) on this credit facility and the rate was 2.7% (2014 - 3%).

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

19. CREDIT FACILITIES, (CONT'D)

LETTER OF CREDIT ("LOC")

Purchases of electricity in Ontario are required to provide security to the IESO to mitigate the risk of default based on their expected activity in the market. In this regard, the company has obtained a letter of guarantee as security in the amount of \$334,919 from the Caisse Populaire de Hearst Limitée. As at December 31, 2015, the balance was \$NIL (2014 - \$NIL). The IESO could draw on the LOC if the company defaults on its payment.

CREDIT CARD

The company has a MasterCard account, secured by a general security agreement, with an authorized limit of \$5,000 available under a credit facility agreement with the Caisse Populaire de Hearst Limitée.

20. RELATED PARTIES TRANSACTIONS

In the normal courses of operations, the company incurred transactions with its sole shareholder, the Corporation of the Town of Hearst.

Hearst Power Distribution Company Limited and Hearst Power Sales and Services Company Limited are no longer affiliated since November 1, 2014. Services exchanged between the two parties were terminated as of that date.

	2015	2014
<i>Corporation of the Town of Hearst</i>		
Service revenue	\$ 817,005	\$ 844,500
Expenses		
Rent expense	\$ 13,380	\$ 9,510
Clerical and answering services expenses	\$ 59,460	\$ 33,696
Interest on long-term debt	\$ 79,300	\$ 175,000
<i>Year-end balances were as follows:</i>		
Accounts receivable - PUC Water	\$ 11,740	\$ 23,548
Other account receivable	\$ 9,980	\$ 21,915
Due to Town of Hearst	\$ (443,743)	\$ (514,487)
Demand loan payable	\$ (1,250,000)	\$ (1,250,000)

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

20. RELATED PARTIES TRANSACTIONS, (CONT'D)

	2015	2014
<i>Hearst Power Sales and Services Company Limited</i>		
Service revenue	\$ -	\$ 33,777

Year-end balances were as follows:

Due from Hearst Power Sales and Services Company Limited	\$ -	\$ 3,061
--	------	----------

None of these transactions would constitute an individually significant transaction.

21. FINANCIAL INSTRUMENTS

The company's carrying value and fair value of financial instruments consist of the following :

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Cash and cash equivalents	\$ 1,629,898	\$ 1,629,898	\$ 3,398,605	\$ 3,398,605
Investments	\$ 1,517,217	\$ 1,477,404	\$ -	\$ -
Accounts receivable	\$ 893,946	\$ 893,946	\$ 864,544	\$ 864,544
Unbilled service revenue	\$ 1,092,790	\$ 1,092,790	\$ 1,074,168	\$ 1,074,168
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,890,141	\$ 1,890,141	\$ 1,915,773	\$ 1,915,773
Demand loan	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000
Customer deposits	\$ 64,191	\$ 64,191	\$ 55,419	\$ 55,419

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

The estimated fair values of financial instruments as at December 31, 2015 and December 31, 2014 are based on relevant market prices and information available at that time. The fair value estimates are not necessarily indicative of the amounts that the corporation may receive or incur in actual market transactions. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Determination of fair values

- (a) The fair values of cash and cash equivalents, accounts receivable, unbilled service revenue, accounts payables and accrued liabilities, demand loan and customer deposits approximate their carrying values because of the short-term nature of these instruments.
- (b) The investments consist only of publicly traded investments, therefore, the fair value is determinable. The investments are recorded at fair market value through profit and loss since initial recognition.

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 liabilities that are not based on observable market data (unobservable inputs).

The company's fair value hierarchy is classified as Level 1 for cash and cash equivalents and investments. All others financial instruments are classified as Level 3.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

22. CAPITAL MANAGEMENT

The main objectives of the company, when managing capital, are:

- (a) To ensure ongoing access to funding to maintain and improve the electricity distribution system;
- (b) To respect the capital structure for regulated activities with debt to equity structure recommended by the OEB, which is 60% debt and 40% equity;
- (c) To ensure prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity business.

The company defines capital as shareholder's equity and demand loan.

The OEB regulates the amount of interest on debt that may be recovered by the regulated electricity distribution business of the company through its electricity distribution rates. The actual capital structure of the company may differ from the OEB deemed structure.

The company has no external capital requirements.

23. FINANCIAL RISK MANAGEMENT

As part of its operations, the company carries out transactions that expose it to financial risks such as credit, liquidity and market risks. The following is a discussion of risks and related mitigation strategies that have been identified by the company for financial instruments. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks identified.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. The maximum credit exposure is limited to the carrying amount of cash and bank, accounts receivable, and unbilled service revenue presented on the statement of financial position.

The company limits its exposure to credit loss by placing its cash with a high credit quality financial institution. The company maintains cash with only one major financial institution. Eligible deposits per financial institution are insured to a maximum basic insurance level of \$100,000 per account, including principal and interest by the Canada Deposit Insurance Corporation.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

23. FINANCIAL RISK MANAGEMENT, (CONT'D)

The company is exposed to credit risk related to accounts receivable and unbilled service revenue arising from its day-to-day electricity and service revenue. Exposure to credit risk is limited due to the company's large and diverse customer base located in the Town of Hearst. The company has approximately 2,767 customers, the majority of which are residential. For the years ended December 31, 2015 and 2014, two customers from the forestry industry account for revenue in excess of 10% of total revenue. The company limits its credit risk by collecting security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2015, the company holds security deposits in the amount of \$64,191 (2014 - \$55,419). The corporation does not have any material accounts receivable balances greater than 90 days outstanding. The company believes that its accounts receivable represent a low credit risk.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement. As at year-end and prior year-end, no allowance for impairment was recognized. An impairment loss of \$7,006 was recognized during the year (2014 - \$14,271).

The value of accounts receivable, by age, are presented in the following table. Unbilled energy revenue which is not included in the table below is considered all current.

	2015	2014
Under 30 days	\$ 813,961	\$ 768,948
30 to 60 days	74,849	81,085
61 to 90 days	4,860	13,787
Over 90 days	276	635
	<u>\$ 893,946</u>	<u>\$ 864,455</u>

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet operational and investing requirements without incurring unacceptable losses or risking harm to the company's reputation. The company's exposure is reduced by cash generated from operations and undrawn credit facilities. Exposure to such risks is significantly reduced through close monitoring of cash flows and budgeting. Liquidity risks associated with financial commitments are as follows:

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

23. FINANCIAL RISK MANAGEMENT, (CONT'D)

	0 - 3 mo	3 mo - 1 yr	1 - 5 yr	Non-specified	Total
Accounts payable	\$ 1,873,294	\$ -	\$ -	\$ 16,847	\$ 1,890,141
Payments in lieu of taxes	3,444	-	-	-	3,444
Customer deposits	-	22,586	6,400	35,205	64,191
	<u>\$ 1,876,738</u>	<u>\$ 22,586</u>	<u>\$ 6,400</u>	<u>\$ 52,052</u>	<u>\$ 1,957,776</u>

INTEREST RISK

A portion of the company's demand loan has a variable interest rate. Changes in the bank's prime lending rate of 1% can cause fluctuations of interest payments and cash flows estimated at \$12,500 (2014 - \$12,500). The company does not use derivative instruments to reduce its exposure to interest rate risk.

MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as equity market fluctuations, currency risk, interest rates and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the company's primary market risk exposures and how these exposures are currently managed.

Equity market fluctuation risk

Fluctuations in the value of equity securities affect the level and timing of recognition of gains and losses on equity and mutual fund and pooled fund securities in the company's portfolio and causes changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock and bond markets and, consequently, the value of the equity, mutual fund and fixed income.

The company manages its investments portfolios with a low risk mandate. The company manages the risk by investing in the portfolios of three different investment brokers. The investment politic of the company is 80% in securities and 20% in equity market.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

23. FINANCIAL RISK MANAGEMENT, (CONT'D)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company's exposure relates to investments denominated in other currency than canadian currency.

Based on the investments in foreign currency at year end of \$483,158, a 1% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of \$4,832.

Interest risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The company is exposed to interest rate fluctuations on its cash and cash equivalents, investments and demand loan.

The company has various interest rates from different fixed income securities in the cash and cash equivalents and investments. A fluctuation in interest rates of 1%, with all other variables held constant, would have an estimate impact on the fair value of the fixed income securities of \$12,019.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

24. EXPENSES BY NATURE

	2015	2014
DISTRIBUTION, OPERATION AND MAINTENANCE		
Rent	\$ 10,705	\$ 6,445
Repairs and maintenance	343,654	211,785
Salary, wages and employee benefits	237,824	241,727
Utilities	5,670	9,216
	<u>597,853</u>	<u>469,173</u>
ADMINISTRATION AND FINANCE		
Bad debts	7,006	14,271
Collecting services	39,518	1,617
Customer billing expenses	77,957	77,011
General administration and overhead	197,727	199,111
Interest on long-term debt	79,300	175,000
Meter reading expenses	20,080	15,973
Other expenses	30,870	10,838
Regulatory (transfer P&E from GAAP to MIFRS)	-	35,220
Salary, wages and employee benefits	241,672	208,272
	<u>694,130</u>	<u>737,313</u>
AMORTIZATION	<u>344,309</u>	<u>85,603</u>
	<u>\$ 1,636,292</u>	<u>\$ 1,292,089</u>

25. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS 1, *First Time Adoption of International Financial Reporting Standards*, requires that comparative financial information be provided. As a result, the first date at which the company has applied IFRS was January 1, 2014 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the company will be December 31, 2015. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adoption. Prior to transition to IFRS, the company prepared its financial statement in accordance with Canadian generally accepted accounting principles ("pre-changeover Canadian GAAP").

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**25. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING
STANDARDS , (CONT'D)**

Mandatory exceptions:

Derecognition of financial assets and liabilities

The company has applied the derecognition requirements in IAS 39 *Financial Instruments : Recognition and measurement* prospectively for transactions occurring on or after January 1, 2014. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized in accordance with pre-changeover Canadian GAAP as a result of a transaction that occurred before January 1, 2014, have not been recognized in accordance with IFRS unless they qualify for recognition as a result of a later transaction or event.

Estimates

The estimates previously made by the company under pre-changeover Canadian GAAP were not revised for the application of IFRS, except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the company has not used hindsight to revise estimates.

Optional elections:

Borrowing costs

The company has elected to apply the transitional provisions of IAS 23, *Borrowing Costs* which permits prospective capitalization of borrowing costs on qualifying assets from the Transition Date.

Deemed cost for operations subject to rate regulation

The company has elected the deemed cost exemption in paragraph D8B applicable to entities with operations subject to rate regulation as described under IFRS 1. The election permits the company, at the date of transition to IFRS, to use the previous Canadian GAAP carrying amount of items of P&E and intangible assets as deemed cost (thereby eliminating any accumulated depreciation balances existing at the date of transition); hence there will be no impact on retaining earnings for opening balances of P&E and intangible assets at the date of transition. In accordance with the election, the company has tested for impairment in accordance with IAS 36 each item of property and equipment and intangible assets for which the exemption is used at the date of transition to IFRS. No impairment losses were recognized.

Transfers of assets from customers

The company has elected to apply the IFRS 1 election to only apply IFRIC 18 prospectively from the date of transition to non-repayable supply contribution made by customers.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**25. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING
STANDARDS , (CONT'D)**

Impact of transition:

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, comprehensive income, and cash flows for prior periods. The explanations for the impact of the transition to IFRS on the specific accounts and reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS are provided below, and had no effect on those statements.

i) Regulatory assets and liabilities

Regulatory assets and liabilities that were recognized under pre-changeover Canadian GAAP have been reclassified to the regulatory deferral account balance as either a debit balance or a credit balance. This transitional adjustment is a reclassification on the statement of financial position and has no impact on the statements of changes in equity or the statements of comprehensive income.

ii) Contributions in aid of construction

Under IFRS, contributions in aid of construction are recognized as deferred revenue and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset in the statement of comprehensive income. Since the company had already adopted the recognition of deferred revenues, this transition adjustment only had a name change impact.

iii) Property and equipment

Major spares inventory parts were considered as inventory prior to December 31, 2015. In 2015, the company revised its policy and reclassified its major spare parts as work-in-progress and included them in the property and equipment asset.

iv) Contributed capital

Contributions in aid of construction received after January 1, 1980 were considered to be deferred credits and were amortized to operations at the same rate as the rate used for the amortization of the related capital asset. Starting in 1995, the unamortized balance was considered to be a permanent part of equity and was not amortized. Under IFRS, this accounting policy is not permitted (see note 25 ii)), therefore the contributed capital balance was transferred in retained earnings since its balance would all have been amortized.

v) Future payment in lieu of taxes

The above changes had no impact on the future payment in lieu of taxes based on a tax rate of 15.5%.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**25. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING
STANDARDS , (CONT'D)**

An explanation of how the transition from Canadian GAAP to IFRS has affected the company's financial position and performance is set in the following tables.

Opening, prior period reconciliation	Canadian GAAP January 1, 2014	IFRS Adjustments	IFRS January 1, 2014
Assets and regulatory deferrals			
Inventory	\$ 123,812	\$ (42,811)	\$ 81,001
Property and equipment	\$ 857,127	\$ 39,332	\$ 896,459
Intangible assets	\$ 7,910	\$ 3,479	\$ 11,389
Regulatory deferrals	\$ 213,294	\$ 617,692	\$ 830,986
Liabilities and regulatory deferrals			
Regulatory deferrals	\$ -	\$ 617,692	\$ 617,692
Shareholder's equity			
Retained earnings	\$ 2,997,483	\$ 206,641	\$ 3,204,124
Contributed capital	\$ 206,641	\$ (206,641)	\$ -
Ending, prior period reconciliation	Canadian GAAP December 31, 2014	IFRS Adjustments	IFRS December 31, 2014
Assets and regulatory deferrals			
Inventory	\$ 132,760	\$ (45,370)	\$ 87,390
Property and equipment	\$ 917,060	\$ 35,243	\$ 952,303
Intangible assets	\$ 6,636	\$ 10,127	\$ 16,763
Regulatory deferrals	\$ 634,109	\$ 385,621	\$ 1,019,730
Liabilities and regulatory deferrals			
Regulatory deferrals	\$ -	\$ 385,621	\$ 385,621
Shareholder's equity			
Retained earnings	\$ 3,093,748	\$ 206,641	\$ 3,300,389
Contributed capital	\$ 206,641	\$ (206,641)	\$ -

There were no adjustments to income and comprehensive income.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

26. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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Appendix B Financial Statements 2016 / 2017

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**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Directors and Shareholder of
Hearst Power Distribution Company Limited/
Corporation de Distribution Électrique de Hearst

Report on the Financial Statements

We have audited the accompanying financial statements of Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst, which comprise the statements of financial position as at December 31, 2017, and the statements of income and comprehensive income, changes in equity and 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.

Independent 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

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 management'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 in our audit 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 Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst 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
Licenced Public Accountants
Hearst, Ontario
April 9, 2018

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note 5)	\$ 1,316,705	\$ 1,523,689
Investments (note 6)	1,771,036	1,711,487
Accounts receivable (note 7)	818,414	1,030,358
Unbilled service revenue	929,317	1,166,796
Inventory	96,723	82,586
Payments in lieu of taxes	15,866	7,338
Prepaid expenses	31,198	22,396
	<u>4,979,259</u>	<u>5,544,650</u>
FUTURE PAYMENT IN LIEU OF TAXES (note 8)	16,000	16,000
PROPERTY AND EQUIPMENT (note 9)	1,480,103	1,445,830
INTANGIBLE ASSETS (note 10)	6,424	8,428
	<u>1,502,527</u>	<u>1,470,258</u>
TOTAL ASSETS	6,481,786	7,014,908
REGULATORY DEFERRALS (note 11)	335,553	276,599
	<u>335,553</u>	<u>276,599</u>
TOTAL ASSETS AND REGULATORY DEFERRALS	\$ 6,817,339	\$ 7,291,507

CONTINGENCY (note 23)

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	2017	2016
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 12)	\$ 1,864,278	\$ 2,139,232
Demand loan (note 13)	1,250,000	1,250,000
Customer deposits (note 14)	74,368	69,593
Due to the Corporation of the Town of Hearst	273,546	454,567
	<u>3,462,192</u>	<u>3,913,392</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION (note 15)	60,059	47,782
	<u>3,522,251</u>	<u>3,961,174</u>
TOTAL LIABILITIES	3,522,251	3,961,174
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (note 16)	10,000	10,000
RETAINED EARNINGS	3,239,223	3,167,153
	<u>3,249,223</u>	<u>3,177,153</u>
TOTAL SHAREHOLDER'S EQUITY	3,249,223	3,177,153
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	6,771,474	7,138,327
REGULATORY DEFERRALS (note 11)	45,865	153,180
	<u>45,865</u>	<u>153,180</u>
TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS	\$ 6,817,339	\$ 7,291,507

CONTINGENCY (note 23)

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

Approved on behalf of the board

_____ President

_____ Director

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
SERVICE REVENUE			
Electricity	\$ 9,276,520	\$ 8,275,790	\$ 9,274,635
Wholesale market services, transmission and connection	1,480,791	1,363,830	1,444,380
Regulatory adjustment to sale of energy (note 11)	-	(166,269)	(42,600)
	<u>10,757,311</u>	<u>9,473,351</u>	<u>10,676,415</u>
COST OF SALES			
Electricity	9,276,520	8,275,790	9,274,635
Wholesale market services, transmission and connection	1,480,791	1,363,830	1,444,380
	<u>10,757,311</u>	<u>9,639,620</u>	<u>10,719,015</u>
	-	(166,269)	(42,600)
GROSS MARGIN			
DISTRIBUTION REVENUE	1,126,376	1,155,060	1,112,750
NON-UTILITY NET INCOME	15,000	6,042	8,539
INVESTMENT INCOME	33,500	70,245	80,691
OTHER REVENUES	98,600	192,969	197,972
	<u>1,273,476</u>	<u>1,424,316</u>	<u>1,399,952</u>
EXPENSES (note 25)			
DISTRIBUTION, OPERATION AND MAINTENANCE	425,000	438,157	411,467
ADMINISTRATION AND FINANCE			
Meter reading, billing and collecting	304,570	315,130	293,956
General administration	313,880	326,884	335,932
Interest on long-term debt	30,000	74,731	77,097
Regulatory	-	37,088	37,088
	<u>648,450</u>	<u>753,833</u>	<u>744,073</u>
AMORTIZATION	133,272	100,725	94,346
	<u>1,206,722</u>	<u>1,292,715</u>	<u>1,249,886</u>
INCOME (LOSS) FROM OPERATIONS	<u>66,754</u>	<u>(34,668)</u>	<u>107,466</u>

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
OTHER (INCOME) EXPENSES			
Cost of other merchandising	\$ 33,000	\$ 77,211	\$ 66,176
(Gain) loss on disposal of property and equipment	-	(12,606)	832
Management fees on investments	-	14,787	10,366
Unrealized (gain) on investments	-	(22,522)	(19,637)
	<u>33,000</u>	<u>56,870</u>	<u>57,737</u>
INCOME (LOSS) BEFORE INCOME TAXES AND REGULATORY ITEMS	<u>33,754</u>	<u>(91,538)</u>	<u>49,729</u>
Net movement on regulatory deferral accounts (note 11)	-	166,269	42,600
INCOME BEFORE PAYMENTS IN LIEU OF TAXES	<u>33,754</u>	<u>74,731</u>	<u>92,329</u>
PAYMENTS IN LIEU OF TAXES			
Current (note 8)	4,000	2,661	3,923
Future (note 8)	4,000	-	8,200
	<u>8,000</u>	<u>2,661</u>	<u>12,123</u>
TOTAL INCOME AND OTHER COMPREHENSIVE INCOME	\$ 25,754	\$ 72,070	\$ 80,206

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2017

	Share capital	Accumulated Other Comprehen- sive Income	Retained Earnings	Total
January 1, 2016	\$ 10,000	\$ -	\$ 3,086,947	\$ 3,096,947
Total income and other comprehensive income	-	-	80,206	80,206
December 31, 2016	10,000	-	3,167,153	3,177,153
Total income and other comprehensive income	-	-	72,070	72,070
December 31, 2017	\$ 10,000	\$ -	\$ 3,239,223	\$ 3,249,223

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Total income and other comprehensive income	\$ 72,070	\$ 80,206
Items not involving cash:		
Amortization of property and equipment	134,693	127,266
Amortization of intangible assets	3,120	4,168
Amortization of the refund of Account 1575/1576	(37,088)	(37,088)
Contributions in aid of construction recognized as other revenues	(1,474)	(958)
Future payment in lieu of taxes	-	8,200
Loss on disposal of property and equipment	(12,606)	832
Unrealized gain on investments	(22,522)	(19,637)
Regulatory	37,088	37,088
	<u>173,281</u>	<u>200,077</u>
Changes in:		
Accounts receivable	211,944	(145,477)
Prepaid expenses	(8,802)	(102)
Accounts payable and accrued liabilities	(274,954)	258,157
Payments in lieu of taxes	(8,528)	(10,782)
Customer deposits	4,775	5,402
Other regulatory assets and liabilities	(166,269)	(42,600)
Inventory	(14,137)	(8,753)
Unbilled service revenue	237,479	(74,006)
Due to the Corporation of the Town of Hearst	(181,021)	10,823
	<u>(26,232)</u>	<u>192,739</u>
INVESTING ACTIVITY		
Purchase of investments	(6,000)	(171,752)
Reinvested income on investments	(31,027)	(42,694)
Proceeds from disposal of property and equipment	17,101	-
Purchase of property and equipment	(173,461)	(113,844)
Purchase of intangible assets	(1,116)	-
	<u>(194,503)</u>	<u>(328,290)</u>
FINANCING ACTIVITIES		
Contributions in aid of construction received	13,751	29,251
	<u>(206,984)</u>	<u>(106,300)</u>
DECREASE IN CASH DURING THE YEAR	(206,984)	(106,300)
CASH, BEGINNING OF YEAR	1,523,689	1,629,989
CASH, END OF YEAR	\$ 1,316,705	\$ 1,523,689

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

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. STATUS AND NATURE OF OPERATIONS

Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst was incorporated November 2, 2000 under the Ontario Business Corporations Act. The company operates an electrical distribution utilities in the territory of the Corporation of the Town of Hearst (“the Town”). The address of the company's office and principal place of business is 925 Alexandra Street, Hearst, Ontario, Canada.

The sole shareholder of the company is the Corporation of the Town of Hearst.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements of Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations as issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB.

The financial statements were authorized for issue by the Board of Directors on April 9, 2018.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars (CDN\$), which is also the company's functional currency, and all values are rounded to the nearest dollar, unless when otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Explanation of Activities subject to Rate Regulation

Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst, as an electricity distributor, is both licensed and regulated by the OEB which has a legislative mandate to oversee various aspects of the electricity industry. The OEB exercises statutory authority through setting or approving all rates charged by the company and establishing standards of service for the company's customers.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

2. BASIS OF PREPARATION, (CONT'D)

The OEB has broad powers relating to licensing, standards of conduct and service and the regulation of rates charged by the company and other electricity distributors in Ontario. The Ontario government enacted the Energy Competition Act, 1998, to introduce competition to the Ontario energy market. Rates are set by the OEB on an annual basis for May 1 to April 30.

Regulatory risk

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulator regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

Recovery risk

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the Ontario Energy Board ("OEB") and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. Hearst Power Distribution Company Limited/ Corporation de Distribution Électrique de Hearst is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Regulatory Deferral Accounts

The company has early adopted IFRS 14 *Regulatory Deferral Accounts*. In accordance with IFRS 14, the company has continued to apply the accounting policies it applied in accordance with the pre-changeover Canadian Generally Accepted Accounting Principles ("GAAP") for the recognition, measurement and impairment of assets and liabilities arising from rate regulation. These are referred to as regulatory deferral account balances.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory deferral account balances can arise from differences in amounts collected from customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the company in the wholesales market administered by the Independent Electricity System Operator (the “IESO”) after May 1, 2002. These amounts have been accumulated pursuant to regulation underlying the Electricity Act (the “EA”) and deferred in anticipation of their future recovery or expense in electricity distribution service charges.

Explanation of Recognized Amounts

Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets as described below.

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

b) Revenue

Revenue is recognized to the extent that it is probable that economic benefits will flow to the company and that the revenue can be reliably measured. Revenue comprises of sales and distribution of energy, pole use rental, collection charges, non-utility revenues, contributions in aid of construction, investment income and other miscellaneous revenues.

Sale and distribution of energy

The company is licensed by the OEB to distribute electricity. As a licensed distributor, the company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the company ultimately collects these amounts from customers. The company has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity is recognized on an accrual basis, including unbilled revenues accrued in respect of electricity delivered but not yet billed. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Other

Other revenues, which include revenues from pole use rental, collection charges and other miscellaneous revenues are recognized at the time services are provided.

Where the company has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Contributions in aid of construction

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as contributions in aid of construction and are recognized as other revenues on a straight-line basis over the useful life of the constructed or contributed asset.

Non-utility revenues

Non-utility revenues include other revenues not related to sale and distribution of energy. These revenues consist mainly of street lighting installation, repair and/or maintenance services and water reading and billing services.

Non-utility revenues are recognized as the service is performed.

Investment income

Investment income is recognized when earned.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

d) Financial Assets

Financial assets - classified as loans and receivables

These include cash and cash equivalents, accounts receivables, unbilled service revenue and payments in lieu of taxes. They are initially recorded at fair value and subsequently recognized at amortized cost using the effective interest method. Collectability of accounts receivable is reviewed on an ongoing basis. Accounts receivable which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of future cash flows. The amount of the provision is recognized in the statement of comprehensive income.

Financial assets - classified at fair value through profit and loss

Investments are classified as fair value through profit and loss which are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from disposals of investments and changes in fair value are recognized in comprehensive income. Disposal of investment is recorded at weighted average rate.

e) Financial Liabilities

Accounts payable and accrued liabilities, payments in lieu of taxes, demand loan, customer deposits and due to the Corporation of the Town of Hearst are classified as other financial liabilities. These liabilities are initially recorded at fair value and subsequently recognized at amortized cost.

Customer Deposits

Customers may be required to post security to obtain electricity or other services, which are refundable. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as deposits, which are reported separately from the company's own cash and cash equivalents. Deposits to be refunded to customers within the next fiscal year are classified as a current liability. Interest rates paid on customer deposits are based on the Bank of Canada's prime business rate less 2%.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

f) Property and Equipment

Recognition and measurement

Property and equipment ("P&E") are recognized at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the company, including eligible borrowing costs.

Amortization of P&E is recorded in the statement of income and comprehensive income on a straight-line basis over the estimated useful life of the related asset. In the year of acquisition, only half of the following rate is used. In the year of disposition, no amortization is recorded. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives are as follows:

Land and Buildings	
Land	Not amortized
Buildings and components	20 to 70 years
Distribution Equipment	
Meters	15 years
Smart meters	15 years
Services	25 years
Transformers	40 years
Underground conductor and devices	40 years
Overhead conductor and devices	45 years
Poles, towers and fixtures	45 years
Underground conduit and foundations	50 years
Automotive Equipment	
Transportation equipment	5 to 10 years
Other Equipment	
Computer equipment and hardware	5 years
Communication equipment	10 years
Office furniture and equipment	10 years
Stores equipment	10 years
Tools, shop and garage equipment	10 years
Work-in-Progress	
Major spare parts	Not amortized

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Major spare parts

Major spares parts such as spare transformers and other items kept as standby/back-up equipment are accounted for as P&E since they support the company's distribution system reliability.

Contributions in aid of construction

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction. The contribution represents the company's obligation to continue to provide customers access to the supply of electricity and is amortized to income over the economic useful life of the contributed asset ranging between 25 and 45 years.

Gains and losses on disposal

Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the statement of comprehensive income when the asset is disposed of. When an item of property and equipment with related contributions in aid of construction is disposed, the remaining deferred revenue is recognized in full in the statement of comprehensive income.

g) Borrowing Costs

The company capitalizes interest expenses and other finance charges directly relating to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use. Capitalization commences when expenses are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization will be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

h) Intangible Assets

Computer software

Computer software that is acquired or developed by the company, including software that is not integral to the functionality of equipment purchased, which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Land rights

Payments to obtain rights to access land (“land rights”) are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the company does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

Organization costs

Organization costs represents the cost for acquiring the local distribution in excess of fair value of the net identifiable assets purchased. Organization costs is measured at cost less accumulated amortization and accumulated impairment losses.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date. The estimated useful lives for the current and comparative years are:

Computer software	5 years
Land rights	10 years
Organization costs	20 years

i) Impairment of Non-Financial Assets

The company conducts annual internal assessments of the values of property and equipment, intangible assets and regulatory deferral account debit balances to determine whether there are events or changes in circumstances that indicate that their carrying amount may not be recoverable. Where the carrying value exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (“CGU”), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The company has one cash-generating unit for which impairment testing is performed. An impairment loss is charged to the statement of income and comprehensive income, except to the extent it reverses gains previously recognized in other comprehensive income.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

j) Employee Future Benefits

Defined contribution plan

The employees of the company participate in the Ontario Municipal Employees Retirement System (“OMERS”). The company also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The company is one of a number of employers that participates in the plan and the financial information provided to the company on the basis of the contractual agreements is usually insufficient to measure the company’s proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company’s obligation on behalf of its retired employees unfunded extended medical and dental benefits is recorded at actual cost when occurred.

k) Payment in Lieu of Taxes Payable

Tax status

The company is a Municipal Electricity Utility (“MEU”) for purposes of the payments in lieu of taxes (“PILs”) regime contained in the Electricity Act, 1998. As an MEU, the company is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the company is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation (“OEFC”), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Current and future tax

Income tax expense comprises of current and future taxes. Current and future taxes are recognized in net income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Future tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. The amount of the future tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities/(assets) are settled/(recovered).

Recognition of future tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the future tax asset can be utilized.

At the end of each reporting period, the company reassesses both recognized and unrecognized future tax assets. The company recognizes a previously unrecognized future tax asset to the extent that it has become probable that future taxable profit will allow the future tax asset to be recovered.

l) Finance Income and Finance Costs

Finance income comprises of interest income on funds invested such as cash and short-term investments. Interest income is recognized as it accrues in the statement of comprehensive income, using the effective interest method.

Finance cost comprises of interest payable on debt and impairment losses recognized on financial assets.

m) Inventory

Cost of inventory comprise of direct materials, which typically consists of distribution assets not deemed as major spare parts, unless purchased for specific capital projects in process or as spare units. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost. Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed into inventory. Inventory is recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

n) Standards, Amendments and Interpretations Not Yet Effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been early adopted by the company.

Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces existing revenue recognition guidance, including IAS 18 *Revenue* and IFRIC 18 *Transfers of Assets from Customers*. IFRS 15 is based on the core principle to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the transfer of control.

The Corporation will adopt IFRS 15 on January 1, 2018 retrospectively. However, the restatement of the comparative periods is not mandatory since an exemption from the standard makes it possible to present the comparative periods according to the previous accounting standard under certain conditions. In this case, any adjustment resulting from the application of IFRS 15 will be recognized in the opening statement of financial position. The Corporation has decided not to restate the comparative periods when adopting IFRS 15. As a result, the retrospective impact of the application of IFRS 15 will be recognized in the statement of financial position as at January 1, 2018, effective date of the new standard.

The Corporation believes that the adoption of IFRS 15 should not have a significant impact.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018 and will be applied retrospectively with some exceptions. The Corporation has assessed the impact of adoption IFRS 9, and concluded that the new classification under IFRS 9 will not have a material impact on the financial statements.

Management is currently evaluating the impact of adopting the new expected credit loss model for measuring impairment.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 *Leases*, which replaces IAS 17 *Leases* and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. For the lessor, the distinction between operating and finance leases remains similar.

The company is currently evaluating the impact of the adoption of IFRS 16 which will be effective January 1, 2019.

4. USE OF ESTIMATES AND JUDGEMENTS

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

4. USE OF ESTIMATES AND JUDGEMENTS, (CONT'D)

Payments in lieu of taxes payable

The company is required to make payments in lieu of taxes calculated on the same basis as income taxes on taxable income earned and capital taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and future tax provisions in the period in which such determination is made.

Accounts receivable for bad debts

In determining the allowance for doubtful accounts, the company considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

5. CASH AND CASH EQUIVALENTS

The company's bank accounts is held at the Caisse populaire de Hearst Limitée.

The company's chequing account earns interest based upon its lowest daily credit balance with a minimum balance of \$50,000. Interest is paid monthly at the bank's monthly prime rate less 1.75%. As at December 31, 2017, the rate was 1.45% (2016 - 0.95%).

The company's savings account earns interest based upon its lowest monthly credit balance. Interest is paid quarterly at the bank's monthly prime rate times 30%. As at December 31, 2017, the rate was 0.96% (2016 - 0.81%).

6. INVESTMENTS

	2017	2016
Cash or cash equivalent	\$ 262,108	\$ 128,301
Fixed income securities	993,434	1,124,783
Equity market	343,742	286,651
Bonds	171,752	171,752
	<u>\$ 1,771,036</u>	<u>\$ 1,711,487</u>

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

6. INVESTMENTS, (CONT'D)

In the current year, the company realized losses of \$13,220 (2016 - \$2,287) with the disposition of investments and earned mutual fund revenues of \$61,419 (2016 - \$61,265). The company incurred fees of \$14,787 (2016 - \$10,366) to administer its funds. The company recorded unrealized gain of \$22,522 as at December 31, 2017 (2016 - \$19,637) to reflect their investments at fair market value.

Purchasers of electricity in Ontario are required to provide security to the IESO to mitigate the risk of default based on their expected activity in the market. In this regard, the company has obtained a Government of Canada T-Bill as a security in the amount of \$171,752, which is presented as bonds.

7. ACCOUNTS RECEIVABLE

	2017	2016
Electric energy receivable	\$ 588,273	\$ 788,144
Related party receivable	122,772	102,839
Other accounts receivable	20,344	50,798
Ontario Power Authority (OPA)	33,795	34,768
Commodity taxes	52,450	48,062
Interest receivable	780	5,747
	<u>\$ 818,414</u>	<u>\$ 1,030,358</u>

Due to its short-term nature, the carrying amount of the accounts receivable approximates its fair value.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

8. PAYMENTS IN LIEU OF TAXES

The significant components of the provision for payments in lieu of taxes recognized in net income are as follows:

	2017	2016
Current tax		
Based on current year taxable income	\$ 2,661	\$ 3,923
Future tax		
Change in unrecognized future tax assets	-	8,200
	<u>\$ 2,661</u>	<u>\$ 12,123</u>

Reconciliation of effective tax rate

Statutory Canadian Federal and Provincial tax rates for the current year comprise 28% (2016 - 28%) for Federal corporate tax and 11.5% (2016 - 11.5%) for Ontario corporate tax. The PILs expense varies from amounts which would be computed by applying the company's combined statutory income tax rate as follows:

	2017	2016
Income before PILs	\$ 74,731	\$ 92,329
Statutory Canadian federal and provincial tax rate	<u>39.5%</u>	<u>39.5%</u>
Provision for PILs at statutory rate	\$ 29,519	\$ 36,470
Increase (decrease) in income tax resulting from:		
Amortization of property and equipment in excess (less) of capital cost allowance	2,154	(3,184)
Amortization of intangible assets in excess of cumulative eligible capital deduction	1,232	1,442
Amortization of the refund Account 1575/1576	(14,650)	(14,650)
(Gain) loss on disposal of property and equipment	(4,979)	329
Unrealized gains from investments	(8,896)	(7,757)
Non-active investment income (net)	(1,176)	(4,104)
Losses of prior years	-	(3,349)
Foreign tax credits	(242)	(225)
General tax reduction	(301)	(1,049)
Provision for payments in lieu of taxes	<u>\$ 2,661</u>	<u>\$ 3,923</u>
Effective tax rate	3.56%	4.25%

Future payment in lieu of taxes balances

Significant component of the company's future payments in lieu of taxes balances is as follows:

	2017	2016
Property and equipment	\$ 16,000	\$ 16,000

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9. PROPERTY AND EQUIPMENT

	Land and buildings	Distribution equipment	Automotive equipment	Other equipment	Work-in- progress	Total
COST						
December 31, 2016	\$ 235,793	\$ 1,448,930	\$ 214,268	\$ 46,254	\$ 49,874	\$ 1,995,119
Additions	-	162,569	-	3,213	7,679	173,461
Disposals	-	(5,502)	-	-	-	(5,502)
December 31, 2017	<u>\$ 235,793</u>	<u>\$ 1,605,997</u>	<u>\$ 214,268</u>	<u>\$ 49,467</u>	<u>\$ 57,553</u>	<u>\$ 2,163,078</u>
ACCUMULATED AMORTIZATION						
December 31, 2016	\$ 21,917	\$ 418,429	\$ 89,866	\$ 19,077	-	\$ 549,289
Amortization	8,847	87,031	29,600	9,215	-	134,693
Disposals	-	(1,007)	-	-	-	(1,007)
December 31, 2017	<u>\$ 30,764</u>	<u>\$ 504,453</u>	<u>\$ 119,466</u>	<u>\$ 28,292</u>	<u>\$ -</u>	<u>\$ 682,975</u>
CARRYING AMOUNTS						
December 31, 2016	<u>\$ 213,876</u>	<u>\$ 1,030,501</u>	<u>\$ 124,402</u>	<u>\$ 27,177</u>	<u>\$ 49,874</u>	<u>\$ 1,445,830</u>
December 31, 2017	<u>\$ 205,029</u>	<u>\$ 1,101,544</u>	<u>\$ 94,802</u>	<u>\$ 21,175</u>	<u>\$ 57,553</u>	<u>\$ 1,480,103</u>

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10. INTANGIBLE ASSETS

	Computer software	Land rights	Organization costs	Total
COST				
December 31, 2016	\$ 130,427	\$ 4,232	\$ 25,471	\$ 160,130
Additions	1,116	-	-	1,116
December 31, 2017	<u>\$ 131,543</u>	<u>\$ 4,232</u>	<u>\$ 25,471</u>	<u>\$ 161,246</u>
ACCUMULATED AMORTIZATION				
December 31, 2016	\$ 126,088	\$ 4,232	\$ 21,382	\$ 151,702
Amortization	1,847	-	1,273	3,120
December 31, 2017	<u>\$ 127,935</u>	<u>\$ 4,232</u>	<u>\$ 22,655</u>	<u>\$ 154,822</u>
CARRYING AMOUNTS				
December 31, 2016	\$ 4,339	-	\$ 4,089	\$ 8,428
December 31, 2017	<u>\$ 3,608</u>	<u>-</u>	<u>\$ 2,816</u>	<u>\$ 6,424</u>

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11. REGULATORY DEFERRALS

All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. In 2017, the company had a cost of service application to the OEB, resulting in disposal of deferral accounts and new rates applicable as of May 1, 2017. Where no recovery period is noted, the deferral amount will be applied for disposition at the time of the next cost of service application to the OEB, which is currently scheduled for 2020. The recovery period will be determined by the OEB at that time.

Due to previous, existing or expected future regulatory articles or decisions, the company has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

	2016	Disposition 2017	Balances arising in the period	Recovery	2017
Regulatory deferral debits					
Other regulatory assets	\$ 194	\$ -	\$ -	\$ -	194
Miscellaneous deferred debits	4	-	-	-	4
LV variance account	136,799	(55,495)	86,424	-	167,728
Stranded meters	39,128	-	-	(13,130)	25,998
Smart metering entity charge variance account	644	(559)	(55)	-	30
RCVA retail	461	-	1,788	-	2,249
Lost revenue adjustment mechanism (LRAM)	27	-	-	-	27
Disposition and recovery of regulatory 2012	99,185	-	1,166	-	100,351
Disposition and recovery of regulatory 2013	157	-	-	-	157
Disposition and recovery of regulatory 2017	-	80,708	440	(42,333)	38,815
Total regulatory deferral debits	276,599	24,654	89,763	(55,463)	335,553

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11. REGULATORY DEFERRALS, (CONT'D)

	2016	Disposition 2017	Balances arising in the period	Recovery	2017
Regulatory deferral credits					
Other regulatory liabilities	\$ (12,419)	\$ -	\$ -	\$ -	(12,419)
Retail settlement variances	(67,029)	(24,654)	61,629	-	(30,054)
PILs and tax variance	-	-	(2,139)	-	(2,139)
Accounting changes under CGAAP	(37,088)	-	-	37,088	-
Disposition and recovery of regulatory 2010	(840)	-	-	-	(840)
Disposition and recovery of regulatory 2015	(35,804)	-	1,834	33,557	(413)
Total regulatory deferral credits	(153,180)	(24,654)	61,324	70,645	(45,865)
Net regulatory asset	\$ 123,419	\$ -	\$ 151,087	\$ 15,182	\$ 289,688

Carrying charges are calculated monthly on the opening balance of the applicable variance account using the prescribed interest rate set by the OEB. During the year, the company recorded a net debit balance of \$3,224 (2016 - \$3,328) to the above regulatory accounts for carrying charges and the related net credit balance is included in finance income. The prescribed interest rate history is as follows:

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
2017 OEB quarterly prescribed interest rates	1.10%	1.10%	1.10%	1.50%
2016 OEB quarterly prescribed interest rates	1.10%	1.10%	1.10%	1.10%

Other regulatory assets and miscellaneous deferred debits

The company used these deferral accounts to record one-time administrative incremental IFRS transition costs. Balances at year-end represent carrying charges for the period before the approval of the disposal by the OEB in 2015. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

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11. REGULATORY DEFERRALS, (CONT'D)

Low voltage (LV) variance account

This account is used to record the variance arising from low voltage transactions which are not part of the electricity wholesale market. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

Stranded meters

This account includes the net book value of stranded mechanical meters, which have been replaced by smart meters, plus carrying charges. Recoveries began on January 1, 2016 and ended December 31, 2017.

Smart metering entity charge variance account

The OEB is managing the development of the meter data management/repository to collect, manage, store and retrieve information related to the metering of customers' use of electricity in Ontario.

A monthly carrying charge is calculated based on the OEB's approved interest rates and added to the balance of each account.

RCVA retail

This account is used monthly to record the net of revenues derived from services such as, Establishing Service Agreements; Distributor-Consolidated Billing; and EBT (Hub) fees, and the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract, as well as the incremental costs incurred to provide the Distributor-Consolidated Billing services. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

Lost revenue adjustment mechanism (LRAM) variance account

This variance account is used to record the LRAM variances in relation to the conservation and demand management (CDM) programs or activities undertaken by a distributor in accordance with Board-prescribed requirements. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

Disposition and recovery of regulatory

This variance account is comprised of the cumulative balances of regulatory assets and liabilities approved for disposition by the OEB, reduced by amounts recovered/(refunded) to customers through billing of approved disposition rate riders. The number of years over which the recovery has been approved is prescribed by the OEB.

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11. REGULATORY DEFERRALS, (CONT'D)

Other regulatory liabilities

This variance account include amounts of regulatory liabilities, not included in other accounts, imposed on the utility by the ratemaking actions of the Board.

Retail settlement variance accounts (RSVA)

RSVAs are comprised of the variances between amounts charged by the company to its customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the company. The settlement variances relate primarily to service charges, non-competitive electricity charges and the global adjustment. Accordingly, the corporation has deferred the variances between the costs incurred and the related recoveries in accordance with the criteria set-out in the accounting principles prescribed by the OEB. The balance for settlement variances continues to be calculated and attracts carrying charges in accordance with the OEB's direction.

PILs and tax variance account

This variance account is used to record the incremental ITC received on distribution revenue requirement items that were previously subject to PST and became subject to HST. Tracking of these amounts will continue in this deferral account until the effective date of the distributor's next cost of service rate order. Fifty percent of the balance in this account, confirmed by the OEB, shall be returnable to the ratepayers. A monthly carrying charge is calculated based on the OEB's approved interest rates and added to the balance of the account.

Accounting Changes Under CGAAP

The total amount accumulated in regard to the financial differences arising as a result of the election to make accounting changes to amortization; the difference is a reflection of the revised amortization expense in comparison to the depreciation that would have been recorded under previous service life terms and thus included in rates charged to customers.

The cumulative variance in this account is refunded/(recovered) since January 1, 2016 through an adjustment to depreciation expense over an approved amortization period of two years.

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12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Accounts payable	\$ 1,674,239	\$ 2,014,689
Accrued fees	61,000	26,000
Customer credit balances	59,098	33,515
Debt retirement charges	31,765	30,969
Wages payable	38,176	34,059
	<u>\$ 1,864,278</u>	<u>\$ 2,139,232</u>

13. DEMAND LOAN

	2017	2016
Promissory note payable to the Corporation of the Town of Hearst, interest payable yearly is an amount approved by the Board of directors, no fixed capital repayment	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

14. CUSTOMER DEPOSITS

Customer deposits represents cash deposits from electricity distribution customers and retailers.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

As at December 31, 2017, the customer deposits balance is \$74,368 (2016 - \$69,593).

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15. CONTRIBUTIONS IN AID OF CONSTRUCTION

	2017	2016
Deferred contributions, net beginning of year	\$ 47,782	\$ 19,489
Contributions in aid of construction received	13,751	29,251
Contributions in aid of construction recognized as other revenues	<u>(1,474)</u>	<u>(958)</u>
	<u>\$ 60,059</u>	<u>\$ 47,782</u>

16. SHARE CAPITAL

	2017	2016
Authorized		
Unlimited number of preference shares, dividends at the discretion of the directors, non voting		
Unlimited number of common shares		
Issued		
10,000 common shares	<u>\$ 10,000</u>	<u>\$ 10,000</u>

17. EMPLOYEE FUTURE BENEFITS

a) Defined contribution plan

The employees of the company participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit plan for employees, the related obligation of the corporation cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. The employer's portion of amounts paid to OMERS during the year was \$52,458 (2016 - \$47,181). The contributions were made for current service and these have been recognized in net income.

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17. EMPLOYEE FUTURE BENEFITS, (CONT'D)

b) Defined benefit plan

The company provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The company has reported its share of the defined benefit costs in these financial statements. As per an agreement, the company purchases certain benefits for retired employees until they reach 65 years of age. Subsequent payments for these benefits will amount to:

2018	\$	3,894
2019		3,894
2020		1,947
2021		<u>1,623</u>
	<u>\$</u>	<u>11,358</u>

18. LIABILITY INSURANCE

The company belongs to the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2017, the company has not been made aware of any assessments for losses. Insurance premiums charged to each member consist of a levy per thousand of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage of the company's policy is \$30,000,000 for liability insurance.

19. CREDIT FACILITIES

Line of credit

The company has a line of credit, secured by a general security agreement, with an authorized limit of \$300,000 available under a credit facility agreement with the Caisse Populaire de Hearst Limitée. As at December 31, 2017, the balance was \$NIL (2016 - \$NIL) on this credit facility and the rate was 3.2% (2016 - 2.7%).

Credit card

The company has a MasterCard account, secured by a general security agreement, with an authorized limit of \$5,000 available under a credit facility agreement with the Caisse Populaire de Hearst Limitée.

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20. RELATED PARTIES TRANSACTIONS

The company is related to the Corporation of the Town of Hearst, its sole shareholder, and to all the organizations the Town owns. Only transactions incurred during the year with the Corporation of the Town of Hearst, Hearst Power Sales and Services Company Limited and Hearst Wi-Fibe Corporation will be disclosed since they are related through common members on their board of directors.

Transactions were as follows:

	2017	2016
<i>Corporation of the Town of Hearst</i>		
Service revenue	\$ 675,533	\$ 810,243
Expenses		
Clerical and answering services	\$ 181,301	\$ 173,251
Gasoline	\$ 6,631	\$ 4,217
Interest on long-term debt	\$ 74,731	\$ 77,097
Miscellaneous	\$ 488	\$ 1,334
Office supplies	\$ 1,274	\$ 618
Rent	\$ 13,880	\$ 13,608
Repair and maintenance	\$ 15,831	\$ 8,468
Retrofits	\$ 800	\$ 130,608
Telephone	\$ 2,733	\$ 2,613
<i>Hearst Power Sales and Services Company Limited</i>		
Service revenue	\$ 1,335	-
<i>Hearst Wi-Fibe Corporation</i>		
Service revenue	\$ 85,603	-

Expenses of \$80,719 were incurred by the company relating to the service revenue provided to Hearst Wi-Fibe Corporation. Expenses include equipments used (calculated using the estimated average cost per hour), materials and labour.

None of these transactions would constitute an individually significant transaction.

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20. RELATED PARTIES TRANSACTIONS, (CONT'D)

Year-end balances were as follows:

	2017	2016
Accounts receivable from the Corporation of the Town of Hearst	\$ 80,697	\$ 102,839
Accounts receivable from Hearst Wi-Fibe Corporation	\$ 42,075	-
Due to the Corporation of the Town of Hearst	\$ (273,546)	\$ (454,567)
Demand loan payable to the Corporation of the Town of Hearst	\$ (1,250,000)	\$ (1,250,000)

These transactions are in the normal courses of operations and are measured at the exchange amount received or paid on similar terms as those of unrelated parties.

21. FINANCIAL INSTRUMENTS

The company's carrying value and fair value of financial instruments consist of the following :

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Cash and cash equivalents	\$ 1,316,705	\$ 1,316,705	\$ 1,523,689	\$ 1,523,689
Investments	\$ 1,768,690	\$ 1,771,036	\$ 1,731,663	\$ 1,711,487
Accounts receivable	\$ 818,414	\$ 818,414	\$ 1,030,358	\$ 1,030,358
Unbilled service revenue	\$ 929,317	\$ 929,317	\$ 1,166,796	\$ 1,166,796
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,864,278	\$ 1,864,278	\$ 2,139,232	\$ 2,139,232
Demand loan	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000
Customer deposits	\$ 74,368	\$ 74,368	\$ 69,593	\$ 69,593
Due to the Corporation of the Town of Hearst	\$ 273,546	\$ 273,546	\$ 454,567	\$ 454,567

The estimated fair values of financial instruments as at December 31, 2017 are based on relevant market prices and information available at that time. The fair value estimates are not necessarily indicative of the amounts that the corporation may receive or incur in actual market transactions. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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21. FINANCIAL INSTRUMENTS, (CONT'D)

Determination of fair values

- (a) The fair values of cash and cash equivalents, accounts receivable, unbilled service revenue, accounts payables and accrued liabilities, demand loan and customer deposits approximate their carrying values because of the short-term nature of these instruments.
- (b) The investments consist only of publicly traded investments, therefore, the fair value is determinable. The investments are recorded at fair market value through profit and loss since initial recognition.

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 instruments 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 and liabilities that are not based on observable market data (unobservable inputs).

The company's fair value hierarchy is classified as Level 1 for cash and cash equivalents and investments. All others financial instruments are classified as Level 3.

22. CAPITAL MANAGEMENT

The main objectives of the company, when managing capital, are:

- (a) To ensure ongoing access to funding to maintain and improve the electricity distribution system;
- (b) To respect the capital structure for regulated activities with debt to equity structure recommended by the OEB, which is 60% debt and 40% equity;
- (c) To ensure prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity business.

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22. CAPITAL MANAGEMENT, (CONT'D)

The company defines capital as shareholder's equity and demand loan.

The OEB regulates the amount of interest on debt that may be recovered by the regulated electricity distribution business of the company through its electricity distribution rates. The actual capital structure of the company may differ from the OEB deemed structure.

The company has no external capital requirements.

23. CONTINGENCY

As at December 31, 2017, a legal claim is in progress against the Corporation for a breach of contract. It is management's position that the Corporation has valid defences in place. In the unlikely event this claim is successful, such claim is not expected to have a material effect of the Corporation's financial position.

24. FINANCIAL RISK MANAGEMENT

As part of its operations, the company carries out transactions that expose it to financial risks such as credit, liquidity, interest and market risks. The following is a discussion of risks and related mitigation strategies that have been identified by the company for financial instruments. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks identified.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. The maximum credit exposure is limited to the carrying amount of cash and cash equivalents, accounts receivable, and unbilled service revenue presented on the statement of financial position.

The company limits its exposure to credit loss by placing its cash with a high credit quality financial institution. The company maintains cash with only one major financial institution. Eligible deposits per financial institution are insured to a maximum basic insurance level of \$100,000 per account, including principal and interest by the Canada Deposit Insurance Corporation.

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24. FINANCIAL RISK MANAGEMENT, (CONT'D)

The company is exposed to credit risk related to accounts receivable and unbilled service revenue arising from its day-to-day electricity and service revenue. Exposure to credit risk is limited due to the company's large and diverse customer base located in the Town of Hearst. The company has approximately 2,759 (2016 - 2,765) customers, the majority of which are residential. For the year ended December 31, 2017, two (2016 - two) customers from the forestry industry account for revenue in excess of 10% of total revenue. The company limits its credit risk by collecting security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2017, the company holds security deposits in the amount of \$74,368 (2016 - \$69,593). The corporation does not have any material accounts receivable balances greater than 90 days outstanding. The company believes that its accounts receivable represent a low credit risk.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement. As at year-end and prior year-end, no allowance for impairment was recognized. An impairment loss of \$13,838 was recognized during the year (2016 - \$11,302).

The value of accounts receivable, by age, are presented in the following table. Unbilled energy revenue which is not included in the table below is considered all current.

	2017	2016
Under 30 days	\$ 728,043	\$ 956,627
30 to 60 days	83,480	68,818
61 to 90 days	6,840	4,308
Over 90 days	51	605
	<u>\$ 818,414</u>	<u>\$ 1,030,358</u>

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24. FINANCIAL RISK MANAGEMENT, (CONT'D)

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet operational and investing requirements without incurring unacceptable losses or risking harm to the company's reputation. The company's exposure is reduced by cash generated from operations and undrawn credit facilities. Exposure to such risks is significantly reduced through close monitoring of cash flows and budgeting. Liquidity risks associated with financial commitments are as follows:

	0 - 3 mo	3 mo - 1 yr	1 - 5 yr	Non-specified	Total
Accounts payable	\$ 1,799,972	\$ -	\$ -	\$ 64,306	\$ 1,864,278
Customer deposits	-	27,131	21,415	25,822	74,368
	<u>\$ 1,799,972</u>	<u>\$ 27,131</u>	<u>\$ 21,415</u>	<u>\$ 90,128</u>	<u>\$ 1,938,646</u>

INTEREST RISK

A portion of the company's demand loan has a variable interest rate. Changes in the bank's prime lending rate of 1% can cause fluctuations of interest payments and cash flows estimated at \$12,500 (2016 - \$12,500). The company does not use derivative instruments to reduce its exposure to interest rate risk.

MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as equity market fluctuations, currency risk, interest rates and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the company's primary market risk exposures and how these exposures are currently managed.

Equity market fluctuation risk

Fluctuations in the value of equity securities affect the level and timing of recognition of gains and losses on equity and mutual fund and pooled fund securities in the company's portfolio and causes changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock and bond markets and, consequently, the value of the equity, mutual fund and fixed income.

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24. FINANCIAL RISK MANAGEMENT, (CONT'D)

The company manages its investments portfolios with a low risk mandate. The company manages the risk by investing in the portfolios of three different investment brokers. The investment portfolio of the company is 80% in securities and 20% in equity market.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company's exposure relates to investments denominated in other currency than Canadian currency.

Based on the investments in foreign currency at year-end of \$510,159 (2016 - \$522,950), a 1% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of \$5,102 (2016 - \$5,230).

Interest risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The company is exposed to interest rate fluctuations on its cash and cash equivalents, investments and demand loan.

The company has various interest rates from different fixed income securities in the cash and cash equivalents and investments. A fluctuation in interest rates of 1%, with all other variables held constant, would have an estimate impact on the fair value of the fixed income securities of \$12,555 (2016 - \$12,531).

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25. EXPENSES BY NATURE

	2017	2016
DISTRIBUTION, OPERATION AND MAINTENANCE		
Rent	\$ 13,415	\$ 12,550
Repairs and maintenance	144,883	146,532
Salary, wages and employee benefits	275,820	247,655
Utilities	4,039	4,730
	<u>438,157</u>	<u>411,467</u>
ADMINISTRATION AND FINANCE		
Bad debts	13,838	11,302
Collecting services	40,794	39,856
Communication costs	26,492	28,683
Customer billing expenses	99,226	85,342
General administration and overhead	216,004	223,858
Interest on long-term debt	74,731	77,097
Meter reading expenses	16,315	16,040
Regulatory	37,088	37,088
Salary, wages and employee benefits	229,345	224,807
	<u>753,833</u>	<u>744,073</u>
AMORTIZATION		
Amortization of property and equipment	134,693	127,266
Amortization of intangible assets	3,120	4,168
Amortization of the refund Account 1575/1576	(37,088)	(37,088)
	<u>100,725</u>	<u>94,346</u>
	<u>\$ 1,292,715</u>	<u>\$ 1,249,886</u>

Appendix C Financial Statements 2018 / 2019

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

DECEMBER 31, 2019

Baker Tilly HKC

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INDEPENDENT AUDITOR'S REPORT

To the Directors and Shareholder of
Hearst Power Distribution Company Limited/
Corporation de Distribution Électrique de Hearst

Opinion

We have audited the financial statements of Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst (the "Company"), which comprise the statement of financial position as at December 31, 2019, and the statement of income and comprehensive income, statement of changes in equity and accumulated other comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, 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. 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 Company 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

- ◆ 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 Company's 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 Company 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.

Baker Tilly HKC

Chartered Professional Accountants
Licenced Public Accountants
May 13, 2020

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 5)	\$ 1,417,780	\$ 1,288,437
Investments (Note 6)	1,559,244	1,715,003
Accounts receivable (Note 7)	1,237,800	884,014
Unbilled service revenue	1,098,326	841,260
Inventory	123,828	113,255
Prepaid expenses	79,485	79,884
	<u>5,516,463</u>	<u>4,921,853</u>
FUTURE PAYMENTS IN LIEU OF TAXES (Note 8)	2,000	8,000
PROPERTY AND EQUIPMENT (Note 9)	1,715,803	1,638,395
INTANGIBLE ASSETS (Note 10)	828	3,192
	<u>1,718,631</u>	<u>1,649,587</u>
TOTAL ASSETS	7,235,094	6,571,440
REGULATORY DEFERRALS (Note 11)	<u>293,391</u>	<u>293,116</u>
TOTAL ASSETS AND REGULATORY DEFERRALS	\$ 7,528,485	\$ 6,864,556

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	2019	2018
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 12)	\$ 2,131,938	\$ 1,762,175
Payments in lieu of taxes	23,784	6,803
Demand loan due to the Corporation of the Town of Hearst (Note 13)	1,000,000	1,250,000
Customer deposits (Note 14)	80,040	82,140
Due to the Corporation of the Town of Hearst (Note 21)	544,362	309,955
	<u>3,780,124</u>	<u>3,411,073</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION (Note 15)	97,892	87,523
TOTAL LIABILITIES	<u>3,878,016</u>	<u>3,498,596</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 16)	10,000	10,000
RETAINED EARNINGS	3,582,494	3,338,157
TOTAL SHAREHOLDER'S EQUITY	<u>3,592,494</u>	<u>3,348,157</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	7,470,510	6,846,753
REGULATORY DEFERRALS (Note 11)	57,975	17,803
TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS	<u>\$ 7,528,485</u>	<u>\$ 6,864,556</u>

COMMITMENTS (Note 18) (Note 24)

CONTINGENCY (Note 25)

Approved on behalf of the board

_____, President

_____, Director

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019 Actual	2018 Actual
SERVICE REVENUE			
Electricity	\$ 7,720,760	\$ 7,712,277	\$ 7,407,203
Wholesale market services, transmission and connection	1,383,376	1,330,272	1,295,728
Regulatory adjustment to sale of energy (Note 11)	-	39,897	(41,503)
	<u>9,104,136</u>	<u>9,082,446</u>	<u>8,661,428</u>
COST OF SALES			
Electricity	7,752,270	7,712,277	7,407,203
Wholesale market services, transmission and connection	1,351,866	1,330,272	1,295,728
	<u>9,104,136</u>	<u>9,042,549</u>	<u>8,702,931</u>
	-	39,897	(41,503)
GROSS MARGIN			
DISTRIBUTION REVENUE	1,207,870	1,226,450	1,199,385
NON-UTILITY NET INCOME	63,000	91,479	108,522
OTHER REVENUES	166,628	159,153	202,244
	<u>1,437,498</u>	<u>1,477,082</u>	<u>1,510,151</u>
EXPENSES (Note 28)			
DISTRIBUTION, OPERATION AND MAINTENANCE	434,500	474,760	482,950
ADMINISTRATION AND FINANCE	647,000	619,693	623,923
AMORTIZATION	141,272	114,571	124,014
	<u>1,222,772</u>	<u>1,209,024</u>	<u>1,230,887</u>
INCOME FROM OPERATIONS	<u>214,726</u>	<u>307,955</u>	<u>237,761</u>

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019 Actual	2018 Actual
OTHER (INCOME) EXPENSES			
Finance income (Note 17)	(100,000)	(97,905)	(82,471)
Finance expenses (Note 17)	97,698	88,406	152,250
Cost of other merchandising	86,250	48,070	82,330
Loss (gain) on disposal of property and equipment	-	737	(34,407)
Management fees on investments	-	7,294	14,844
Unrealized loss (gain) on investments	-	(57,802)	17,656
	<u>83,948</u>	<u>(11,200)</u>	<u>150,202</u>
INCOME (LOSS) BEFORE INCOME TAXES AND REGULATORY ITEMS			
	130,778	319,155	87,559
Net movement on regulatory deferral accounts (Note 11)	-	(39,897)	41,503
INCOME BEFORE PAYMENTS IN LIEU OF TAXES			
	<u>130,778</u>	<u>279,258</u>	<u>129,062</u>
PAYMENTS IN LIEU OF TAXES			
Current (Note 8)	8,000	28,921	22,128
Future (Note 8)	8,000	6,000	8,000
	<u>16,000</u>	<u>34,921</u>	<u>30,128</u>
TOTAL INCOME AND OTHER COMPREHENSIVE INCOME			
	<u>\$ 114,778</u>	<u>\$ 244,337</u>	<u>\$ 98,934</u>

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

**STATEMENT OF CHANGES IN EQUITY AND ACCUMULATED OTHER
COMPREHENSIVE INCOME**

YEAR ENDED DECEMBER 31, 2019

	Share capital	Accumulated other comprehen- sive income	Retained earnings	Total
DECEMBER 31, 2017	\$ 10,000	\$ -	\$ 3,239,223	\$ 3,249,223
Total income and other comprehensive income	-	-	98,934	98,934
DECEMBER 31, 2018	10,000	-	3,338,157	3,348,157
Total income and other comprehensive income	-	-	244,337	244,337
DECEMBER 31, 2019	\$ 10,000	\$ -	\$ 3,582,494	\$ 3,592,494

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Total income and other comprehensive income	\$ 244,337	\$ 98,934
Items not involving cash:		
Amortization of property and equipment	112,207	120,782
Amortization of intangible assets	2,364	3,232
Change in future payment in lieu of taxes	6,000	8,000
Contributions in aid of construction recognized as other revenues	(2,682)	(2,046)
Loss (gain) on disposal of property and equipment	737	(34,407)
Net movement on regulatory deferral accounts	39,897	(41,503)
Unrealized loss (gain) on investments	(57,802)	17,656
	<u>345,058</u>	<u>170,648</u>
Changes in:		
Accounts receivable	(353,786)	(65,600)
Unbilled service revenue	(257,066)	88,057
Inventory	(10,573)	(16,532)
Prepaid expenses	399	(48,686)
Accounts payable and accrued liabilities	369,763	(46,225)
Payments in lieu of taxes	16,981	22,669
Customer deposits	(2,100)	7,772
Due to the Corporation of the Town of Hearst	234,407	36,409
	<u>343,083</u>	<u>148,512</u>
INVESTING ACTIVITIES		
Withdrawals from investments	250,000	-
Decrease (increase) of investments	(36,439)	38,377
Proceeds from disposal of property and equipment	-	37,560
Purchase of property and equipment	(190,352)	(282,227)
Contributions in aid of construction received	13,051	29,510
	<u>36,260</u>	<u>(176,780)</u>
FINANCING ACTIVITY		
Repayment of demand loan	(250,000)	-
	<u>129,343</u>	<u>(28,268)</u>
INCREASE (DECREASE) IN CASH	129,343	(28,268)
CASH, BEGINNING OF YEAR	1,288,437	1,316,705
CASH, END OF YEAR	\$ 1,417,780	\$ 1,288,437

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

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. STATUS AND NATURE OF OPERATIONS

Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst (the "Company") was incorporated on November 2, 2000 under the Ontario Business Corporations Act. The Company operates an electrical distribution utilities in the territory of the Corporation of the Town of Hearst ("the Town"). The address of the Company's office and principal place of business is 925 Alexandra Street, Hearst, Ontario, Canada.

The sole shareholder of the Company is the Corporation of the Town of Hearst.

2. STATEMENT OF COMPLIANCE

The financial statements of Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

The financial statements for the year ended December 31, 2019 were approved and authorized for issue by the Board of Directors on May 13, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair values, explained in the relevant accounting policies. The financial statements are presented in Canadian dollars (CDN\$), which is also the Company's functional currency, and all values are rounded to the nearest dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

ELECTRICITY REGULATION

Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst, as an electricity distributor, is both licensed and regulated by the Ontario Energy Board (“OEB”) which has a legislative mandate to oversee various aspects of the electricity industry. The OEB exercises statutory authority through setting or approving all rates charged by the Company and establishing standards of service for the Company’s customers.

The OEB has broad powers relating to licensing, standards of conduct and service and the regulation of rates charged by the Company and other electricity distributors in Ontario. The Ontario government enacted the Energy Competition Act, 1998, to introduce competition to the Ontario energy market. Rates are set by the OEB on an annual basis for May 1 to April 30.

The following regulatory policy is practiced in a rate regulated environment:

Regulatory deferral accounts

In accordance with IFRS 14, the Company has continued to apply the accounting policies in accordance with the pre-changeover Canadian Generally Accepted Accounting Principles (“GAAP”) for the recognition, measurement and impairment of assets and liabilities arising from rate regulation.

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s) that are expected to be recovered from consumers in future periods through the rate-setting process. Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process. Regulatory deferral account balances can arise from differences in amounts collected from customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the Company in the wholesales market administered by the Independent Electricity System Operator (the “IESO”) after May 1, 2002. These amounts have been accumulated pursuant to regulation underlying the Electricity Act (the “EA”) and deferred in anticipation of their future recovery or expense in electricity distribution service charges.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

ELECTRICITY REGULATION, (CONT'D)

Explanation of recognized amounts

Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets as described below:

Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

Regulatory risk

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulator regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

Recovery risk

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

REVENUE RECOGNITION

The Company recognizes revenue when it transfers control over a promised good or service, a performance obligation under the contract, to a customer and where the Company is entitled to consideration as a result of completion or the performance obligation.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

REVENUE RECOGNITION, (CONT'D)

Sale and distribution of energy

The Company is licensed by the OEB to distribute electricity. As a licensed distributor, the Company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Company ultimately collects these amounts from customers. The Company has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity is recognized on an accrual basis, including unbilled revenues accrued in respect of electricity delivered but not yet billed. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

Other

Other revenues, which include revenues from pole use rental, collection charges and other miscellaneous revenues are recognized at the time services are provided.

Where the Company has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Contributions in aid of construction

Property and equipment may be constructed or acquired with financial assistance in the form of contributions from customers in the purpose of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to supply of electricity, these contributions are classified as contributions in aid of construction and are recognized as other revenues on a straight-line basis over the useful life of the related property and equipment. Contributions in aid of construction received from developers are considered out of scope of IFRS 15 *Revenue from Contracts with Customers*.

Non-utility revenues

Non-utility revenues include other revenues not related to sale and distribution of energy. These revenues consist mainly of street lighting installation, repair and/or maintenance services and water reading and billing services.

Non-utility revenues are recognized as the service is performed.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

REVENUE RECOGNITION, (CONT'D)

Investment income

Investment income is recognized when earned.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

ACCOUNTS RECEIVABLE AND UNBILLED REVENUE

Accounts receivable are recorded at the invoiced amount and arrears amounts bear interest at the OEB prescribed interest rates. Unbilled revenue is recorded based on actual billings. The carrying amount of accounts receivable and unbilled revenue is reduced through an allowance for doubtful accounts, if applicable, and the amount of the impairment loss is recognized in the statement of income. The impairment loss is the difference between an asset's carrying amount and the estimated future cash flows. When the Company considers that there are no realistic prospects of recovery of the accounts receivable, the relevant amounts are written off. If the amount of impairment loss subsequently decreases due to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through net income.

FINANCIAL INSTRUMENTS

Financial assets are identified and classified based on the business model used by the Company for managing those financial assets, as one of the following: at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss or at amortized cost.

Financial assets and financial liabilities are presented on a net basis when the Company has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the net asset and settle the liability simultaneously.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FINANCIAL INSTRUMENTS, (CONT'D)

At amortized cost

Cash and cash equivalents, accounts receivables and unbilled service revenue are classified as financial assets at amortized cost. These financial assets are recognized initially at fair value plus directly attributable transaction costs, if any. After initial recognition, they are measured at amortized cost when they are held for collection of cash flows, where those cash flows solely represent payments of principal and interest using the effective interest rate. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or a shorter period when appropriate, to the gross carrying amount of the financial asset.

The Company's accounts payable and accrued liabilities, demand loan, customer deposits and due to the Corporation of the Town of Hearst are classified as financial liabilities at amortized cost and recognized on the date at which the Company becomes a party to the contractual arrangement. Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire. Financial liabilities are initially recognized at fair value including discounts and premiums, plus directly attributable transaction costs, such as issue expenses, if any. Subsequently, these liabilities are measured at amortized cost using the effective interest rate method.

At fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows solely represent payments of principal and interest, are classified as financial assets at fair value through other comprehensive income. These financial assets are initially recognized at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for the recognition of impairment losses, reversal of impairment losses, interest income and foreign exchange gains and losses, gain or loss previously recognized in net income. On derecognition of the financial asset, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to net income. Interest income from these financial assets is recognized as other income using the effective interest rate method. As at December 31, 2019, the Company does not have any financial assets classified at fair value through other comprehensive income.

At fair value through profit or loss

Investments are classified as financial assets at fair value through profit and loss. Upon initial recognition, directly attributable transaction costs are recognized in net income as incurred. Changes in fair value of financial instruments measured at fair value through profit or loss are recognized in net income.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FINANCIAL INSTRUMENTS, (CONT'D)

Impairment of financial assets at amortized cost

Collectability of accounts receivable is reviewed on an ongoing basis. Accounts receivable which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of future cash flows. The amount of the provision is recognized in the statement of income.

PROPERTY AND EQUIPMENT

Recognition and measurement

Property and equipment ("P&E") are recognized at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including eligible borrowing costs.

Amortization of P&E is recorded in the statement of income on a straight-line basis over the estimated useful life of the related asset. In the year of acquisition, only half of the following rate is used. In the year of disposition, no amortization is recorded. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives are as follows:

Land and buildings

Land	Not amortized
Buildings and components	20 to 70 years

Distribution equipment

Meters	15 years
Smart meters	15 years
Services	25 years
Transformers	40 years
Underground conductor and devices	40 years
Overhead conductor and devices	45 years
Poles, towers and fixtures	45 years
Underground conduit and foundations	50 years

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

PROPERTY AND EQUIPMENT, (CONT'D)

Automotive equipment

Transportation equipment	5 to 10 years
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Other equipment

Computer equipment and hardware	5 years
Communication equipment	10 years
Office furniture and equipment	10 years
Stores equipment	10 years
Tools, shop and garage equipment	10 years

Work-in-progress

Major spare parts	Not amortized
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Major spare parts

Major spares parts such as spare transformers and other items kept as standby/back-up equipment are accounted for as P&E since they support the Company's distribution system's reliability.

Gains and losses on disposal

Gains and losses on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the statement of income when the asset is disposed of. When an item of property and equipment with related contributions in aid of construction is disposed, the remaining deferred revenue is recognized in full in the statement of income.

CONTRIBUTIONS IN AID OF CONSTRUCTION

When capital contributions in aid of construction are received toward the cost of constructing distribution assets, they are initially recorded at fair value with the corresponding amount recognized as contributions in aid of construction on the statement of income. The contribution represents the Company's obligation to continue to provide customers access to the supply of electricity and is amortized to income over the economic useful life of the related asset.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

BORROWING COSTS

The Company capitalizes interest expenses and other finance charges directly relating to the acquisition, construction or production of assets that take a substantial period of time to get ready for its intended use. Capitalization commences when expenses are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization will be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

INTANGIBLE ASSETS

Computer software

Computer software that is acquired or developed by the Company, including software that is not integral to the functionality of equipment purchased, which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

Land rights

Payments to obtain rights to access land (“land rights”) are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Company does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

Organization costs

Organization costs represents the cost for acquiring the local distribution in excess of fair value of the net identifiable assets purchased. Organization costs is measured at cost less accumulated amortization and accumulated impairment losses.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date. The estimated useful lives for the current and comparative years are:

Computer software	5 years
Land rights	10 years
Organization costs	20 years

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company conducts annual internal assessments of the values of property and equipment, intangible assets and regulatory deferral account debit balances to determine whether there are events or changes in circumstances that indicate that their carrying amount may not be recoverable. Where the carrying value exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit ("CGU"), which is the lowest group of assets to which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed. An impairment loss is charged to the statement of income and comprehensive income, except to the extent it reverses gains previously recognized in other comprehensive income.

EMPLOYEE FUTURE BENEFITS

Defined contribution plan

The employees of the Company participate in the Ontario Municipal Employees Retirement System ("OMERS"). The Company also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The Company is one of a number of employers that participates in the plan and the financial information provided to the Company on the basis of the contractual agreements is usually insufficient to measure the Company's proportionate share in the plan assets and liabilities on defined benefit accounting requirements.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation on behalf of its retired employees unfunded extended medical and dental benefits is recorded at actual cost when incurred.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

PAYMENTS IN LIEU OF TAXES PAYABLE

Tax status

The Company is a Municipal Electricity Utility (“MEU”) for purposes of the payments in lieu of taxes (“PILs”) regime contained in the Electricity Act, 1998. As an MEU, the Company is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the Company is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation (“OEFC”), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

Current and future tax

Income tax expense comprises of current and future taxes. Current and future taxes are recognized in net income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Future tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. The amount of the future tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities or assets are settled or recovered.

Recognition of future tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the future tax asset can be utilized.

At the end of each reporting period, the Company reassesses both recognized and unrecognized future tax assets. The Company recognizes a previously unrecognized future tax asset to the extent that it has become probable that future taxable profit will allow the future tax asset to be recovered.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FINANCE INCOME AND FINANCE COSTS

Finance income comprises of interest income on funds invested such as cash and short-term investments. Interest income is recognized as it accrues in the statement of income, using the effective interest method.

Finance cost comprises of interest payable on debt and impairment losses recognized on financial assets.

INVENTORY

Cost of inventory comprise of direct materials, which typically consists of distribution assets not deemed as major spare parts, unless purchased for specific capital projects in process or as spare units. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost. Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed into inventory. Inventory is recognized at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2019, the Company has adopted IFRS 16 and IFRIC 23 with no impact on the financial statements.

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases* and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. For the lessor, the distinction between operating and finance leases remains similar.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the recognition and measurement of current and deferred tax assets and liabilities under IAS 12 *Income Taxes*, where there is uncertainty over income tax treatments.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been early adopted by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

Effective for annual periods beginning on or after January 1, 2020

The IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments clarify the definition of material and align the definition used in the *Conceptual Framework for Financial Reporting* and the standards themselves.

The Company anticipates that the adoption of these accounting pronouncements will not have a material impact on the Company's financial statements.

4. USE OF ESTIMATES AND JUDGEMENTS

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of depreciable assets

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

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

4. USE OF ESTIMATES AND JUDGEMENTS, (CONT'D)

Payments in lieu of taxes payable

The Company is required to make payments in lieu of taxes calculated on the same basis as income taxes on taxable income earned. Significant judgment is required in determining the provision and liability or asset for income taxes. Changes in future payments in lieu of taxes may be required due to changes in future tax rates.

Accounts receivable for bad debts

In determining the allowance for doubtful accounts, the Company considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

5. CASH AND CASH EQUIVALENTS

The chequing account earns interest based upon its lowest daily credit balance with a minimum balance of \$50,000. Interest is paid monthly at the bank's monthly prime rate less 1.75%. As at December 31, 2019, the rate was 2.2%. The savings account earns interest based upon its lowest monthly credit balance. Interest is paid quarterly. As at December 31, 2019, the rate was 1%. Both bank accounts are held at the Caisse populaire Alliance Limitée.

The restricted cash consists of monies received from the Ontario government to administer the Affordability Fund Trust (AFT). As at December 31, 2019, the Company had restricted cash in the amount of \$48,403 (2018 - \$72,167). The AFT was established as part of the Fair Hydro Act, to serve house-holds not eligible for income qualified electricity support services. The AFT exists as a legal trust and the Company is only able to offer disbursements to qualified beneficiaries.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. INVESTMENTS

	2019	2018
Cash or cash equivalent	\$ 92,022	\$ 71,476
Fixed income securities	906,698	1,127,655
Equity market	390,486	345,359
Bonds	170,038	170,513
	<u>\$ 1,559,244</u>	<u>\$ 1,715,003</u>

In the current year, the Company disposed investments which resulted in a realized gain of \$4,546 (2018 - realized loss of \$56,169) and earned revenues of \$40,718 (2018 - \$37,455). The Company incurred fees of \$7,294 (2018 - \$14,844) to administer these funds. The Company recorded an unrealized gain of \$57,802 as at December 31, 2019 (2018 - unrealized loss of \$17,656) to reflect their investments at fair market value.

Purchasers of electricity in Ontario are required to provide security to the IESO to mitigate the risk of default based on their expected activity in the market. In this regard, the Company has obtained a Government of Canada T-Bill as a security in the amount of \$170,038, which is presented as bonds.

7. ACCOUNTS RECEIVABLE

	2019	2018
Electric energy receivable	\$ 707,368	\$ 638,804
Related parties receivable (Note 21)	181,739	114,163
Other accounts receivable	247,354	54,442
Commodity taxes	98,678	70,496
Interest receivable	2,661	6,109
	<u>\$ 1,237,800</u>	<u>\$ 884,014</u>

Due to its short-term nature, the carrying amount of the accounts receivable approximates its fair value.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. PAYMENTS IN LIEU OF TAXES

The significant components of the provision for payments in lieu of taxes recognized in net income are as follows:

	2019	2018
Current PIL		
Current year PIL	\$ 28,921	\$ 22,128
Future PIL		
Change in unrecognized future tax assets	6,000	8,000
	<u>\$ 34,921</u>	<u>\$ 30,128</u>

Reconciliation of effective tax rate

Statutory Canadian Federal and Provincial tax rates for the current year comprise 28% (2018 - 28%) for Federal corporate tax and 11.5% (2018 - 11.5%) for Ontario corporate tax. The PILs expense varies from amounts which would be computed by applying the Company's combined statutory income tax rate as follows:

	2019	2018
Income before PILs	\$ 279,258	\$ 129,062
Statutory Canadian federal and provincial tax rate	39.5 %	39.5 %
Provision for PILs at statutory rate	\$ 110,307	\$ 50,979
Increase (decrease) in PIL resulting from:		
Amortization of property and equipment less capital cost allowance	(13,470)	(8,461)
Amortization of intangible assets in excess of cumulative eligible capital deduction	934	1,277
Loss (gain) on disposal of property and equipment	291	(13,591)
Unrealized (gain) loss from investments	(22,832)	6,974
Non-active investment income (net)	(51)	19,771
Losses of prior years	(934)	-
Small business deduction	(44,702)	(34,454)
Foreign tax credits	(622)	(367)
Provision for payments in lieu of taxes	<u>\$ 28,921</u>	<u>\$ 22,128</u>
Effective tax rate	<u>10.4 %</u>	<u>17.1 %</u>

Future payments in lieu of taxes balances

Significant component of the Company's future payments in lieu of taxes balances is as follows:

	2019	2018
Property and equipment	\$ 2,000	\$ 8,000

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

9. PROPERTY AND EQUIPMENT

COST	2018	Additions	Disposals	2019
Land and buildings	\$ 252,525	\$ -	\$ -	\$ 252,525
Distribution equipment	1,783,732	123,185	(845)	1,906,072
Automotive equipment	250,371	3,454	(1,070)	252,755
Other equipment	71,254	52,805	(553)	123,506
Work-in-progress	61,624	10,908	-	72,532
	<u>\$ 2,419,506</u>	<u>\$ 190,352</u>	<u>\$ (2,468)</u>	<u>\$ 2,607,390</u>

ACCUMULATED AMORTIZATION	2018	Amortization	Disposals	2019
Land and buildings	\$ 38,495	\$ 8,571	\$ -	\$ 47,066
Distribution equipment	586,528	77,585	(108)	664,005
Automotive equipment	121,450	20,000	(1,070)	140,380
Other equipment	34,638	6,051	(553)	40,136
	<u>\$ 781,111</u>	<u>\$ 112,207</u>	<u>\$ (1,731)</u>	<u>\$ 891,587</u>

CARRYING AMOUNTS	2019	2018
Land and buildings	\$ 205,459	\$ 214,030
Distribution equipment	1,242,067	1,197,204
Automotive equipment	112,375	128,921
Other equipment	83,370	36,616
Work-in-progress	72,532	61,624
	<u>\$ 1,715,803</u>	<u>\$ 1,638,395</u>

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

10. INTANGIBLE ASSETS

COST	2018	Additions	Disposals	2019
Computer software	\$ 131,543	\$ -	\$ -	\$ 131,543
Land rights	4,232	-	-	4,232
Organization costs	25,471	-	-	25,471
	<u>\$ 161,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,246</u>

ACCUMULATED AMORTIZATION	2018	Amortization	Disposals	2019
Computer software	\$ 129,893	\$ 1,091	\$ -	\$ 130,984
Land rights	4,232	-	-	4,232
Organization costs	23,929	1,273	-	25,202
	<u>\$ 158,054</u>	<u>\$ 2,364</u>	<u>\$ -</u>	<u>\$ 160,418</u>

CARRYING AMOUNTS	2019	2018
Computer software	\$ 559	\$ 1,650
Land rights	-	-
Organization costs	269	1,542
	<u>\$ 828</u>	<u>\$ 3,192</u>

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

11. REGULATORY DEFERRALS

	2018	Disposition	Balances arising in the period	Recovery	2019
Regulatory deferral debits					
Miscellaneous deferred debits	\$ 4	\$ -	\$ -	\$ -	\$ 4
LV variance account	187,703	(86,689)	92,148	-	193,162
Stranded meters	13,134	-	134	(13,268)	-
Retail services and settlement variances	32,757	(8,170)	9,489	-	34,076
RCVA retail	3,305	-	1,521	-	4,826
Lost revenue adjustment mechanism (LRAM)	27	-	-	-	27
Disposition and recovery of regulatory 2013	157	-	-	-	157
Disposition and recovery of regulatory 2015	7,232	(3,735)	1,355	-	4,852
Disposition and recovery of regulatory 2017	7,159	-	101	-	7,260
Disposition and recovery of regulatory 2018	41,638	-	171	(41,809)	-
Disposition and recovery of regulatory 2019	-	98,537	3,504	(53,014)	49,027
Total regulatory deferral debits	293,116	(57)	108,423	(108,091)	293,391

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

11. REGULATORY DEFERRALS, (CONT'D)

	2018	Disposition	Balances arising in the period	Recovery	2019
Regulatory deferral credits					
Other regulatory assets	(2,697)	-	(35,859)	-	(38,556)
Other regulatory liabilities	(12,419)	-	-	-	(12,419)
Stranded meters	-	-	-	(1,092)	(1,092)
Smart metering entity charge variance account	(1,840)	57	(361)	-	(2,144)
Disposition and recovery of regulatory 2010	(840)	-	-	-	(840)
Disposition and recovery of regulatory 2012	(7)	-	-	-	(7)
Disposition and recovery of regulatory 2018	-	-	(117)	(2,800)	(2,917)
Total regulatory deferral credits	(17,803)	57	(36,337)	(3,892)	(57,975)
Net regulatory asset	\$ 275,313	\$ -	\$ 72,086	\$ (111,983)	\$ 235,416

The “Disposition” column consists of the principal and interest amounts which the OEB approved for disposition during the year. The “Balances arising in the period” column consists of new additions to regulatory balances (for both debits and credits). The “Recovery” column consists of amounts disposed through OEB approved rate riders.

Carrying charges are calculated monthly on the opening balance of the applicable variance account using the prescribed interest rate set by the OEB. During the year, the Company recorded a net debit balance of \$8,210 (2018 - \$9,625) to the above regulatory accounts for carrying charges and the related net credit balance is included in finance income and expenses. The prescribed interest rate history is as follows:

	Q1	Q2	Q3	Q4
2019 OEB quarterly prescribed interest rates	2.45%	2.18%	2.18%	2.18%
2018 OEB quarterly prescribed interest rates	1.50%	1.89%	1.89%	2.17%

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

11. REGULATORY DEFERRALS, (CONT'D)

Other regulatory assets and miscellaneous deferred debits

The Company used these deferral accounts to record one-time administrative incremental IFRS transition costs. Balances at year-end represent carrying charges for the period before the approval of the disposal by the OEB in 2015. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

In 2018, the OEB authorized a variance account to record the excess incremental revenues received from carriers for the new pole attachment charge. The OEB has authorized deferral accounts to record related carrying charges.

Low voltage (LV) variance account

This account is used to record the variance arising from low voltage transactions which are not part of the electricity wholesale market. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

Stranded meters

This account includes the net book value of stranded mechanical meters, which have been replaced by smart meters, plus carrying charges. Recoveries ended December 31, 2019.

Smart metering entity charge variance account

The OEB is managing the development of the meter data management/repository to collect, manage, store and retrieve information related to the metering of customers' use of electricity in Ontario. A monthly carrying charge is calculated based on the OEB's approved interest rates and added to the balance of each account.

RCVA retail

This account is used monthly to record the net of revenues derived from services such as, Establishing Service Agreements; Distributor-Consolidated Billing; and EBT (Hub) fees, and the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract, as well as the incremental costs incurred to provide the Distributor-Consolidated Billing services. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

Lost revenue adjustment mechanism (LRAM) variance account

This variance account is used to record the LRAM variances in relation to the conservation and demand management (CDM) programs or activities undertaken by a distributor in accordance with Board-prescribed requirements. The OEB has authorized deferral accounts to record the associate costs and related carrying charges.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

11. REGULATORY DEFERRALS, (CONT'D)

Disposition and recovery of regulatory

This variance account is comprised of the cumulative balances of regulatory assets and liabilities approved for disposition by the OEB, reduced by amounts recovered/(refunded) to customers through billing of approved disposition rate riders. The number of years over which the recovery has been approved is prescribed by the OEB.

Other regulatory liabilities

This variance account include amounts of regulatory liabilities, not included in other accounts, imposed on the utility by the ratemaking actions of the Board.

Retail settlement variance accounts (RSVA)

RSVAs are comprised of the variances between amounts charged by the Company to its customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the Company. The settlement variances relate primarily to service charges, non-competitive electricity charges and the global adjustment. Accordingly, the corporation has deferred the variances between the costs incurred and the related recoveries in accordance with the criteria set-out in the accounting principles prescribed by the OEB. The balance for settlement variances continues to be calculated and attracts carrying charges in accordance with the OEB's direction.

PILs and tax variance account

This variance account is used to record the revenue requirement impact of accelerated capital cost allowance deductions from the Accelerated Investment Incentive tax measure which received Royal Assent on June 21, 2019. These charges are not reflected in the rate base previously approved by the OEB. As such the tax savings must be deferred in this variance account and shared with the rate payers upon disposition. A monthly carrying charge is calculated based on the OEB's approved interest rates and added to the balance of the account.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable	\$ 1,959,408	\$ 1,589,630
Accrued fees	61,000	61,000
Customer credit balances	59,310	55,731
IESO - CDM	21,539	21,539
Wages payable	30,681	34,275
	<u>\$ 2,131,938</u>	<u>\$ 1,762,175</u>

13. DEMAND LOAN DUE TO THE CORPORATION OF THE TOWN OF HEARST

	2019	2018
Promissory note payable to the Corporation of the Town of Hearst, interest payable yearly based on amount approved by the Board of directors with no fixed terms of repayment	\$ 1,000,000	\$ 1,250,000

14. CUSTOMER DEPOSITS

Customer deposits represents cash deposits from electricity distribution customers and retailers.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

As at December 31, 2019, the customer deposits balance is \$80,040 (2018 - \$82,140).

15. CONTRIBUTIONS IN AID OF CONSTRUCTION

	2019	2018
Deferred contributions, net beginning of year	\$ 87,523	\$ 60,059
Contributions in aid of construction received	13,051	29,510
Contributions in aid of construction recognized as other revenues	<u>(2,682)</u>	<u>(2,046)</u>
	<u>\$ 97,892</u>	<u>\$ 87,523</u>

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

16. SHARE CAPITAL

	2019	2018
<i>Authorized</i>		
Unlimited number of preference shares, dividends at the discretion of the directors, non voting		
Unlimited number of common shares		
<i>Issued</i>		
10,000 common shares	\$ 10,000	\$ 10,000

17. FINANCE INCOME AND EXPENSES

Finance income, recognized in net income consists of the following:

	2019	2018
Interest income on accounts receivable	\$ 12,806	\$ 12,107
Interest income on bank deposits	30,404	22,198
Interest on regulatory deferral accounts	10,654	11,025
Interest and dividend income on fair value through profit and loss	39,495	37,141
Net gain on disposal of fair value through profit and loss	4,546	-
	\$ 97,905	\$ 82,471

Finance expenses, recognized in net income consists of the following:

	2019	2018
Interest on demand loan	\$ 84,264	\$ 92,863
Interest on regulatory deferral accounts	2,444	1,400
Net loss on disposal of fair value through profit and loss	-	56,169
Other interest	1,698	1,818
	\$ 88,406	\$ 152,250

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

18. EMPLOYEE FUTURE BENEFITS

a) Defined contribution plan

The employees of the Company participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit plan for employees, the related obligation of the corporation cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. The employer's portion of amounts paid to OMERS during the year was \$54,877 (2018 - \$51,552). The contributions were made for current service and these have been recognized in net income.

b) Defined benefit plan

The Company provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through a group defined benefit plan. The Company has reported its share of the defined benefit costs in these financial statements. As per an agreement, the Company purchases certain benefits for retired employees until they reach 65 years of age. Subsequent payments for these benefits will amount to:

2020	\$	5,709
2021		5,425
2022		4,003
2023		4,003
2024		4,003
		<hr/>
	\$	23,143

19. LIABILITY INSURANCE

The Company belongs to the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a self-insurance plan that pools the risks of all of its members. Any losses experienced by MEARIE are shared amongst its members. As at December 31, 2019, the Company has not been made aware of any assessments for losses. Insurance premiums charged to each member consist of a levy per thousand of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage of the Company's policy is \$30,000,000 for general liability insurance.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

20. CREDIT FACILITIES

The Company has a line of credit, secured by a general security agreement, with an authorized limit of \$300,000 available under a credit facility agreement with the Caisse populaire Alliance Limitée. As at December 31, 2019, the balance was \$NIL (2018 - \$NIL) on this credit facility and the rate was 3.95% (2018 - 3.95%).

The Company has a MasterCard account, secured by a general security agreement, with an authorized limit of \$5,000 available under a credit facility agreement with the Caisse populaire Alliance Limitée.

21. RELATED PARTIES TRANSACTIONS

Transactions with related parties

The Company is related to the Corporation of the Town of Hearst, its sole shareholder, and to all the organizations the Town owns. Only transactions incurred during the year with the Corporation of the Town of Hearst, Hearst Power Sales and Services Company Limited and Hearst Connect Corporation will be disclosed since they are related through common members on their board of directors.

Transactions were as follows:

	2019	2018
<i>Corporation of the Town of Hearst</i>		
Service revenue	\$ 702,320	\$ 642,256
Expenses		
Advertising	\$ -	\$ 322
Clerical and answering services	\$ 64,533	\$ 63,124
Gasoline	\$ 5,589	\$ 5,843
Insurance	\$ 9,613	\$ 8,257
Interest on long-term debt	\$ 84,264	\$ 92,863
Miscellaneous	\$ 2,402	\$ 927
Office supplies	\$ 380	\$ 1,018
Rent	\$ 14,398	\$ 14,143
Repair and maintenance	\$ 4,321	\$ 17,403
Telephone	\$ 1,109	\$ 1,706
<i>Hearst Power Sales and Services Company Limited</i>		
Service revenue	\$ 1,959	\$ -

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

21. RELATED PARTIES TRANSACTIONS, (CONT'D)

	2019	2018
<i>Hearst Connect Corporation</i>		
Service revenue	\$ 78,235	\$ 38,229
Services expense	\$ 5,684	\$ 4,043

These transactions are in the normal courses of operations and are measured at the exchange amount received or paid on similar terms as those of unrelated parties. None of these transactions would constitute an individually significant transaction.

Year-end balances were as follows:

	2019	2018
Accounts receivable from the Corporation of the Town of Hearst	\$ 80,122	\$ 56,923
Accounts receivable from Hearst Connect Corporation	101,617	57,240
	<u>\$ 181,739</u>	<u>\$ 114,163</u>
Unbilled service revenue to the Corporation of the Town of Hearst	\$ 55,238	\$ 48,849
Due to the Corporation of the Town of Hearst	\$ (544,362)	\$ (309,955)
Demand loan payable to the Corporation of the Town of Hearst	\$ (1,000,000)	\$ (1,250,000)

Key management personnel compensation

The key management personnel of Hearst Power Distribution Company Limited/Corporation de Distribution Électrique de Hearst are the members of the board of directors and all executive positions. They have the authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. The total compensation of the key management personnel is detailed as follows :

	2019	2018
Salary and short-term benefits	\$ 265,424	\$ 236,880
Post-employment benefits	\$ 23,563	\$ 20,400

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

22. FINANCIAL INSTRUMENTS

The Company's carrying value and fair value of financial instruments consist of the following :

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS				
Cash and cash equivalents	\$ 1,417,780	\$ 1,417,780	\$ 1,288,437	\$ 1,288,437
Investments	\$ 1,516,752	\$ 1,559,244	\$ 1,730,313	\$ 1,715,003
Accounts receivable	\$ 1,237,800	\$ 1,237,800	\$ 884,014	\$ 884,014
Unbilled service revenue	\$ 1,098,326	\$ 1,098,326	\$ 841,260	\$ 841,260
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,131,938	\$ 2,131,938	\$ 1,762,175	\$ 1,762,175
Demand loan	\$ 1,000,000	\$ 1,000,000	\$ 1,250,000	\$ 1,250,000
Customer deposits	\$ 80,040	\$ 80,040	\$ 82,140	\$ 82,140
Due to the Corporation of the Town of Hearst	\$ 544,362	\$ 544,362	\$ 309,955	\$ 309,955

The estimated fair values of financial instruments as at December 31, 2019 are based on relevant market prices and information available at that time. The fair value estimates are not necessarily indicative of the amounts that the corporation may receive or incur in actual market transactions. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Determination of fair values

- (a) The fair values of cash and cash equivalents, accounts receivable, unbilled service revenue, accounts payables and accrued liabilities, demand loan and customer deposits approximate their carrying values because of the short-term nature of these instruments.
- (b) The investments consist only of publicly traded investments, therefore, the fair value is determinable. The investments are recorded at fair market value through profit and loss since initial recognition.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

22. FINANCIAL INSTRUMENTS, (CONT'D)

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 instruments 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 and liabilities that are not based on observable market data (unobservable inputs).

The Company's fair value hierarchy is classified as Level 1 for cash and cash equivalents and investments. All others financial instruments are classified as Level 3.

23. CAPITAL MANAGEMENT

The main objectives of the Company, when managing capital, are:

- (a) To ensure ongoing access to funding to maintain and improve the electricity distribution system;
- (b) To respect the capital structure for regulated activities with debt to equity structure recommended by the OEB, which is 60% debt and 40% equity;
- (c) To ensure prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity business.

The Company defines capital as shareholder's equity and demand loan.

The OEB regulates the amount of interest on debt that may be recovered by the regulated electricity distribution business of the Company through its electricity distribution rates. The actual capital structure of the Company may differ from the OEB deemed structure.

The Company has no external capital requirements.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

24. COMMITMENT

After year-end, the Company has signed a service agreement for which it will have to pay the following amounts over the next four years :

2020	\$ 93,750
2021	112,500
2022	112,500
2023	18,750
	<hr/>
	\$ 337,500

25. CONTINGENCY

A legal claim is in progress against the Company since 2017 for a breach of contract. A determination of the provision required was made and recorded an analysis of this issue. The provision may change in the future due to new developments or changes in approach, such as change in settlement strategy. It is management's position that the Company has valid defences in place. In the unlikely event this claim is successful, such claim is not expected to have a material effect of the Company's financial position.

26. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company operations. The extent of the impact of this outbreak and related containment measures on the Company operations cannot be reliably estimated at this time.

On March 25, 2020, the OEB acknowledge that electricity distributors may incur incremental costs as a result of the ongoing COVID-19 pandemic. They ordered the establishment of a new deferral accounts to track any incremental costs and lost revenues related to the COVID-19 pandemic.

HEARST POWER DISTRIBUTION COMPANY LIMITED/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

27. FINANCIAL RISK MANAGEMENT

As part of its operations, the Company carries out transactions that expose it to financial risks such as credit, liquidity, interest and market risks. The following is a discussion of risks and related mitigation strategies that have been identified by the Company for financial instruments. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks identified.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. The maximum credit exposure is limited to the carrying amount of cash and cash equivalents, accounts receivable, and unbilled service revenue presented on the statement of financial position.

The Company limits its exposure to credit loss by placing its cash with a high credit quality financial institution. The Company maintains cash with only one major financial institution. Eligible deposits per financial institution are insured to a maximum basic insurance level of \$100,000 per account, including principal and interest by the Canada Deposit Insurance Corporation.

The Company is exposed to credit risk related to accounts receivable and unbilled service revenue arising from its day-to-day electricity and service revenue. Exposure to credit risk is limited due to the Company's large and diverse customer base located in the Town of Hearst. The Company has approximately 2,760 (2018 - 2,768) customers, the majority of which are residential. For the year ended December 31, 2019, two (2018 - two) customers from the forestry industry account for revenue in excess of 10% of total revenue. The Company limits its credit risk by collecting security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2019, the Company holds security deposits in the amount of \$80,040 (2018 - \$82,140). The Company does not have any material accounts receivable balances greater than 90 days outstanding. The Company believes that its accounts receivable represent a low credit risk.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement. As at year-end and prior year-end, no allowance for impairment was recognized. An impairment loss of \$13,048 was recognized during the year (2018 - \$10,593).

The value of accounts receivable, by age, are presented in the following table. Unbilled energy revenue which is not included in the table below is considered all current.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

27. FINANCIAL RISK MANAGEMENT, (CONT'D)

	2019	2018
Under 30 days	\$ 989,177	\$ 737,637
30 to 60 days	101,324	27,318
61 to 90 days	97,792	71,785
Over 90 days	49,507	47,274
	\$ 1,237,800	\$ 884,014

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet operational and investing requirements without incurring unacceptable losses or risking harm to the Company's reputation. The Company's exposure is reduced by cash generated from operations and undrawn credit facilities. Exposure to such risks is significantly reduced through close monitoring of cash flows and budgeting. Liquidity risks associated with financial commitments are as follows:

	0 - 3 mo	3 mo - 1 yr	1 - 5 yr	Non- specified	Total
Accounts payable	\$ 2,058,689	\$ -	\$ -	\$ 73,249	\$ 2,131,938
Customer deposits	-	22,550	23,380	34,110	80,040
	\$ 2,058,689	\$ 22,550	\$ 23,380	\$ 107,359	\$ 2,211,978

INTEREST RISK

A portion of the Company's demand loan has a variable interest rate. Changes in the bank's prime lending rate of 1% can cause fluctuations of interest payments and cash flows estimated at \$10,000 (2018 - \$12,500). The Company does not use derivative instruments to reduce its exposure to interest rate risk.

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

27. FINANCIAL RISK MANAGEMENT, (CONT'D)

MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as equity market fluctuations, currency risk, interest rates and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how these exposures are currently managed.

Equity market fluctuation risk

Fluctuations in the value of equity securities affect the level and timing of recognition of gains and losses on equity and mutual fund and pooled fund securities in the Company's portfolio and causes changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock and bond markets and, consequently, the value of the equity, mutual fund and fixed income.

The Company manages its investments portfolios with a low risk mandate. The investment politic of the Company is 80% in securities and 20% in equity market.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company's exposure relates to investments denominated in other currency than canadian currency.

Based on the investments in foreign currency at year-end of \$133,557 (2018 - \$152,218), a 1% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of \$1,336 (2018 - \$1,522).

Interest risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its cash and cash equivalents, investments and demand loan.

The Company has various interest rates from different fixed income securities in the cash and cash equivalents and investments. A fluctuation in interest rates of 1%, with all other variables held constant, would have an estimate impact on the fair value of the fixed income securities of \$9,987 (2018 - \$11,991).

**HEARST POWER DISTRIBUTION COMPANY LIMITED/
CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

28. EXPENSES BY NATURE

	2019	2018
DISTRIBUTION, OPERATION AND MAINTENANCE		
Rent	\$ 17,957	\$ 13,483
Repairs and maintenance	156,768	172,696
Salary, wages and employee benefits	296,472	293,106
Utilities	3,563	3,665
	<u>474,760</u>	<u>482,950</u>
ADMINISTRATION AND FINANCE		
Bad debts	11,412	3,950
Collecting services	41,670	40,991
Communication costs	25,124	28,400
Customer billing expenses	101,380	140,716
General administration and overhead	214,328	227,951
Meter reading expenses	15,332	16,581
Salary, wages and employee benefits	210,447	165,334
	<u>619,693</u>	<u>623,923</u>
AMORTIZATION		
Amortization of property and equipment	112,207	120,782
Amortization of intangible assets	2,364	3,232
	<u>114,571</u>	<u>124,014</u>
	<u>\$ 1,209,024</u>	<u>\$ 1,230,887</u>

29. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Appendix E Reconciliation for RRR to FS

**Hearst Power Distribution Company Limited/ Corporation de
Distribution Électrique de Hearst
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2015**

	ACCOUNT	2015
SERVICE REVENUE		
ELECTRICITY		
Residential Energy Sales	4006	\$ 2,427,305
Street Lighting Energy Sales	4025	\$ 10,069
Sentinel Lighting Energy Sales	4030	\$ 1,412
General Energy Sales	4035	\$ 5,476,198
Energy Sales for Retailers	4055	\$ 562,443
		\$ 8,477,427
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Billed WMS - Residential	4062	\$ 287,468
BILLED - RRA	4063	\$ 95,723
Billed NW - Residential	4066	\$ 529,096
Billed CN - Residential	4068	\$ 409,294
Billed - LV	4075	\$ 55,473
Billed - Smart Metering Entity Charge	4076	\$ 25,342
		\$ 1,402,396
		\$ 9,879,823
COST OF SALES		
ELECTRICITY		
Power Purchased	4705	\$ 4,932,143
Power Purchased - Global Adjustment	4707	\$ 3,545,284
		\$ 8,477,427
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Charges - Wholesale Market Services (WMS)	4708	\$ 287,468
Charges - Network Services (NW)	4714	\$ 529,096
Charges - Connections (CN)	4716	\$ 409,294
Rural Rate Assistance Expense	4730	\$ 95,723
Shared LV Line	4750	\$ 55,473
Charges - Smart Metering Entity Charge	4751	\$ 25,342
		\$ 1,402,396
		\$ 9,879,823
GROSS MARGIN		\$ -
DISTRIBUTION REVENUE		

Dist Service Revenue	4080	\$	<u>1,337,221</u>
NON-UTILITY NET INCOME			
Revenues from non-utility	4375	\$	121,923
Expenses from non-utility	4380	\$	91,015
		\$	<u>30,908</u>
INVESTMENT INCOME			
Interest & Dividend Income - Interest	4405	\$	50,359
Interest Rev.-Carrying Charges	4406	-\$	38,904
		\$	<u>11,454</u>
OTHER REVENUE			
Retail Services Revenue - Distributor-Consolidated	4082	\$	4,731
STR Revenues - Request Fee	4084	\$	56
SSS Admin Fee	4086	\$	10,856
Rent from Electric Property - Pole Rentals	4210	\$	29,007
LATE PAYMENT CHARGES	4225	\$	12,885
MISC SERVICES REVENUES	4235	\$	16,915
GOV. AND OTHER REVENUES	4245	\$	557
REVENUES FROM MERCHANDISE, JOBBING ETC.	4325	\$	42,672
OTHER MISC. REVENUE	4326		
TRUCK RENTAL	4327		
Profit and loss from financial instrument investments	4340	-\$	6,227
MISC. INCOME	4390		
Unusual Income	6305	\$	5
		\$	<u>111,455</u>
		\$	<u>1,491,039</u>
EXPENSES			
DISTRIBUTION, OPERATION & MAINTENANCE			
TRANSFORMERS			
Overhead Distribution Transformers- Operation	5035	\$	120
Underground Distribution Transformers - Operation	5055	\$	302
Mtce of Line Transformers	5160	\$	61,057
		\$	<u>61,479</u>
METERS			
Meter Expense - Materials & Expenses (all meters)	5065	\$	6,673
Maintenance of Meters	5175	\$	225,227
		\$	<u>231,900</u>
LINES AND FEEDERS			
OH Dist Lines & Feeders - Primary	5020	\$	10,681
Oh Dist Lines & Feeders - Secondary	5025	\$	30,557
ALL TRUCKS	5027	\$	13,185

UG Dist Line Feeders-Operation	5040		
UG Dist Lines & Feeders - Op Sup & Exp - Secondary	5045	\$	634
Customer Premises - Operation Labour	5070	\$	40,032
Customer Premises - Materials and Expenses	5075	\$	439
Misc Distribution Expenses- Warehouse	5085	\$	61,791
OH Dist Lines& Feeders - Rental Paid	5095	\$	7,055
Other Rent	5096	\$	3,650
Mtce Supervision & Engineering	5105	\$	17,829
Mtce of Poles, Towers & Fixt - Primary	5120	\$	41,300
Mtce of OH Conduct & Devices - Primary	5125	\$	39,377
Mtce of OH Services	5130	\$	3,971
Overhead Distribution Lines and Feeders - Right of Way	5135	\$	18,530
Mtce of UG Conduit - Primary	5145	\$	565
Mtce of UG Conduct & Devices - Primary	5150	\$	6,265
Mtce of UG Services	5155	\$	8,613
		\$	304,473
		\$	597,853

ADMINISTRATION AND FINANCE

METER READING, BILLING AND COLLECTING

Meter Reading Expenses	5310	\$	23,405
Customer Billing	5315	\$	208,062
Collecting	5320	\$	42,892
Collection Charges	5330	\$	1,447
Bad Debt Expenses	5335	\$	7,006
Misc Cust Account Exp - Communication Service	5340	\$	21,420
Community Relations	5410	\$	3,958
Energy Conservation	5415	\$	2,317
Community Safety Program	5420	\$	3,175
		\$	313,682

GENERAL ADMINISTRATION

Advertising Expense - Materials & Expenses	5515	\$	5,618
Executive Salaries & Expenses	5605	\$	11,300
General Admin Sal & Exp - Salaries	5615	\$	92,121
Office Supplies & Expenses	5620	\$	7,572
Outside Services Employed	5630-00,5630-10	\$	75,574
Property Insurance	5635	\$	6,153
Regulatory Expenses	5655	\$	49,644
General Advertising Expenses	5660	\$	92
Miscellaneous General Expenses	5665	\$	30,526
Rent	5670	\$	13,380
Electrical Safety Authority Fees	5680	\$	2,457
Other Interest Expense	6035	\$	4,711
Interest Exp -Carrying Charges	6036		
Donations - Leap Funding	6205	\$	2,000
		\$	301,149

INTEREST ON LONG-TERM DEBT		
Interest on long-term debt	6005	<u>\$ 79,300</u>
INTEREST ON LONG-TERM DEBT		
Regulatory Debit	4305	<u>\$ 694,132</u>
AMORTIZATION		
Depreciation general plant	5705	\$ 340,141
Amort. Of Intangible & Other	5715	\$ 4,167
		<u>\$ 344,309</u>
		<u>\$ 1,636,293</u>
INCOME (LOSS) FROM OPERATIONS		
		<u>-\$ 145,254</u>
OTHER EXPENSES		
Cost of other merchandising	4330	\$ 27,462
Loss on disposal of property and equipment	4360	\$ 2,045
Management fees on investments	5630-03	\$ 8,011
Unrealized loss on investments	4340	\$ 39,813
		<u>\$ 77,331</u>
INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES		
		-\$ 222,585
PAYMENT IN LIEU OF TAXES		
Income Taxes	6110	\$ 4,657
Future income taxes expense	6115	-\$ 13,800
		<u>-\$ 9,143</u>
NET INCOME		
		<u>-\$ 213,442</u>

**Hearst Power Distribution Company Limited/ Corporation
de Distribution Électrique de Hearst
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2015**

	ACCOUNT	2015
BALANCE SHEET		
CURRENT ASSETS		
CASH		
Cash in Bank (Ck Acct)	1005	1,629,989
Cash in Bank (Cap Social)	1007	
Epargne Sociale -Caisse Pop	1008	
		<u>1,629,989</u>
INVESTMENTS		
Sun-Life Financial Investments	1011	494,021
Quadrus Investments	1012	484,102
Desjardins Mutual Funds	1013	499,281
		<u>1,477,404</u>
ACCOUNTS RECEIVABLE		
Customer Accounts Receivable	1100	755,681
Acct Rec. - Recoverable Work	1104	13
Acct Rec.- Merchandise,Jobbing	1105	88,046
Other A/R	1110	50,206
		<u>893,946</u>
UNBILLED SERVICE REVENUE		
Accrued Utility Revenues (Unbilled Re	1120	<u>1,092,790</u>
INVENTORY		
Plant Materials & Operating Supplies	1330	<u>73,833</u>
PREPAID EXPENSES		
Prepayments	1180	<u>22,294</u>
		<u>5,190,256</u>
PAYMENT-IN-LIEU OF FUTURE TAXES		
Future Income Tax - Non Current	2350	<u>24,200</u>
PROPERTY AND EQUIPMENT		
Land	1905	7,600
Buildings and Fixtures	1908	203,558

POLES, TOWERS & FIXTURES	1830	254,708
Overhead Conductor & Devices	1835	208,706
Underground Conduit	1840	5,377
Underground Conductors & Devices	1845	54,270
Line Transformers	1850	116,610
Services	1855	21,593
Meters	1860	700,492
Office Furniture & Equipment	1915	4,732
Computer Equipment - Hardware	1920	18,694
Transportation Equipment	1930	214,268
Tools, Shop & Garage Equipment	1940	17,304
Communication Equipment	1955	355
Construction Work in Progress--Electric	2055	54,202
		1,882,468

Acc. Amort. - Building and fixtures	2105-10	-	13,685
Acc. Amort. - Underground lines and feeders	2105-20	-	43,175
Acc. Amort. - Automotive equipment	2105-535	-	60,268
Acc. Amort. - U/G Conduit	2105-60	-	590
Acc. Amort. - U/G Conductors & Devices	2105-70	-	4,676
Acc. Amort. - Services	2105-90	-	1,795
Acc Amort - Computer Equip. and Hard (Post 19/07)	2105-522	-	7,676
Acc. Amort. - Line Transformers - Overhead	2105-80	-	5,928
Acc. Amort. - Meters	2105-100	-	10,393
Acc Amort - Office Furniture & Equipment	2105-515	-	1,103
Acc Amort - Tools, Shop & Garage Equipment	2105-545	-	4,245
Acc Amort - Communication Equipment	2105-560	-	355
Acc. Amort. - Poles, Towers & Fixtures	2105-40	-	9,209
Acc. Amort. - Smart Meters	2105-200	-	259,287
		-	422,384
			1,460,084

INTANGIBLE ASSETS

Organization	1606	25,471	
Computer Software	1611	130,427	
Land Rights	1612	4,232	
Acc Amort - Electric Utility Plant - Intangibles	2120-00	-	20,108
Acc Amort - Land Rights	2105-500	-	4,232
Acc Amort - Computer Software	2105-525	-	123,194
			12,596

\$ 1,496,879.82

TOTAL ASSETS

\$ 6,687,135.98

REGULATORY DEFERRALS

Other Regulatory Assets - Pension Con	1508	194
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Miscellaneous Deferred Debits	1525		4
RSVA - Shared LV Line	1550		54,118
Smart Metering Entity Charge Variance	1551		550
Smart Meter Cap & Rec Offset Variance	1555		51,087
Smart Meter OM&A Variance Account	1556		
LRAM Variance account	1568		27
RSVA WMS	1580	-	100,999
RSVA NW	1584		5,862
RSVA CN	1586		12,760
RSVA Power	1588	-	5,716
RSVA Power - Global Adjustment	1589		113,786
RSVA - RPP Settlement	1592		
	1595-1515,		
Disposition and Recovery of Regulatory 2011	1595-1516,		-
	1595-1517		
	1595-1520,		
Disposition and Recovery of Regulatory 2012	1595-1521,		98,276
	1595-1522		
			<hr/> 229,948 <hr/>
TOTAL ASSETS AND REGULATORY DEFERRALS			<hr/> 6,917,084 <hr/>

Hearst Power Distribution Company Limited/ Corporation
de Distribution Électrique de Hearst
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2015

	ACCOUNT	2015
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED CHARGES		
Accounts Payable	2205	1,750,033
Customer Credit Balances	2208	35,283
Misc. Current & Accrued	2220	31,000
Debt Retirement Charge	2250	47,913
Commodity Taxes	2290	9,064
Payroll	2292	16,847
		<u>1,890,140</u>
PAYMENT-IN-LIEU OF TAXES		
Accrual for Taxes, Payment in Lieu of Taxes	2294	<u>3,444</u>
DEMAND LOAN		
Other Long Term Debt	2520	<u>1,250,000</u>
CUSTOMERS' DEPOSITS		
Long Term Customer Deposits	2335	<u>64,191</u>
DUE TO TOWN OF HEARST		
A/P Town Int. Long Term Debt	2209	79,300
Accounts Payable - Town	2240	364,443
		<u>443,743</u>
		<u>3,651,519</u>
CONTRIBUTIONS IN AID OF CONSTRUCTIONS		
Deferred Revenues	2440	<u>19,489</u>
TOTAL LIABILITIES		<u>3,671,008</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL		

Common Shares Issued	3005	<u>10,000</u>
RETAINED EARNINGS		
Adjustment to Retained Earnings	3055	3,300,389
Total loss and other comprehensive income		- 213,442
		<u>3,086,947</u>
TOTAL SHAREHOLDER'S EQUITY		
		<u>3,096,947</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		
		<u>6,767,955</u>
REGULATORY DEFERRALS		
RCVA Retail	1518	12
CGAAP to IFRS	1576	74,176
Other Regulatory Liabilities	2405	12,419
	1595-1510,	
Disposition and recovery of regulatory 2010	1595-1511,	841
	1595-1512	
	1595-1530,	
Disposition and recovery of regulatory 2015	1595-1531,	61,682.36
	1595-1532	
		<u>149,129</u>
TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS		
		<u>6,917,085</u>

**Hearst Power Distribution Company Limited/
Corporation de Distribution Électrique de Hearst
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2016**

	ACCOUNT	2016
SERVICE REVENUE		
ELECTRICITY		
Residential Energy Sales	4006	\$ 2,519,888
Street Lighting Energy Sales	4025	\$ -
Sentinel Lighting Energy Sales	4030	\$ 1,130
General Energy Sales	4035	\$ 6,137,387
Energy Sales for Retailers	4055	\$ 616,230
		\$ 9,274,635
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Billed WMS - Residential	4062	\$ 334,627
BILLED - RRA	4063	\$ 91,812
Billed NW - Residential	4066	\$ 521,299
Billed CN - Residential	4068	\$ 417,916
Billed - LV	4075	\$ 53,546
Billed - Smart Metering Entity Charge	4076	\$ 25,180
		\$ 1,444,380
		\$ 10,719,015
COST OF SALES		
ELECTRICITY		
Power Purchased	4705	\$ 4,726,664
Power Purchased - Global Adjustment	4707	\$ 4,547,972
		\$ 9,274,635
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Charges - Wholesale Market Services (WMS)	4708	\$ 334,627
Charges - Network Services (NW)	4714	\$ 521,299
Charges - Connections (CN)	4716	\$ 417,916
Rural Rate Assistance Expense	4730	\$ 91,812
Shared LV Line	4750	\$ 53,546
Charges - Smart Metering Entity Charge	4751	\$ 25,180
		\$ 1,444,380
		\$ 10,719,015
GROSS MARGIN		\$ -
DISTRIBUTION REVENUE		

Dist Service Revenue	4080	<u>\$ 1,112,750</u>
NON-UTILITY NET INCOME		
Revenues from non-utility	4375	\$ 104,479
Expenses from non-utility	4380	\$ 95,941
		<u>\$ 8,539</u>
INVESTMENT INCOME		
Profit and loss from financial instrument investments	4340	-\$ 2,287
Interest & Dividend Income - Interest	4405	\$ 77,267
Interest Rev.-Carrying Charges	4406	\$ 5,711
		<u>\$ 80,691</u>
OTHER REVENUE		
Retail Services Revenue - Distributor-Consolidated	4082	\$ 4,157
STR Revenues - Request Fee	4084	\$ 13
SSS Admin Fee	4086	\$ 8,057
Rent from Electric Property - Pole Rentals	4210	\$ 29,007
LATE PAYMENT CHARGES	4225	\$ 12,427
MISC SERVICES REVENUES	4235	\$ 16,365
GOV. AND OTHER REVENUES	4245	\$ 959
REVENUES FROM MERCHANDISE, JOBBING ETC.	4325	\$ 77,764
OTHER MISC. REVENUE	4326	\$ 49,177
TRUCK RENTAL	4327	
MISC. INCOME	4390	
Unusual Income	6305	\$ 46
		<u>\$ 197,972</u>
		<u>\$ 1,399,952</u>
EXPENSES		
DISTRIBUTION, OPERATION & MAINTENANCE		
TRANSFORMERS		
Overhead Distribution Transformers- Operation	5035	\$ -
Underground Distribution Transformers - Operation	5055	\$ 115
Mtce of Line Transformers	5160	\$ 59,271
		<u>\$ 59,386</u>
METERS		
Meter Expense - Materials & Expenses (all meters)	5065	\$ 2,017
Maintenance of Meters	5175	\$ 6,599
		<u>\$ 8,617</u>
LINES AND FEEDERS		
Operation Supervision & Engineering	5005	\$ 461
OH Dist Lines & Feeders - Primary	5020	\$ 3,295
Oh Dist Lines & Feeders - Secondary	5025	\$ 24,406

ALL TRUCKS	5027	\$	22,614
UG Dist Line Feeders-Operation	5040	\$	187
UG Dist Lines & Feeders - Op Sup & Exp - Secondary	5045	\$	50
Customer Premises - Operation Labour	5070	\$	21,231
Customer Premises - Materials and Expenses	5075	\$	320
Misc Distribution Expenses- Warehouse	5085	\$	42,214
OH Dist Lines& Feeders - Rental Paid	5095	\$	9,300
Other Rent	5096	\$	3,250
Mtce Supervision & Engineering	5105	\$	16,316
Mtce of Poles, Towers & Fixt - Primary	5120	\$	75,421
Mtce of OH Conduct & Devices - Primary	5125	\$	80,471
Mtce of OH Services	5130	\$	14,652
Overhead Distribution Lines and Feeders - Right of Way	5135	\$	12,710
Mtce of UG Conduit - Primary	5145	-\$	51
Mtce of UG Conduct & Devices - Primary	5150	\$	7,382
Mtce of UG Services	5155	\$	9,236
		\$	343,465
		\$	411,467

ADMINISTRATION AND FINANCE

METER READING, BILLING AND COLLECTING

Meter Reading Expenses	5310	\$	18,353
Customer Billing	5315	\$	191,589
Collecting	5320	\$	42,890
Collection Charges	5330	\$	1,139
Bad Debt Expenses	5335	\$	11,302
Misc Cust Account Exp - Communication Service	5340	\$	22,321
Community Relations	5410	\$	4,488
Energy Conservation	5415	\$	-
Community Safety Program	5420	\$	1,874
		\$	293,956

GENERAL ADMINISTRATION

Advertising Expense - Materials & Expenses	5515	\$	2,727
Executive Salaries & Expenses	5605	\$	11,852
General Admin Sal & Exp - Salaries	5615	\$	100,223
Office Supplies & Expenses	5620	\$	6,221
Outside Services Employed	5630	\$	94,073
Property Insurance	5635	\$	9,105
Regulatory Expenses	5655	\$	66,689
General Advertising Expenses	5660	\$	-
Miscellaneous General Expenses	5665	\$	22,955
Rent	5670	\$	13,608
Electrical Safety Authority Fees	5680	\$	2,632
Other Interest Expense	6035	\$	1,466
Interest Exp -Carrying Charges	6036	\$	2,384
Donations - Leap Funding	6205	\$	2,000

		<u>\$ 335,933</u>
INTEREST ON LONG-TERM DEBT		
Interest on long-term debt	6005	<u>\$ 77,097</u>
INTEREST ON LONG-TERM DEBT		
Regulatory Debit	4305	<u>\$ 37,088</u>
		<u>\$ 744,074</u>
AMORTIZATION		
Depreciation general plant	5705	\$ 127,266
Amortization of the refund of Account 1575/1576	5705	-\$ 37,088
Amort. Of Intangible & Other	5715	\$ 4,167
		<u>\$ 94,346</u>
		<u>\$ 1,249,887</u>
INCOME (LOSS) FROM OPERATIONS		<u>\$ 150,066</u>
OTHER EXPENSES		
Cost of other merchandising	4330	\$ 66,176
Loss on disposal of property and equipment	4360	\$ 832
Management fees on investments	5630	\$ 10,366
Unrealized loss on investments	7005	-\$ 19,637
		<u>\$ 57,737</u>
INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES		\$ 92,329
PAYMENT IN LIEU OF TAXES		
Income Taxes	6110	\$ 3,923
Future income taxes expense	6115	\$ 8,200
		<u>\$ 12,123</u>
NET INCOME		<u>\$ 80,206</u>

**Hearst Power Distribution Company Limited/
 Corporation de Distribution Électrique de Hearst
 BALANCE SHEET
 YEAR ENDED DECEMBER 31, 2016**

	ACCOUNT	2016
BALANCE SHEET		
CURRENT ASSETS		
CASH		
Cash in Bank (Ck Acct)	1005	776,918
Cash in Bank (Cap Social)	1007	10
Epargne Sociale -Caisse Pop	1008	746,761
		<u>1,523,689</u>
INVESTMENTS		
Sun-Life Financial Investments	1011	508,168
Quadrus Investments	1012	513,958
Desjardins Mutual Funds	1013	517,610
T Bill IESO	1020	171,752
		<u>1,711,487</u>
ACCOUNTS RECEIVABLE		
Customer Accounts Receivable	1100	788,143
Acct Rec. - Recoverable Work	1104	34,781
Acct Rec.- Merchandise,Jobbing	1105	98,848
Acct Rec. - PUC	1106	6,331
Other A/R	1110	96,508
Interest and Dividends Receivable	1140	5,747
		<u>1,030,357</u>
UNBILLED SERVICE REVENUE		
Accrued Utility Revenues (Unbilled Re	1120	<u>1,166,796</u>
INVENTORY		
Plant Materials & Operating Supplies	1330	<u>82,586</u>
PAYMENTS IN LIEU OF TAXES		
Accrual for Taxes, Payment in Lieu of Taxes	2294	<u>7,338</u>
PREPAID EXPENSES		
Prepayments	1180	<u>22,396</u>
		<u>5,544,651</u>

PAYMENT-IN-LIEU OF FUTURE TAXES

Future Income Tax - Non Current	2350	<u>16,000</u>
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PROPERTY AND EQUIPMENT

Land	1905	7,600
Buildings and Fixtures	1908	228,193
POLES, TOWERS & FIXTURES	1830	323,080
Overhead Conductor & Devices	1835	217,646
Underground Conduit	1840	5,377
Underground Conductors & Devices	1845	54,270
Line Transformers	1850	126,472
Services	1855	21,593
Meters	1860	700,492
Office Furniture & Equipment	1915	4,732
Computer Equipment - Hardware	1920	18,396
Transportation Equipment	1930	214,268
Tools, Shop & Garage Equipment	1940	22,771
Communication Equipment	1955	355
Construction Work in Progress--Electric	2055	49,874
		<u>1,995,119</u>

Acc. Amort. - Building and fixtures	2105-10	-	21,917
Acc. Amort. - O/H Conductor & Devices	2105-50	-	60,685
Acc. Amort. - Automotive equipment	2105-535	-	89,867
Acc. Amort. - U/G Conduit	2105-60	-	873
Acc. Amort. - U/G Conductors & Devices	2105-70	-	6,891
Acc. Amort. - Services	2105-90	-	2,810
Acc Amort - Computer Equip. and Hard (Post 19/07)	2105-522	-	10,797
Acc. Amort. - Line Transformers - Overhead	2105-80	-	9,709
Acc. Amort. - Meters	2105-100	-	17,873
Acc Amort - Office Furniture & Equipment	2105-515	-	1,607
Acc Amort - Tools, Shop & Garage Equipment	2105-545	-	6,317
Acc Amort - Communication Equipment	2105-560	-	355
Acc. Amort. - Poles, Towers & Fixtures	2105-40	-	16,386
Acc. Amort. - Smart Meters	2105-115	-	303,201
		-	<u>549,289</u>
			<u>1,445,830</u>

INTANGIBLE ASSETS

Organization	1606	25,471	
Computer Software	1611	130,427	
Land Rights	1612	4,232	
Acc Amort - Electric Utility Plant - Intangibles	2120-00	-	21,382
Acc Amort - Land Rights	2105-500	-	4,232
Acc Amort - Computer Software	2105-525	-	126,088
			<u>8,428</u>

		\$	1,470,258
TOTAL ASSETS		\$	7,014,909

REGULATORY DEFERRALS

Other Regulatory Assets - Pension Con	1508		194
RCVA Retail	1518		461
Miscellaneous Deferred Debits	1525		4
RSVA - Shared LV Line	1550		136,799
Smart Metering Entity Charge Variance	1551		644
Smart Meter Cap & Rec Offset Variance	1555		39,128
Smart Meter OM&A Variance Account	1556		-
LRAM Variance account	1568		27
RSVA WMS	1580		-
RSVA NW	1584		-
RSVA CN	1586		-
RSVA Power	1588		-
RSVA Power - Global Adjustment	1589		-
RSVA - RPP Settlement	1592		
	1595-1515,		
Disposition and Recovery of Regulatory 2012	1595-1516,		99,185
	1595-1517		
	1595-1520,		
Disposition and Recovery of Regulatory 2013	1595-1521,		157
	1595-1522		

276,599

TOTAL ASSETS AND REGULATORY DEFERRALS

7,291,508

Hearst Power Distribution Company Limited/
 Corporation de Distribution Électrique de Hearst
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2016

	ACCOUNT	2016
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED CHARGES		
Accounts Payable	2205	2,014,692
Customer Credit Balances	2208	33,515
Misc. Current & Accrued	2220	26,000
Debt Retirement Charge	2250	30,969
Commodity Taxes	2290	-
Payroll	2292	34,059
		<u>2,139,234</u>
PAYMENT-IN-LIEU OF TAXES		
Accrual for Taxes, Payment in Lieu of Taxes	2294	<u>-</u>
DEMAND LOAN		
Other Long Term Debt	2520	<u>1,250,000</u>
CUSTOMERS' DEPOSITS		
Long Term Customer Deposits	2335	<u>69,593</u>
DUE TO TOWN OF HEARST		
A/P Town Int. Long Term Debt	2209	77,097
Accounts Payable - Town	2240	377,470
		<u>454,567</u>
		<u>3,913,394</u>
CONTRIBUTIONS IN AID OF CONSTRUCTIONS		
Deferred Revenues	2440	<u>47,782</u>
TOTAL LIABILITIES		<u>3,961,175</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL		

Common Shares Issued

3005

10,000

RETAINED EARNINGS

Adjustment to Retained Earnings	3055	3,086,947
Total loss and other comprehensive income		80,206
		3,167,152

TOTAL SHAREHOLDER'S EQUITY**3,177,152****TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY****7,138,328****REGULATORY DEFERRALS**

RSVA WMS	1580	67,029
CGAAP to IFRS	1576	37,088
Other Regulatory Liabilities	2405	12,419
	1595-1510,	
Disposition and recovery of regulatory 2010	1595-1511,	840
	1595-1512	
	1595-1530,	
Disposition and recovery of regulatory 2015	1595-1531,	35,804.52
	1595-1532	
		153,180

TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS**7,291,508**

**Hearst Power Distribution Company Limited/
Corporation de Distribution Électrique de Hearst
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2017**

	ACCOUNT	2017
SERVICE REVENUE		
ELECTRICITY		
Residential Energy Sales	4006	\$ 2,152,574.06
Street Lighting Energy Sales	4025	\$ -
Sentinel Lighting Energy Sales	4030	\$ 611.20
General Energy Sales	4035	\$ 5,591,567.05
Energy Sales for Retailers	4055	\$ 531,037.79
		\$ 8,275,790.10
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Billed WMS - Residential	4062	\$ 306,835.95
BILLED - RRA	4063	\$ 86,356.21
Billed NW - Residential	4066	\$ 490,946.75
Billed CN - Residential	4068	\$ 401,684.09
Billed - LV	4075	\$ 52,872.57
Billed - Smart Metering Entity Charge	4076	\$ 25,134.00
		\$ 1,363,829.57
		\$ 9,639,619.67
COST OF SALES		
ELECTRICITY		
Power Purchased	4705	\$ 4,174,712.46
Power Purchased - Global Adjustment	4707	\$ 4,101,077.65
		\$ 8,275,790.11
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Charges - Wholesale Market Services (WMS)	4708	\$ 306,835.94
Charges - Network Services (NW)	4714	\$ 490,946.75
Charges - Connections (CN)	4716	\$ 401,684.09
Rural Rate Assistance Expense	4730	\$ 86,356.21
Shared LV Line	4750	\$ 52,872.57
Charges - Smart Metering Entity Charge	4751	\$ 25,134.00
		\$ 1,363,829.56
		\$ 9,639,619.67
GROSS MARGIN		\$ -
DISTRIBUTION REVENUE		

Dist Service Revenue	4080	<u>\$ 1,155,060.29</u>
NON-UTILITY NET INCOME		
Revenues from non-utility	4375	\$ 97,121.64
Expenses from non-utility	4380	\$ 91,079.79
		<u>\$ 6,041.85</u>
INVESTMENT INCOME		
Profit and loss from financial instrument investments	4340	-\$ 13,219.80
Interest & Dividend Income - Interest	4405	\$ 76,940.85
Interest Rev.-Carrying Charges	4406	\$ 6,524.29
		<u>\$ 70,245.34</u>
OTHER REVENUE		
Retail Services Revenue - Distributor-Consolidated	4082	\$ 4,146.19
STR Revenues - Request Fee	4084	\$ 6.00
SSS Admin Fee	4086	\$ 8,077.71
Rent from Electric Property - Pole Rentals	4210	\$ 29,006.73
LATE PAYMENT CHARGES	4225	\$ 11,678.50
MISC SERVICES REVENUES	4235	\$ 14,085.00
GOV. AND OTHER REVENUES	4245	\$ 1,474.12
REVENUES FROM MERCHANDISE, JOBBING ETC.	4325	\$ 107,476.18
OTHER MISC. REVENUE	4326	\$ 17,018.49
TRUCK RENTAL	4327	\$ -
MISC. INCOME	4390	\$ -
Unusual Income	6305	\$ -
		<u>\$ 192,968.92</u>
		<u>\$ 1,424,316.40</u>
EXPENSES		
DISTRIBUTION, OPERATION & MAINTENANCE		
TRANSFORMERS		
Overhead Distribution Transformers- Operation	5035	\$ 7,319.71
Underground Distribution Transformers - Operation	5055	\$ 7,017.20
Mtce of Line Transformers	5160	\$ 55,833.18
		<u>\$ 70,170.09</u>
METERS		
Meter Expense - Materials & Expenses (all meters)	5065	\$ 3,849.28
Maintenance of Meters	5175	\$ 5,608.24
		<u>\$ 9,457.52</u>
LINES AND FEEDERS		
Operation Supervision & Engineering	5005	\$ -
OH Dist Lines & Feeders - Primary	5020	\$ 13,103.11
Oh Dist Lines & Feeders - Secondary	5025	\$ 40,519.23

ALL TRUCKS	5027	\$	10,941.70
UG Dist Line Feeders-Operation	5040	\$	6,743.73
UG Dist Lines & Feeders - Op Sup & Exp - Secondary	5045	\$	38.97
Customer Premises - Operation Labour	5070	\$	25,613.91
Customer Premises - Materials and Expenses	5075	\$	168.60
Misc Distribution Expenses- Warehouse	5085	\$	51,681.62
OH Dist Lines& Feeders - Rental Paid	5095	\$	9,314.88
Other Rent	5096, 5097	\$	4,100.00
Mtce Supervision & Engineering	5105	\$	14,731.37
Mtce of Poles, Towers & Fixt - Primary	5120	\$	77,095.31
Mtce of OH Conduct & Devices - Primary	5125	\$	80,664.69
Mtce of OH Services	5130	\$	4,549.36
Overhead Distribution Lines and Feeders - Right of Way	5135	\$	9,512.72
Mtce of UG Conduit - Primary	5145	\$	1,993.65
Mtce of UG Conduct & Devices - Primary	5150	\$	3,565.72
Mtce of UG Services	5155	\$	4,191.08
		\$	358,529.65
		\$	438,157.26

ADMINISTRATION AND FINANCE

METER READING, BILLING AND COLLECTING

Meter Reading Expenses	5310	\$	18,453.28
Customer Billing	5315	\$	213,265.60
Collecting	5320	\$	41,748.12
Collection Charges	5330	\$	1,333.08
Bad Debt Expenses	5335	\$	13,837.83
Misc Cust Account Exp - Communication Service	5340	\$	22,486.68
Community Relations	5410	\$	3,870.47
Energy Conservation	5415	\$	-
Community Safety Program	5420	\$	134.95
		\$	315,130.01

GENERAL ADMINISTRATION

Advertising Expense - Materials & Expenses	5515	\$	2,057.60
Executive Salaries & Expenses	5605	\$	10,328.00
General Admin Sal & Exp - Salaries	5615	\$	100,551.24
Office Supplies & Expenses	5620	\$	9,205.78
Outside Services Employed	5630	\$	100,581.40
Property Insurance	5635	\$	9,507.35
Regulatory Expenses	5655	\$	45,858.66
General Advertising Expenses	5660	\$	-
Miscellaneous General Expenses	5665	\$	29,654.92
Rent	5670	\$	13,879.68
Electrical Safety Authority Fees	5680	\$	2,898.00
Other Interest Expense	6035	\$	433.69
Interest Exp -Carrying Charges	6036	\$	1,926.55
Donations - Leap Funding	6205	\$	-

		<u>\$ 326,882.87</u>
INTEREST ON LONG-TERM DEBT		
Interest on long-term debt	6005	<u>\$ 74,731.00</u>
INTEREST ON LONG-TERM DEBT		
Regulatory Debit	4305	<u>\$ 37,087.99</u>
		<u>\$ 753,831.87</u>
AMORTIZATION		
Depreciation general plant	5705	\$ 134,692.74
Amortization of the refund of Account 1575/1576	5705	-\$ 37,087.99
Amort. Of Intangible & Other	5715	\$ 3,120.07
		<u>\$ 100,724.82</u>
		<u>\$ 1,292,713.95</u>
INCOME (LOSS) FROM OPERATIONS		<u>\$ 131,602.45</u>
OTHER EXPENSES		
Cost of other merchandising	4330	\$ 77,211.48
Loss on disposal of property and equipment	4360	-\$ 12,605.50
Management fees on investments	5630	\$ 14,786.91
Unrealized loss on investments	7005	-\$ 22,521.60
		<u>\$ 56,871.29</u>
INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES		\$ 74,731.16
PAYMENT IN LIEU OF TAXES		
Income Taxes	6110	\$ 2,661.00
Future income taxes expense	6115	\$ -
		<u>\$ 2,661.00</u>
NET INCOME		<u>\$ 72,070.16</u>

**Hearst Power Distribution Company Limited/
 Corporation de Distribution Électrique de Hearst
 BALANCE SHEET
 YEAR ENDED DECEMBER 31, 2017**

	ACCOUNT	2017
BALANCE SHEET		
CURRENT ASSETS		
CASH		
Cash in Bank (Ck Acct)	1005	562,659.98
Cash in Bank (Cap Social)	1007	10.00
Epargne Sociale -Caisse Pop	1008	754,034.81
		<u>1,316,704.79</u>
INVESTMENTS		
Sun-Life Financial Investments	1011	521,821.95
Quadrus Investments	1012	532,081.12
Desjardins Mutual Funds	1013	545,381.04
T Bill IESO	1020	171,752.00
		<u>1,771,036.11</u>
ACCOUNTS RECEIVABLE		
Customer Accounts Receivable	1100	588,273.96
Acct Rec. - Recoverable Work	1104	33,807.49
Acct Rec.- Merchandise,Jobbing	1105	72,781.43
Acct Rec. - PUC	1106	14,139.72
Other A/R	1109	42,074.72
Other A/R	1110	66,557.31
Interest and Dividends Receivable	1140	779.78
		<u>818,414.41</u>
UNBILLED SERVICE REVENUE		
Accrued Utility Revenues (Unbilled Re	1120	<u>929,317.42</u>
INVENTORY		
Plant Materials & Operating Supplies	1330	<u>96,722.83</u>
PAYMENTS IN LIEU OF TAXES		
Accrual for Taxes, Payment in Lieu of Taxes	2294	<u>15,866.00</u>
PREPAID EXPENSES		
Prepayments	1180	<u>31,197.59</u>
		<u>4,979,259.15</u>

PAYMENT-IN-LIEU OF FUTURE TAXES

Future Income Tax - Non Current	2350	<u>16,000.00</u>
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PROPERTY AND EQUIPMENT

Land	1905	7,600.00
Buildings and Fixtures	1908	228,192.82
POLES, TOWERS & FIXTURES	1830	421,657.03
Overhead Conductor & Devices	1835	241,675.47
Underground Conduit	1840	5,377.00
Underground Conductors & Devices	1845	54,975.84
Line Transformers	1850	158,758.56
Services	1855	23,060.41
Meters	1860	700,492.38
Office Furniture & Equipment	1915	4,732.21
Computer Equipment - Hardware	1920	19,759.01
Transportation Equipment	1930	214,268.38
Tools, Shop & Garage Equipment	1940	24,621.13
Communication Equipment	1955	354.60
Construction Work in Progress--Electric	2055	57,553.52
		<u>2,163,078.36</u>

Acc. Amort. - Building and fixtures	2105-10	-	30,764.39
Acc. Amort. - O/H Conductor & Devices	2105-50	-	78,429.05
Acc. Amort. - Automotive equipment	2105-535	-	119,465.59
Acc. Amort. - U/G Conduit	2105-60	-	1,179.10
Acc. Amort. - U/G Conductors & Devices	2105-70	-	9,198.78
Acc. Amort. - Services	2105-90	-	3,854.20
Acc Amort - Computer Equip. and Hard (Post 19/07)	2105-522	-	14,353.21
Acc. Amort. - Line Transformers - Overhead	2105-80	-	13,942.64
Acc. Amort. - Meters	2105-100	-	25,354.01
Acc Amort - Office Furniture & Equipment	2105-515	-	2,112.01
Acc Amort - Tools, Shop & Garage Equipment	2105-545	-	11,472.38
Acc Amort - Communication Equipment	2105-560	-	354.60
Acc. Amort. - Poles, Towers & Fixtures	2105-40	-	25,379.21
Acc. Amort. - Smart Meters	2105-115	-	347,115.86
		-	<u>682,975.03</u>

1,480,103.33

INTANGIBLE ASSETS

Organization	1606	25,471.33	
Computer Software	1611	131,542.83	
Land Rights	1612	4,232.00	
Acc Amort - Electric Utility Plant - Intangibles	2120-00	-	22,655.26
Acc Amort - Land Rights	2105-500	-	4,232.00
Acc Amort - Computer Software	2105-525	-	127,934.75
			<u>6,424.15</u>

1,502,527.48

TOTAL ASSETS

6,481,786.63

REGULATORY DEFERRALS

Other Regulatory Assets - Pension Con	1508	193.94
RCVA Retail	1518	2,248.69
Miscellaneous Deferred Debits	1525	4.20
RSVA - Shared LV Line	1550	167,728.04
Smart Metering Entity Charge Variance	1551	30.26
Smart Meter Cap & Rec Offset Variance	1555	25,998.15
Smart Meter OM&A Variance Account	1556	-
LRAM Variance account	1568	27.38
RSVA WMS	1580	-
RSVA NW	1584	-
RSVA CN	1586	-
RSVA Power	1588	-
RSVA Power - Global Adjustment	1589	-
RSVA - RPP Settlement	1592	-
	1595-1515,	
Disposition and Recovery of Regulatory 2012	1595-1516,	100,350.57
	1595-1517	
	1595-1520,	
Disposition and Recovery of Regulatory 2013	1595-1521,	156.50
	1595-1522	
	1595-1535,	
Disposition and Recovery of Regulatory 2017	1595-1536,	38,815.30
	1595-1537	

335,553.03

TOTAL ASSETS AND REGULATORY DEFERRALS

6,817,339.66

Hearst Power Distribution Company Limited/
 Corporation de Distribution Électrique de Hearst
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2017

	ACCOUNT	2017
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED CHARGES		
Accounts Payable	2205	1,674,241.30
Customer Credit Balances	2208	59,097.64
Misc. Current & Accrued	2220	61,000.00
Debt Retirement Charge	2250	31,764.77
Commodity Taxes	2290	-
Payroll	2292	38,175.72
		<u>1,864,279.43</u>
PAYMENT-IN-LIEU OF TAXES		
Accrual for Taxes, Payment in Lieu of Taxes	2294	<u>-</u>
DEMAND LOAN		
Other Long Term Debt	2520	<u>1,250,000.00</u>
CUSTOMERS' DEPOSITS		
Long Term Customer Deposits	2335	<u>74,368.18</u>
DUE TO TOWN OF HEARST		
A/P Town Int. Long Term Debt	2209	74,731.00
Accounts Payable - Town	2206	198,814.59
		<u>273,545.59</u>
		<u>3,462,193.20</u>
CONTRIBUTIONS IN AID OF CONSTRUCTIONS		
Deferred Revenues	2440	<u>60,058.68</u>
		<u>3,522,251.88</u>
TOTAL LIABILITIES		
SHAREHOLDER'S EQUITY		
SHARE CAPITAL		
Common Shares Issued	3005	<u>10,000.00</u>

RETAINED EARNINGS

Adjustment to Retained Earnings	3055	3,167,152.29
Total loss and other comprehensive income		72,070.16
		<u>3,239,222.45</u>

TOTAL SHAREHOLDER'S EQUITY**3,249,222.45****TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY****6,771,474.33****REGULATORY DEFERRALS**

	1580, 1584,	
RSVA WMS	1586, 1589	30,054.44
CGAAP to IFRS	1576	-
Other Regulatory Liabilities	2405	12,418.60
	1595-1510,	
Disposition and recovery of regulatory 2010	1595-1511,	840.25
	1595-1512	
	1595-1530,	
Disposition and recovery of regulatory 2015	1595-1531,	413.04
	1595-1532	
PILs and tax variance	1592	2,139.00
		<u>45,865.33</u>

TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS**6,817,339.66**

**Hearst Power Distribution Company Limited/
Corporation de Distribution Électrique de Hearst
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2018**

	ACCOUNT	2018
SERVICE REVENUE		
ELECTRICITY		
Residential Energy Sales	4006	\$ 1,906,114.87
Street Lighting Energy Sales	4025	\$ 1,512.35
Sentinel Lighting Energy Sales	4030	\$ 743.49
General Energy Sales	4035	\$ 5,282,785.07
Energy Sales for Retailers	4055	\$ 216,047.40
		\$ 7,407,203.18
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Billed WMS - Residential	4062	\$ 289,558.10
BILLED - RRA	4063	\$ 21,071.98
Billed NW - Residential	4066	\$ 485,959.81
Billed CN - Residential	4068	\$ 428,370.30
Billed - LV	4075	\$ 52,936.32
Billed - Smart Metering Entity Charge	4076	\$ 17,831.02
		\$ 1,295,727.53
		\$ 8,702,930.71
COST OF SALES		
ELECTRICITY		
Power Purchased	4705	\$ 4,172,913.00
Power Purchased - Global Adjustment	4707	\$ 3,234,290.18
		\$ 7,407,203.18
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Charges - Wholesale Market Services (WMS)	4708	\$ 289,558.10
Charges - Network Services (NW)	4714	\$ 485,959.81
Charges - Connections (CN)	4716	\$ 428,370.30
Rural Rate Assistance Expense	4730	\$ 21,071.98
Shared LV Line	4750	\$ 52,936.32
Charges - Smart Metering Entity Charge	4751	\$ 17,831.02
		\$ 1,295,727.53
		\$ 8,702,930.71
GROSS MARGIN		\$ -
DISTRIBUTION REVENUE		

Dist Service Revenue	4080	<u>\$ 1,199,384.70</u>
NON-UTILITY NET INCOME		
Revenues from non-utility	4375	\$ 489,411.30
Expenses from non-utility	4380	\$ 380,889.72
		<u>\$ 108,521.58</u>
INVESTMENT INCOME		
Profit and loss from financial instrument investments	4340	-\$ 56,168.65
Interest & Dividend Income - Interest	4405	\$ 59,338.42
Interest Rev.-Carrying Charges	4406	\$ 11,024.91
		<u>\$ 14,194.68</u>
OTHER REVENUE		
Retail Services Revenue - Distributor-Consolidated	4082	\$ 3,334.42
STR Revenues - Request Fee	4084	\$ 14.25
SSS Admin Fee	4086	\$ 8,207.49
Rent from Electric Property - Pole Rentals	4210	\$ 37,045.48
LATE PAYMENT CHARGES	4225	\$ 12,107.80
MISC SERVICES REVENUES	4235	\$ 14,355.00
GOV. AND OTHER REVENUES	4245	\$ 2,045.93
REVENUES FROM MERCHANDISE, JOBBING ETC.	4325	\$ 125,498.02
OTHER MISC. REVENUE	4326	\$ 11,743.22
TRUCK RENTAL	4327	\$ -
MISC. INCOME	4390	\$ -
Unusual Income	6305	\$ -
		<u>\$ 214,351.61</u>
		<u>\$ 1,536,452.57</u>
EXPENSES		
DISTRIBUTION, OPERATION & MAINTENANCE		
TRANSFORMERS		
Overhead Distribution Transformers- Operation	5035	\$ -
Underground Distribution Transformers - Operation	5055	\$ 967.32
Mtce of Line Transformers	5160	\$ 63,866.48
		<u>\$ 64,833.80</u>
METERS		
Meter Expense - Materials & Expenses (all meters)	5065	\$ 1,934.18
Maintenance of Meters	5175	\$ 18,214.21
		<u>\$ 20,148.39</u>
LINES AND FEEDERS		
Operation Supervision & Engineering	5005	\$ -
OH Dist Lines & Feeders - Primary	5020	\$ 9,328.04
Oh Dist Lines & Feeders - Secondary	5025	\$ 27,253.34

ALL TRUCKS	5027	\$	33,757.44
UG Dist Line Feeders-Operation	5040	\$	-
UG Dist Lines & Feeders - Op Sup & Exp - Secondary	5045	\$	239.95
UG Subtransmission Feeders - Operation	5050	\$	242.42
Customer Premises - Operation Labour	5070	\$	23,357.12
Customer Premises - Materials and Expenses	5075	\$	580.25
Misc Distribution Expenses- Warehouse	5085	\$	54,324.29
OH Dist Lines& Feeders - Rental Paid	5095	\$	9,383.04
Other Rent	5096, 5097	\$	4,100.00
Mtce Supervision & Engineering	5105	\$	17,412.88
Mtce of Poles, Towers & Fixt - Primary	5120	\$	100,869.62
Mtce of OH Conduct & Devices - Primary	5125	\$	99,234.68
Mtce of OH Services	5130	\$	7,083.71
Overhead Distribution Lines and Feeders - Right of Way	5135	\$	2,571.95
Mtce of UG Conduit - Primary	5145	\$	860.63
Mtce of UG Conduct & Devices - Primary	5150	\$	2,897.88
Mtce of UG Services	5155	\$	4,470.36
		\$	397,967.60
		\$	482,949.79

ADMINISTRATION AND FINANCE

METER READING, BILLING AND COLLECTING

Meter Reading Expenses	5310	\$	18,702.99
Customer Billing	5315	\$	201,465.31
Collecting	5320	\$	42,047.53
Collection Charges	5330	\$	781.00
Bad Debt Expenses	5335	\$	3,950.11
Misc Cust Account Exp - Communication Service	5340	\$	22,913.91
Community Relations	5410	\$	4,114.08
Energy Conservation	5415	\$	-
Community Safety Program	5420	\$	1,372.23
		\$	295,347.16

GENERAL ADMINISTRATION

Advertising Expense - Materials & Expenses	5515	\$	3,561.37
Executive Salaries & Expenses	5605	\$	11,937.39
General Admin Sal & Exp - Salaries	5615	\$	88,686.50
Office Supplies & Expenses	5620	\$	12,171.98
Outside Services Employed	5630	\$	107,805.24
Property Insurance	5635	\$	10,156.67
Regulatory Expenses	5655	\$	45,701.76
General Advertising Expenses	5660	\$	-
Miscellaneous General Expenses	5665	\$	29,195.89
Rent	5670	\$	16,172.12
Electrical Safety Authority Fees	5680	\$	2,686.00
Other Interest Expense	6035	\$	1,818.27
Interest Exp -Carrying Charges	6036	\$	1,399.93

Donations	6205	\$ 500.00
		<u>\$ 331,793.12</u>
INTEREST ON LONG-TERM DEBT		
Interest on long-term debt	6005	<u>\$ 92,863.00</u>
REGULATORY		
Regulatory Debit	4305	<u>\$ -</u>
		<u>\$ 720,003.28</u>
AMORTIZATION		
Depreciation general plant	5705	\$ 120,782.35
Amortization of the refund of Account 1575/1576	5705	\$ -
Amort. Of Intangible & Other	5715	\$ 3,231.67
		<u>\$ 124,014.02</u>
		<u>\$ 1,326,967.09</u>
INCOME (LOSS) FROM OPERATIONS		<u>\$ 209,485.48</u>
OTHER EXPENSES		
Cost of other merchandising	4330	\$ 82,330.27
Loss on disposal of property and equipment	4360	-\$ 34,406.57
Management fees on investments	5630	\$ 14,843.68
Unrealized loss on investments	7005	\$ 17,655.77
		<u>\$ 80,423.15</u>
INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES		\$ 129,062.33
PAYMENT IN LIEU OF TAXES		
Income Taxes	6110	\$ 22,128.00
Future income taxes expense	6115	\$ 8,000.00
		<u>\$ 30,128.00</u>
NET INCOME		<u>\$ 98,934.33</u>

**Hearst Power Distribution Company Limited/
Corporation de Distribution Électrique de Hearst
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2018**

	ACCOUNT	2018
BALANCE SHEET		
CURRENT ASSETS		
CASH		
Cash in Bank (Ck Acct)	1005	455,487.72
Cash in Bank (Cap Social)	1007	10.00
Epargne Sociale -Caisse Pop	1008	760,772.11
Cash in Bank (AFT account-462)	1009	72,166.75
		<u>1,288,436.58</u>
INVESTMENTS		
Sun-Life Financial Investments	1011	-
Quadrus Investments	1012	-
Desjardins Mutual Funds	1013	1,544,490.01
T Bill IESO	1020	170,513.13
		<u>1,715,003.14</u>
ACCOUNTS RECEIVABLE		
Customer Accounts Receivable	1100	638,803.76
Acct Rec. - Recoverable Work	1104	12.54
Acct Rec. - Merchandise, Jobbing	1105	54,429.38
Acct Rec. - PUC	1106	-
Acct Rec. - Hearst Connect	1109	57,239.62
Acct Rec. - Town	1110	56,923.16
Interest and Dividends Receivable	1140	6,109.05
Commodity taxes	2290	70,496.39
		<u>884,013.90</u>
UNBILLED SERVICE REVENUE		
Accrued Utility Revenues (Unbilled Re	1120	<u>841,260.41</u>
INVENTORY		
Plant Materials & Operating Supplies	1330	<u>113,254.61</u>
PAYMENTS IN LIEU OF TAXES		
Accrual for Taxes, Payment in Lieu of Taxes	2294	<u>-</u>
PREPAID EXPENSES		
Prepayments	1180	<u>79,883.88</u>

4,921,852.52

PAYMENT-IN-LIEU OF FUTURE TAXES

Future Income Tax - Non Current

2350

8,000.00

PROPERTY AND EQUIPMENT

Land	1905	7,600.00
Buildings and Fixtures	1908	244,924.72
POLES, TOWERS & FIXTURES	1830	521,559.30
Overhead Conductor & Devices	1835	263,851.93
Underground Conduit	1840	5,377.00
Underground Conductors & Devices	1845	55,464.48
Line Transformers	1850	175,754.76
Services	1855	36,803.18
Meters	1860	724,921.25
Office Furniture & Equipment	1915	24,020.52
Computer Equipment - Hardware	1920	19,759.01
Transportation Equipment	1930	250,371.37
Tools, Shop & Garage Equipment	1940	27,120.13
Communication Equipment	1955	354.60
Construction Work in Progress--Electric	2055	61,624.23
		<hr/> <hr/> 2,419,506.48 <hr/>

Acc. Amort. - Building and fixtures	2105-10	-	38,495.27
Acc. Amort. - O/H Conductor & Devices	2105-50	-	87,766.41
Acc. Amort. - Automotive equipment	2105-535	-	121,450.05
Acc. Amort. - U/G Conduit	2105-60	-	1,513.45
Acc. Amort. - U/G Conductors & Devices	2105-70	-	11,353.79
Acc. Amort. - Services	2105-90	-	5,202.45
Acc Amort - Computer Equip. and Hard (Post 19/07)	2105-522	-	17,346.26
Acc. Amort. - Line Transformers - Overhead	2105-80	-	19,147.48
Acc. Amort. - Meters	2105-100	-	32,834.53
Acc Amort - Office Furniture & Equipment	2105-515	-	3,505.62
Acc Amort - Tools, Shop & Garage Equipment	2105-545	-	13,432.13
Acc Amort - Communication Equipment	2105-560	-	354.60
Acc. Amort. - Poles, Towers & Fixtures	2105-40	-	36,865.14
Acc. Amort. - Smart Meters	2105-115	-	391,844.61
		-	<hr/> <hr/> 781,111.79 <hr/>

1,638,394.69

INTANGIBLE ASSETS

Organization	1606	25,471.33	
Computer Software	1611	131,542.83	
Land Rights	1612	4,232.00	
Acc Amort - Electric Utility Plant - Intangibles	2120-00	-	23,928.83
Acc Amort - Land Rights	2105-500	-	4,232.00

Acc Amort - Computer Software	2105-525	-	129,892.85
			<u>3,192.48</u>
			1,649,587.17
TOTAL ASSETS			6,571,439.69
REGULATORY DEFERRALS			
Other Regulatory Assets - Pension Con	1508		-
RCVA Retail	1518		3,305.38
Miscellaneous Deferred Debits	1525		4.20
RSVA - Shared LV Line	1550		187,703.23
Smart Metering Entity Charge Variance	1551		-
Smart Meter Cap & Rec Offset Variance	1555		13,133.91
Smart Meter OM&A Variance Account	1556		-
LRAM Variance account	1568		27.38
	1580, 1584,		
RSVA - all categories	1586, 1588,		
	1589		32,756.62
RSVA - RPP Settlement	1592		-
	1595-1515,		
Disposition and Recovery of Regulatory 2012	1595-1516,		-
	1595-1517		
	1595-1520,		
Disposition and Recovery of Regulatory 2013	1595-1521,		156.50
	1595-1522		
	1595-1530,		
Disposition and Recovery of Regulatory 2015	1595-1531,		7,231.55
	1595-1532		
	1595-1535,		
Disposition and Recovery of Regulatory 2017	1595-1536,		7,159.20
	1595-1537		
	1595-1540,		
Disposition and Recovery of Regulatory 2018	1595-1541,		41,638.33
	1595-1542		
			<u>293,116.30</u>
TOTAL ASSETS AND REGULATORY DEFERRALS			<u><u>6,864,555.99</u></u>

**Hearst Power Distribution Company Limited/
Corporation de Distribution Électrique de Hearst
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2019**

	ACCOUNT	2019
SERVICE REVENUE		
ELECTRICITY		
Residential Energy Sales	4006	\$ 2,112,655.37
Street Lighting Energy Sales	4025	\$ 1,939.49
Sentinel Lighting Energy Sales	4030	\$ 826.86
General Energy Sales	4035	\$ 5,386,112.20
Energy Sales for Retailers	4055	\$ 210,743.10
		\$ 7,712,277.02
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Billed WMS - Residential	4062	\$ 268,898.84
BILLED - RRA	4063	\$ 35,370.69
Billed NW - Residential	4066	\$ 508,655.67
Billed CN - Residential	4068	\$ 445,295.15
Billed - LV	4075	\$ 53,857.71
Billed - Smart Metering Entity Charge	4076	\$ 18,194.31
		\$ 1,330,272.37
		\$ 9,042,549.39
COST OF SALES		
ELECTRICITY		
Power Purchased	4705	\$ 4,277,988.51
Power Purchased - Global Adjustment	4707	\$ 3,434,288.51
		\$ 7,712,277.02
WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION		
Charges - Wholesale Market Services (WMS)	4708	\$ 268,898.84
Charges - Network Services (NW)	4714	\$ 508,655.67
Charges - Connections (CN)	4716	\$ 445,295.15
Rural Rate Assistance Expense	4730	\$ 35,370.69
Shared LV Line	4750	\$ 53,857.71
Charges - Smart Metering Entity Charge	4751	\$ 18,194.31
		\$ 1,330,272.37
		\$ 9,042,549.39
GROSS MARGIN		\$ -
DISTRIBUTION REVENUE		

Dist Service Revenue	4080	<u>\$ 1,226,450.29</u>
NON-UTILITY NET INCOME		
Revenues from non-utility	4375	\$ 832,845.79
Expenses from non-utility	4380	\$ 741,367.15
		<u>\$ 91,478.64</u>
OTHER REVENUE		
Retail Services Revenue - Distributor-Consolidated	4082	\$ 5,624.64
STR Revenues - Request Fee	4084	\$ 3.25
SSS Admin Fee	4086	\$ 7,581.75
Rent from Electric Property - Pole Rentals	4210	\$ 40,214.46
MISC SERVICES REVENUES	4235	\$ 9,110.00
GOV. AND OTHER REVENUES	4245	\$ 2,681.69
REVENUES FROM MERCHANDISE, JOBBING ETC.	4325	\$ 88,270.88
OTHER MISC. REVENUE	4326	\$ 5,666.47
TRUCK RENTAL	4327	\$ -
MISC. INCOME	4390	\$ -
Unusual Income	6305	\$ -
		<u>\$ 159,153.14</u>
		<u>\$ 1,477,082.07</u>
EXPENSES		
DISTRIBUTION, OPERATION & MAINTENANCE		
TRANSFORMERS		
Overhead Distribution Transformers- Operation	5035	\$ 7.37
Underground Distribution Transformers - Operation	5055	\$ 4,233.27
Mtce of Line Transformers	5160	\$ 61,252.69
		<u>\$ 65,493.33</u>
METERS		
Meter Expense - Materials & Expenses (all meters)	5065	\$ 715.25
Maintenance of Meters	5175	\$ 17,069.40
		<u>\$ 17,784.65</u>
LINES AND FEEDERS		
Operation Supervision & Engineering	5005	\$ -
OH Dist Lines & Feeders - Primary	5020	\$ 16,930.25
Oh Dist Lines & Feeders - Secondary	5025	\$ 40,348.07
ALL TRUCKS	5027	\$ 24,028.80
UG Dist Line Feeders-Operation	5040	\$ -
UG Dist Lines & Feeders - Op Sup & Exp - Secondary	5045	\$ 2,667.65
UG Subtransmission Feeders - Operation	5050	\$ -
Customer Premises - Operation Labour	5070	\$ 32,704.36
Customer Premises - Materials and Expenses	5075	\$ 986.68
Misc Distribution Expenses- Warehouse	5085	\$ 28,494.07

OH Dist Lines& Feeders - Rental Paid	5095	\$	13,782.41
Other Rent	5096, 5097	\$	4,175.00
Mtce Supervision & Engineering	5105	\$	18,340.68
Mtce of Poles, Towers & Fixt - Primary	5120	\$	49,405.22
Mtce of OH Conduct & Devices - Primary	5125	\$	65,326.87
Mtce of OH Services	5130	\$	15,531.71
Overhead Distribution Lines and Feeders - Right of Way	5135	\$	14,092.74
Mtce of UG Conduit - Primary	5145	\$	18,354.98
Mtce of UG Conduct & Devices - Primary	5150	\$	22,149.37
Mtce of UG Services	5155	\$	24,163.16
		\$	391,482.02
		\$	474,760.00

ADMINISTRATION AND FINANCE

METER READING, BILLING AND COLLECTING

Meter Reading Expenses	5310	\$	16,648.88
Customer Billing	5315	\$	206,541.55
Collecting	5320	\$	44,427.21
Collection Charges	5330	\$	710.91
Bad Debt Expenses	5335	\$	11,412.02
Misc Cust Account Exp - Communication Service	5340	\$	23,360.62
Community Relations	5410	\$	1,762.90
Energy Conservation	5415	\$	-
Community Safety Program	5420	\$	-
		\$	304,864.09

GENERAL ADMINISTRATION

Advertising Expense - Materials & Expenses	5515	\$	2,132.58
Executive Salaries & Expenses	5605	\$	12,323.89
General Admin Sal & Exp - Salaries	5615	\$	88,176.88
Office Supplies & Expenses	5620	\$	9,841.79
Outside Services Employed	5630	\$	89,241.82
Property Insurance	5635	\$	9,092.88
Regulatory Expenses	5655	\$	44,646.46
General Advertising Expenses	5660	\$	-
Miscellaneous General Expenses	5665	\$	38,196.86
Rent	5670	\$	14,398.08
Electrical Safety Authority Fees	5680	\$	2,778.00
Other Interest Expense	6035	\$	-
Interest Exp -Carrying Charges	6036	\$	-
Donations	6205	\$	4,000.00
		\$	314,829.24
		\$	619,693.33

AMORTIZATION

Depreciation general plant	5705	\$	112,207.15
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Amortization of the refund of Account 1575/1576	5705	\$	-
Amort. Of Intangible & Other	5715	\$	2,364.22
		\$	<u>114,571.37</u>

\$ 1,209,024.70

INCOME (LOSS) FROM OPERATIONS

\$ 268,057.37

OTHER EXPENSES

Finance income			
Interest income on accounts receivable	4225	-\$	12,807.26
Interest income on bank deposits	4405.10	-\$	30,403.78
Interest on regulatory deferral accounts	4406	-\$	10,653.66
Interest and dividend income on fair value through P&L	4405	-\$	39,494.62
Net gain on disposal of fair value through P&L	4340	-\$	4,546.08
Finance expenses			
Interest on demand loan	6005	\$	84,264.00
Interest cost on regulatory deferral accounts	6036	\$	2,443.52
Other interest	6035	\$	1,698.04
Loss on disposal of fair value through P&L	4340	\$	-
Cost of other merchandising	4330	\$	48,070.13
Loss on disposal of property and equipment	4360	\$	736.80
Management fees on investments	5630	\$	7,294.06
Unrealized loss on investments	7005	-\$	57,802.13
		-\$	<u>11,200.98</u>

INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES

\$ 279,258.35

PAYMENT IN LIEU OF TAXES

Income Taxes	6110	\$	28,921.00
Future income taxes expense	6115	\$	6,000.00
		\$	<u>34,921.00</u>

NET INCOME

\$ 244,337.35

**Hearst Power Distribution Company Limited/
 Corporation de Distribution Électrique de Hearst
 BALANCE SHEET
 YEAR ENDED DECEMBER 31, 2019**

	ACCOUNT	2019
BALANCE SHEET		
CURRENT ASSETS		
CASH		
Cash in Bank (Ck Acct)	1005	1,065,962.21
Cash in Bank (Cap Social)	1007	10.00
Epargne Sociale -Caisse Pop	1008	303,405.23
Cash in Bank (AFT account-462)	1009	48,402.57
		<u>1,417,780.01</u>
INVESTMENTS		
Desjardins Mutual Funds	1013	1,389,205.74
T Bill IESO	1020	170,037.93
		<u>1,559,243.67</u>
ACCOUNTS RECEIVABLE		
Customer Accounts Receivable	1100	707,368.44
Acct Rec. - Recoverable Work	1104	12.54
Acct Rec. - Merchandise, Jobbing	1105	247,341.49
Acct Rec. - PUC	1106	-
Acct Rec. - Hearst Connect	1109	101,617.09
Acct Rec. - Town	1110	80,121.59
Interest and Dividends Receivable	1140	2,660.98
Commodity taxes	2290	98,677.94
		<u>1,237,800.07</u>
UNBILLED SERVICE REVENUE		
Accrued Utility Revenues (Unbilled Re	1120	<u>1,098,325.87</u>
INVENTORY		
Plant Materials & Operating Supplies	1330	106,604.49
Non-Utility Property Owned	2075	17,223.07
		<u>123,827.56</u>
PAYMENTS IN LIEU OF TAXES		
Accrual for Taxes, Payment in Lieu of Taxes	2294	<u>-</u>
PREPAID EXPENSES		
Prepayments	1180	<u>79,485.01</u>

5,516,462.19

PAYMENT-IN-LIEU OF FUTURE TAXES

Future Income Tax - Non Current

2350

2,000.00

PROPERTY AND EQUIPMENT

Land	1905	7,600.00
Buildings and Fixtures	1908	244,924.72
POLES, TOWERS & FIXTURES	1830	612,599.43
Overhead Conductor & Devices	1835	268,653.64
Underground Conduit	1840	5,377.00
Underground Conductors & Devices	1845	55,464.48
Line Transformers	1850	189,648.57
Services	1855	49,407.71
Meters	1860, 1861	724,921.25
Office Furniture & Equipment	1915	23,467.09
Computer Equipment - Hardware	1920	27,105.21
Transportation Equipment	1930	252,755.99
Tools, Shop & Garage Equipment	1940	72,579.16
Communication Equipment	1955	354.60
Construction Work in Progress--Electric	2055	72,531.92
		<hr/> <hr/> 2,607,390.77 <hr/>

Acc. Amort. - Building and fixtures	2105-10	-	47,065.70
Acc. Amort. - O/H Conductor & Devices	2105-50	-	94,623.13
Acc. Amort. - Automotive equipment	2105-535	-	140,381.34
Acc. Amort. - U/G Conduit	2105-60	-	1,883.80
Acc. Amort. - U/G Conductors & Devices	2105-70	-	13,624.81
Acc. Amort. - Services	2105-90	-	7,018.45
Acc Amort - Computer Equip. and Hard (Post 19/07)	2105-522	-	19,671.02
Acc. Amort. - Line Transformers - Overhead	2105-80	-	24,958.82
Acc. Amort. - Meters	2105-100	-	33,844.05
Acc Amort - Office Furniture & Equipment	2105-515	-	5,310.21
Acc Amort - Tools, Shop & Garage Equipment	2105-545	-	14,799.78
Acc Amort - Communication Equipment	2105-560	-	354.60
Acc. Amort. - Poles, Towers & Fixtures	2105-40	-	50,664.66
Acc. Amort. - Smart Meters	2105-115	-	437,387.65
		-	<hr/> <hr/> 891,588.02 <hr/>

1,715,802.75

INTANGIBLE ASSETS

Organization	1606	25,471.33	
Computer Software	1611	131,542.83	
Land Rights	1612	4,232.00	
Acc Amort - Electric Utility Plant - Intangibles	2120-00	-	25,202.40
Acc Amort - Land Rights	2105-500	-	4,232.00

Acc Amort - Computer Software	2105-525	-	130,983.50
			<u>828.26</u>
			1,718,631.01
TOTAL ASSETS			7,235,093.20
REGULATORY DEFERRALS			
Other Regulatory Assets - Pension Con	1508		-
RCVA Retail	1518		4,826.31
Miscellaneous Deferred Debits	1525		4.20
RSVA - Shared LV Line	1550		193,161.28
Smart Metering Entity Charge Variance	1551		-
Smart Meter Cap & Rec Offset Variance	1555		-
Smart Meter OM&A Variance Account	1556		-
LRAM Variance account	1568		27.38
	1580, 1584,		
RSVA - all categories	1586, 1588,		
	1589		34,075.43
RSVA - RPP Settlement	1592		-
	1595-1515,		
Disposition and Recovery of Regulatory 2012	1595-1516,		-
	1595-1517		
	1595-1520,		
Disposition and Recovery of Regulatory 2013	1595-1521,		156.50
	1595-1522		
	1595-1530,		
Disposition and Recovery of Regulatory 2015	1595-1531,		4,852.31
	1595-1532		
	1595-1535,		
Disposition and Recovery of Regulatory 2017	1595-1536,		7,260.38
	1595-1537		
	1595-1540,		
Disposition and Recovery of Regulatory 2018	1595-1541,		-
	1595-1542		
	1595-1545,		
Disposition and Recovery of Regulatory 2019	1595-1546,		49,026.94
	1595-1547		
			<u>293,390.73</u>
TOTAL ASSETS AND REGULATORY DEFERRALS			<u><u>7,528,483.93</u></u>

Hearst Power Distribution Company Limited/
 Corporation de Distribution Électrique de Hearst
BALANCE SHEET
YEAR ENDED DECEMBER 31, 2019

	ACCOUNT	2019
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED CHARGES		
Accounts Payable	2205	1,959,406.81
Customer Credit Balances	2208	59,309.79
Misc. Current & Accrued	2220	61,000.00
Debt Retirement Charge	2250	-
Commodity Taxes	2290	-
Payroll	2292	30,681.40
IESO - CDM	1104	21,538.69
		<u>2,131,936.69</u>
PAYMENT-IN-LIEU OF TAXES		
Accrual for Taxes, Payment in Lieu of Taxes	2294	<u>23,784.00</u>
DEMAND LOAN		
Other Long Term Debt	2520	<u>1,000,000.00</u>
CUSTOMERS' DEPOSITS		
Long Term Customer Deposits	2335	<u>80,040.18</u>
DUE TO TOWN OF HEARST		
A/P Town Int. Long Term Debt	2209	84,264.00
Accounts Payable - Town	2206	460,097.63
		<u>544,361.63</u>
		<u>3,780,122.50</u>
CONTRIBUTIONS IN AID OF CONSTRUCTIONS		
Deferred Revenues	2440	<u>97,892.26</u>
TOTAL LIABILITIES		<u>3,878,014.76</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL		

Common Shares Issued

3005

10,000.00

RETAINED EARNINGS

Adjustment to Retained Earnings	3055	3,338,156.78
Total loss and other comprehensive income		244,337.35
		<u>3,582,494.13</u>

TOTAL SHAREHOLDER'S EQUITY**3,592,494.13****TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY****7,470,508.89****REGULATORY DEFERRALS**

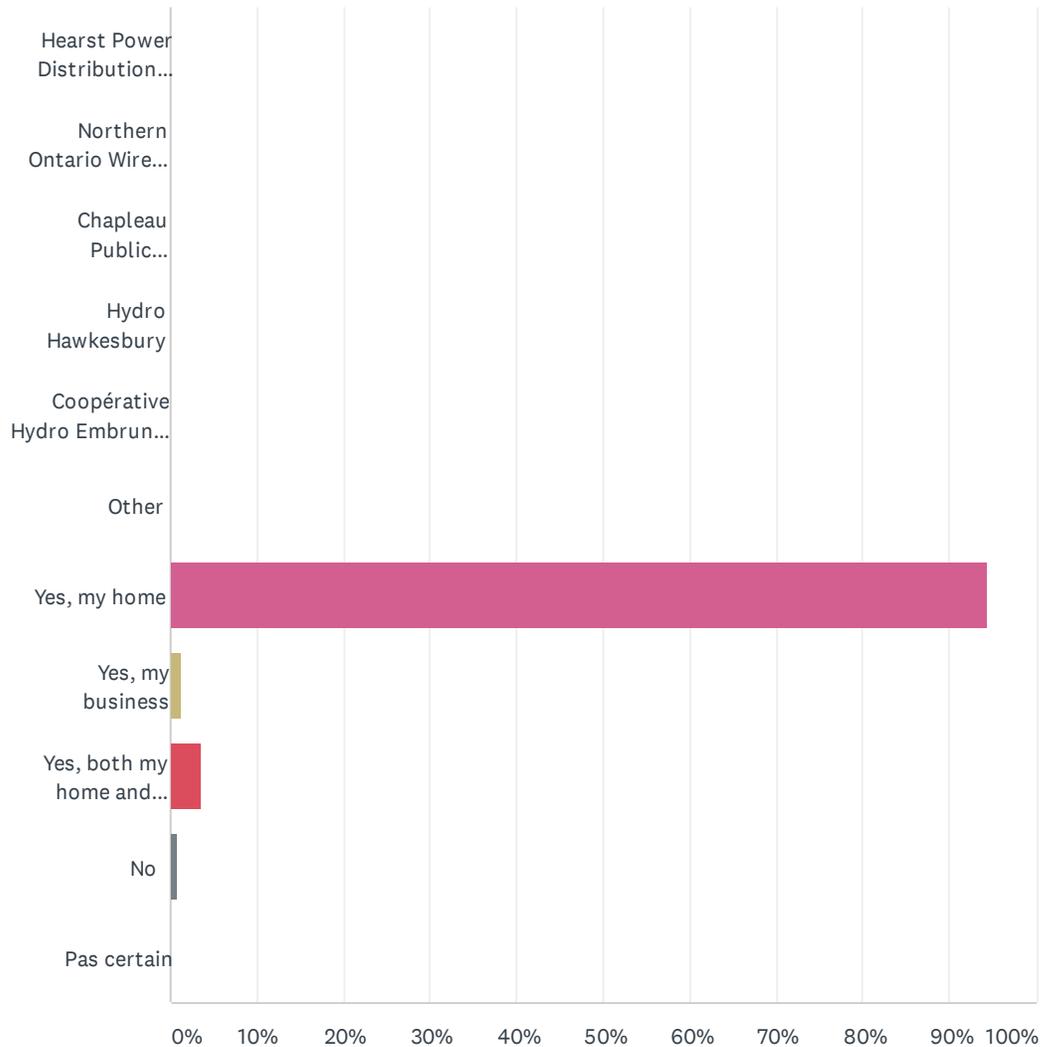
Other Regulatory Assets	1508	38,556.41
	1580, 1584,	
RSVA - all categories	1586, 1588,	
	1589	-
CGAAP to IFRS	1576	-
Other Regulatory Liabilities	2405	12,418.60
Smart Metering Entity Charge Variance	1551	2,143.77
Stranded Meters	1555	1,092.38
	1595-1510,	
Disposition and recovery of regulatory 2010	1595-1511,	840.25
	1595-1512	
	1595-1515,	
Disposition and recovery of regulatory 2012	1595-1517	6.96
	1595-1540,	
Disposition and recovery of regulatory 2018	1595-1541,	2,916.67
	1595-1522	
PILs and tax variance	1592	-
		<u>57,975.04</u>

TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS**7,528,483.93**

Appendix F Survey Results (English)

Q1 Do you currently have an account with Hearst Power Distribution Corporation (HPDC) for your home or business? Please note that only residential customers are eligible for the prize draw.

Answered: 246 Skipped: 0

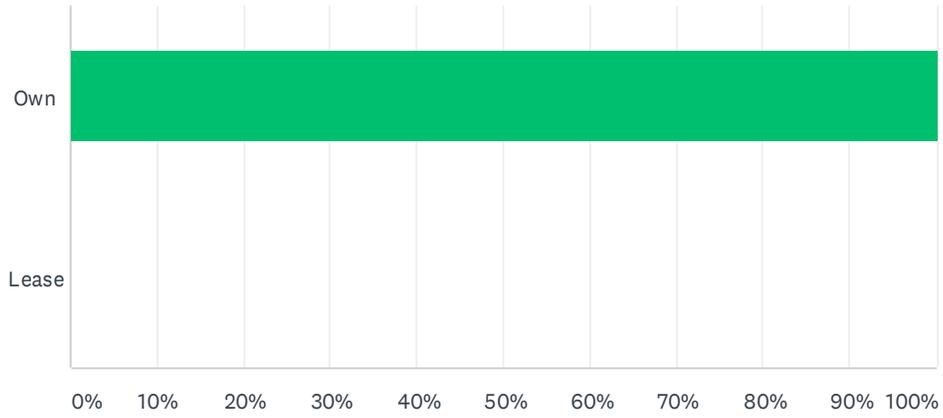


2019 Customer Satisfaction Survey - Hearst Power Distribution

ANSWER CHOICES	RESPONSES	
Hearst Power Distribution Company Ltd.	0.00%	0
Northern Ontario Wires Inc.	0.00%	0
Chapleau Public Utilities Corporation	0.00%	0
Hydro Hawkesbury	0.00%	0
Coopérative Hydro Embrun Inc.	0.00%	0
Other	0.00%	0
Yes, my home	94.31%	232
Yes, my business	1.22%	3
Yes, both my home and business	3.66%	9
No	0.81%	2
Pas certain	0.00%	0
TOTAL		246

Q2 Do you own or lease the facility where you operate your business or organization?

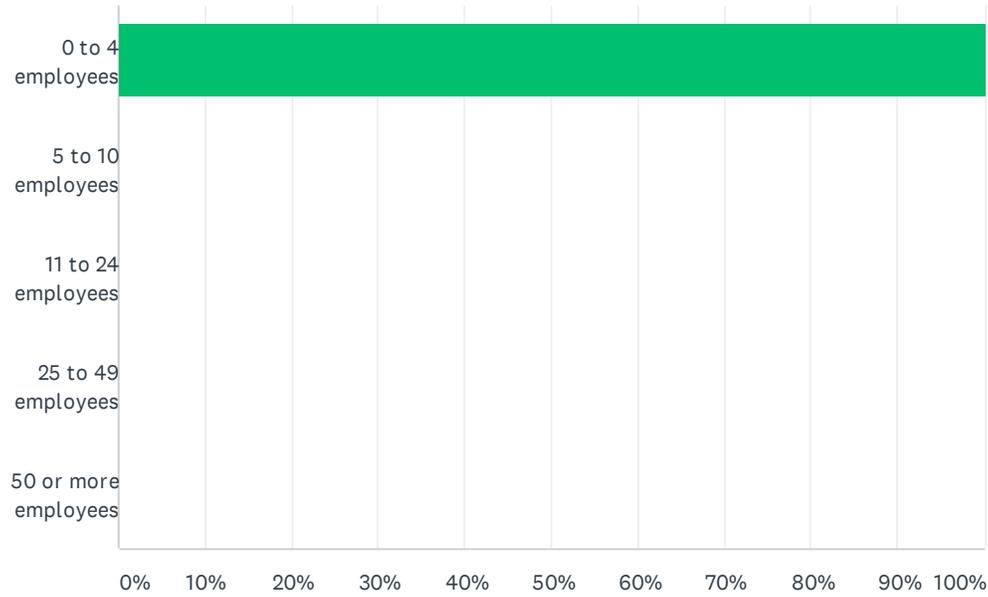
Answered: 3 Skipped: 243



ANSWER CHOICES	RESPONSES	
Own	100.00%	3
Lease	0.00%	0
TOTAL		3

Q3 How many employees does your business or organization have working at your location?

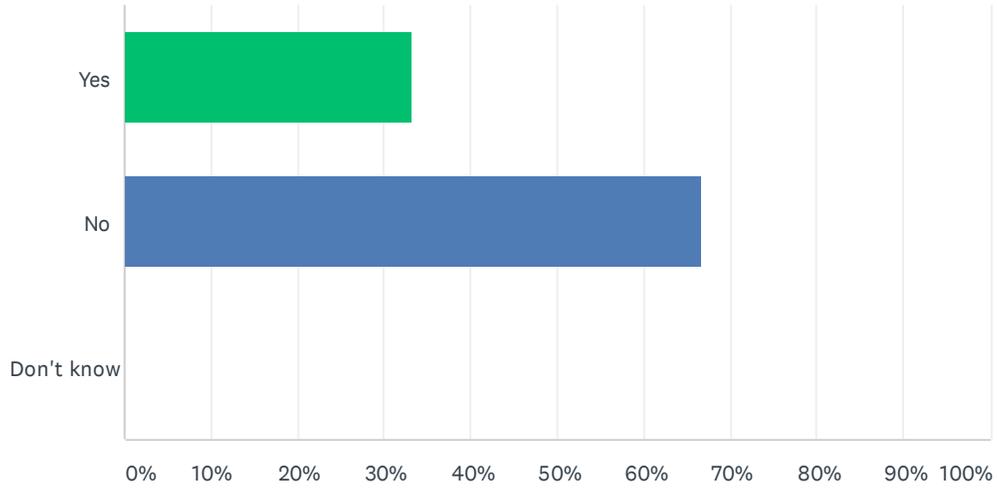
Answered: 3 Skipped: 243



ANSWER CHOICES	RESPONSES	
0 to 4 employees	100.00%	3
5 to 10 employees	0.00%	0
11 to 24 employees	0.00%	0
25 to 49 employees	0.00%	0
50 or more employees	0.00%	0
TOTAL		3

Q4 Do you purchase your electricity from a retailer?

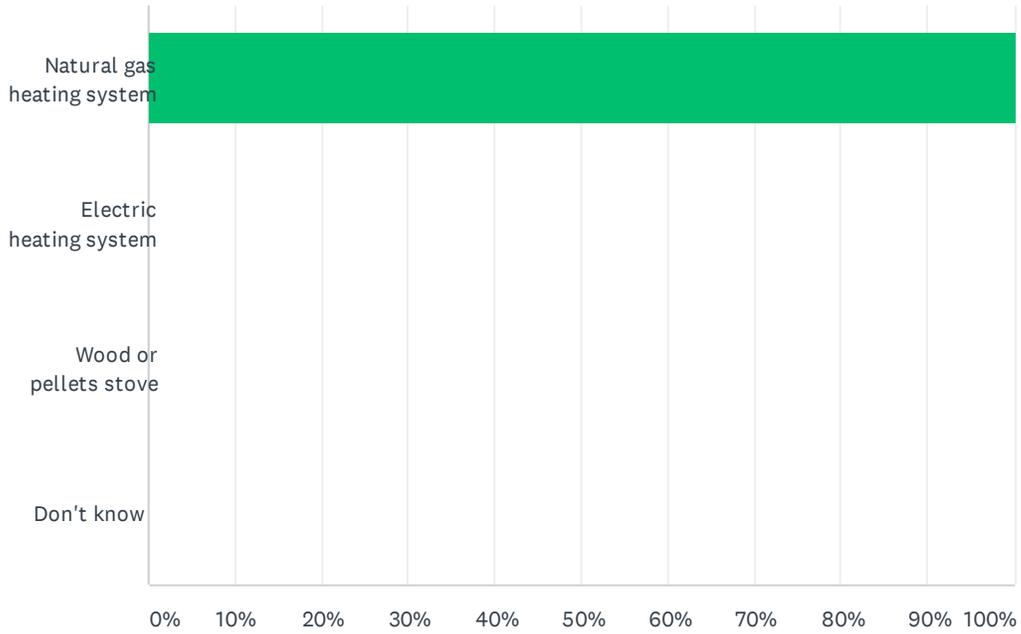
Answered: 3 Skipped: 243



ANSWER CHOICES	RESPONSES	
Yes	33.33%	1
No	66.67%	2
Don't know	0.00%	0
TOTAL		3

Q5 What is the primary source of heat at the facility where your business or organization is located?

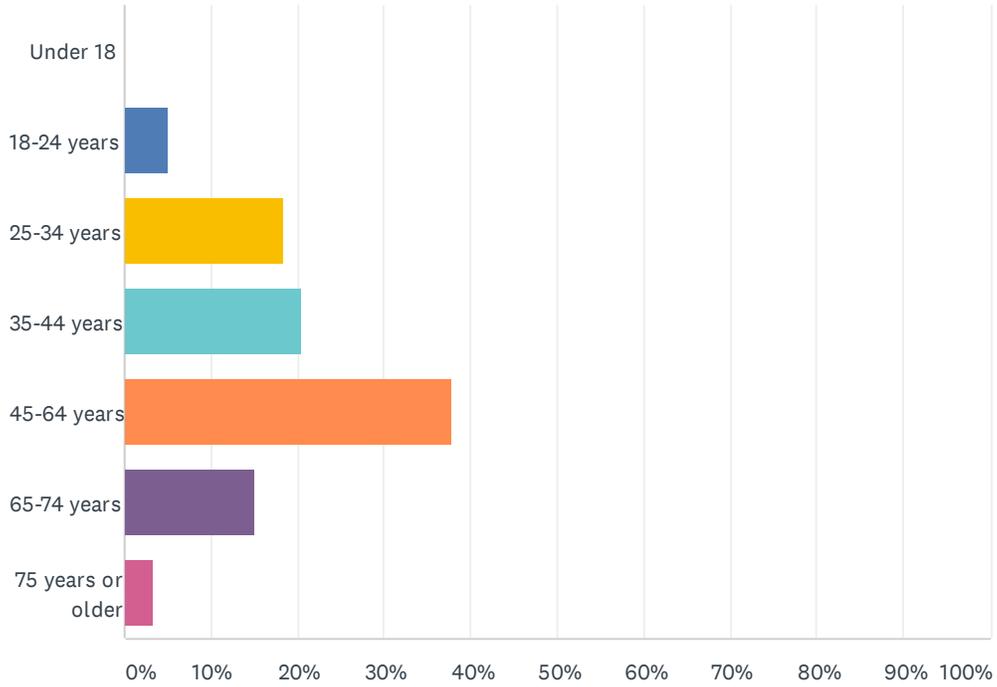
Answered: 3 Skipped: 243



ANSWER CHOICES	RESPONSES
Natural gas heating system	100.00% 3
Electric heating system	0.00% 0
Wood or pellets stove	0.00% 0
Don't know	0.00% 0
TOTAL	3

Q6 In which age category do you belong?

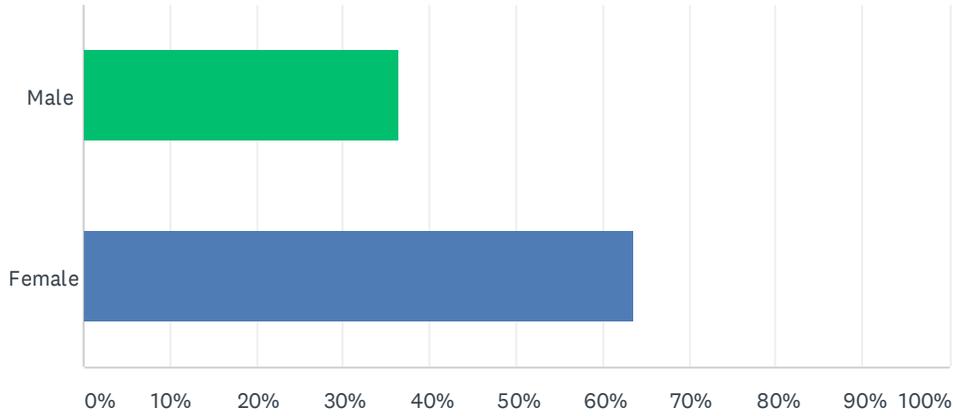
Answered: 240 Skipped: 6



ANSWER CHOICES	RESPONSES	
Under 18	0.00%	0
18-24 years	5.00%	12
25-34 years	18.33%	44
35-44 years	20.42%	49
45-64 years	37.92%	91
65-74 years	15.00%	36
75 years or older	3.33%	8
TOTAL		240

Q7 What is your gender?

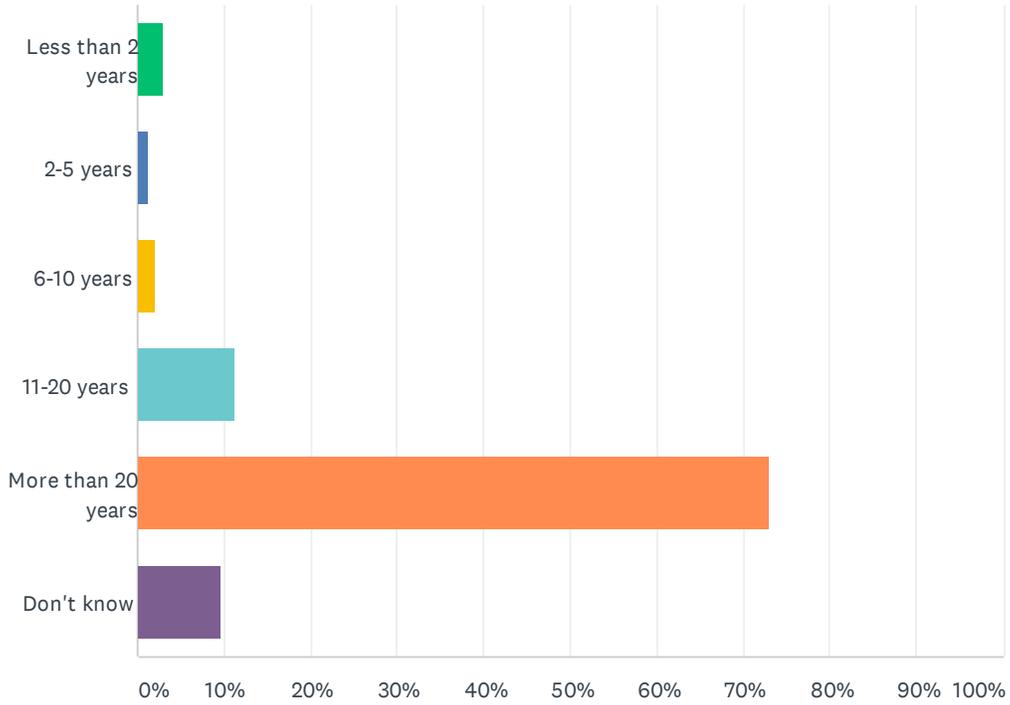
Answered: 239 Skipped: 7



ANSWER CHOICES	RESPONSES	
Male	36.40%	87
Female	63.60%	152
TOTAL		239

Q8 How old is your home/ apartment?

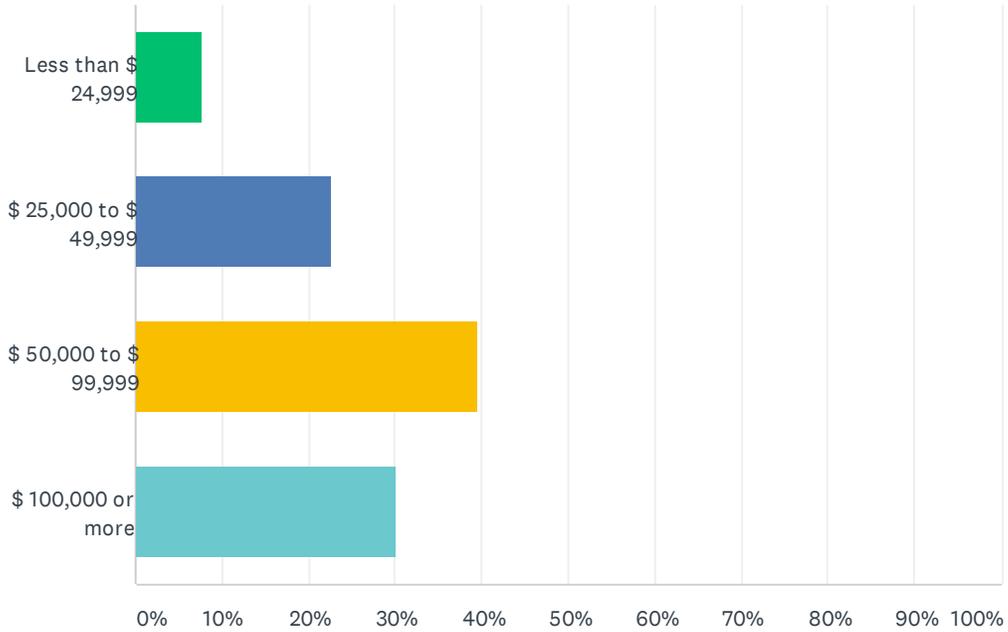
Answered: 240 Skipped: 6



ANSWER CHOICES	RESPONSES
Less than 2 years	2.92% 7
2-5 years	1.25% 3
6-10 years	2.08% 5
11-20 years	11.25% 27
More than 20 years	72.92% 175
Don't know	9.58% 23
TOTAL	240

Q9 What category best describes your annual household income?

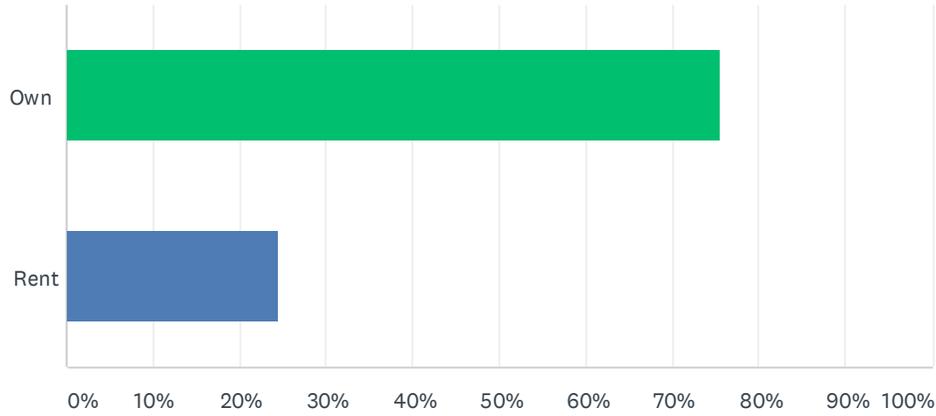
Answered: 235 Skipped: 11



ANSWER CHOICES	RESPONSES	
Less than \$ 24,999	7.66%	18
\$ 25,000 to \$ 49,999	22.55%	53
\$ 50,000 to \$ 99,999	39.57%	93
\$ 100,000 or more	30.21%	71
TOTAL		235

Q10 Do you own or rent your home?

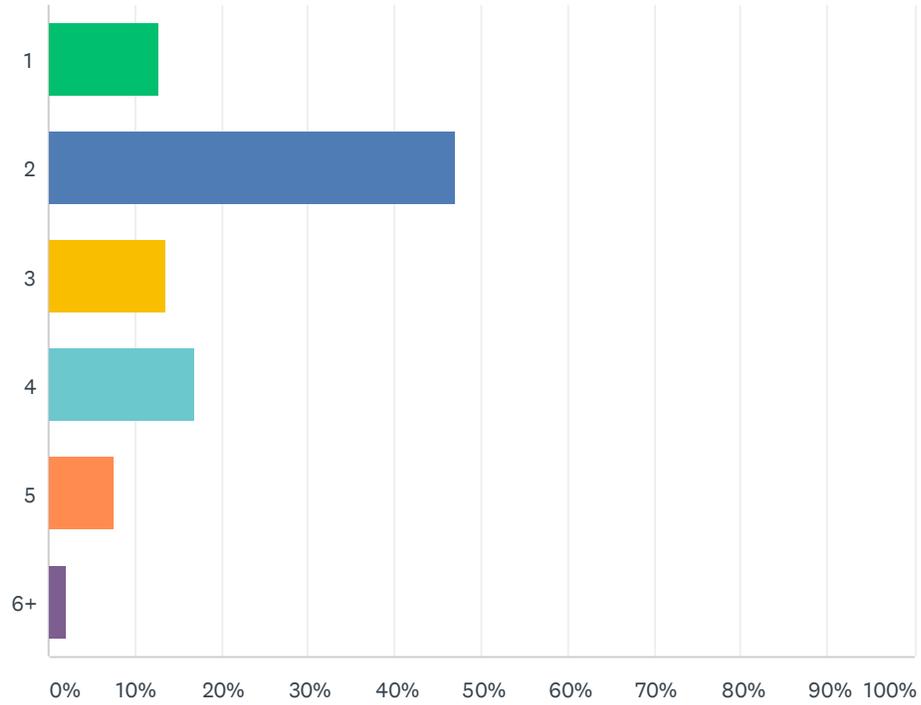
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Own	75.42%	178
Rent	24.58%	58
TOTAL		236

Q11 Please indicate how many people reside in your household.

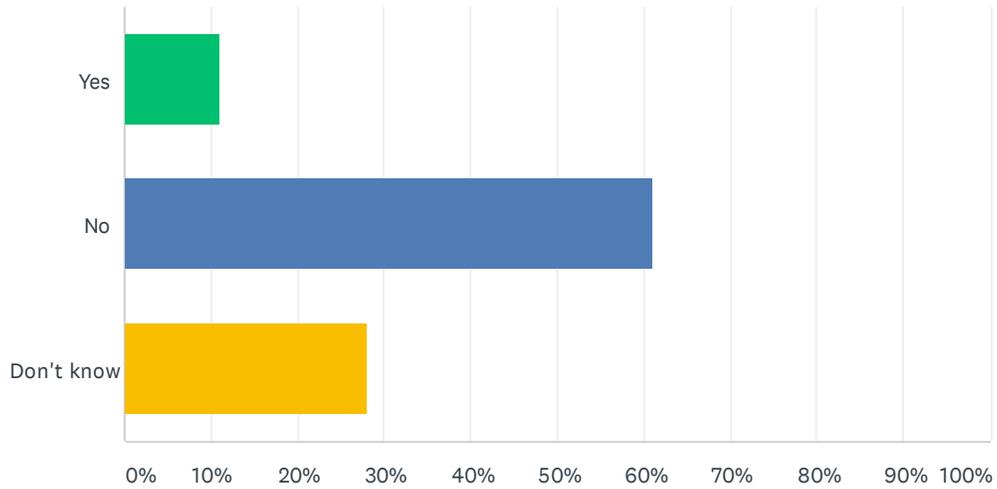
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
1	12.71%	30
2	47.03%	111
3	13.56%	32
4	16.95%	40
5	7.63%	18
6+	2.12%	5
TOTAL		236

Q12 Do you purchase your electricity from a retailer?

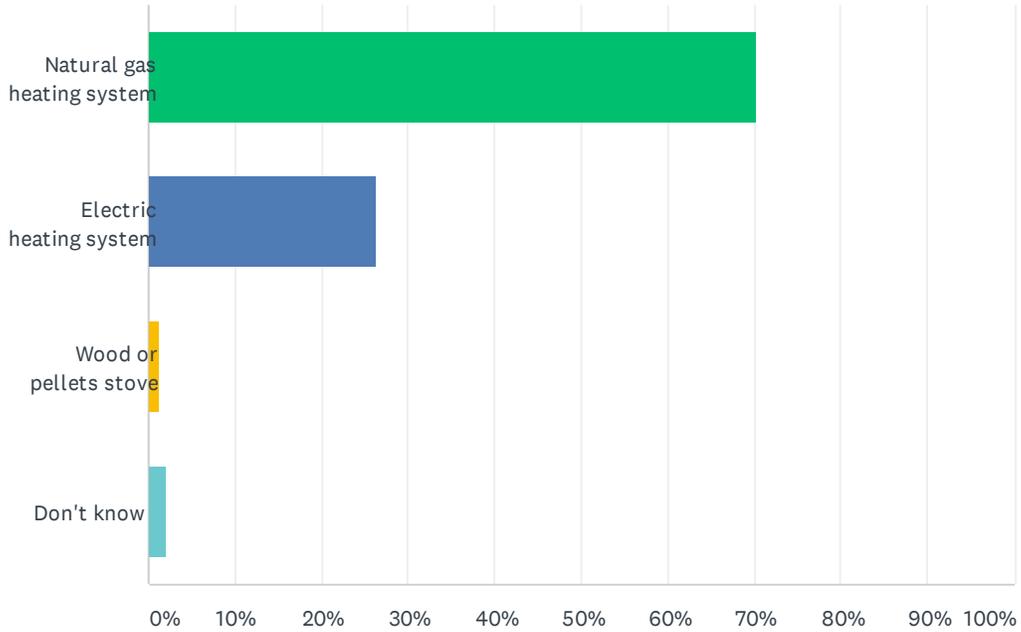
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Yes	11.02%	26
No	61.02%	144
Don't know	27.97%	66
TOTAL		236

Q13 What is the primary source of heat for your home?

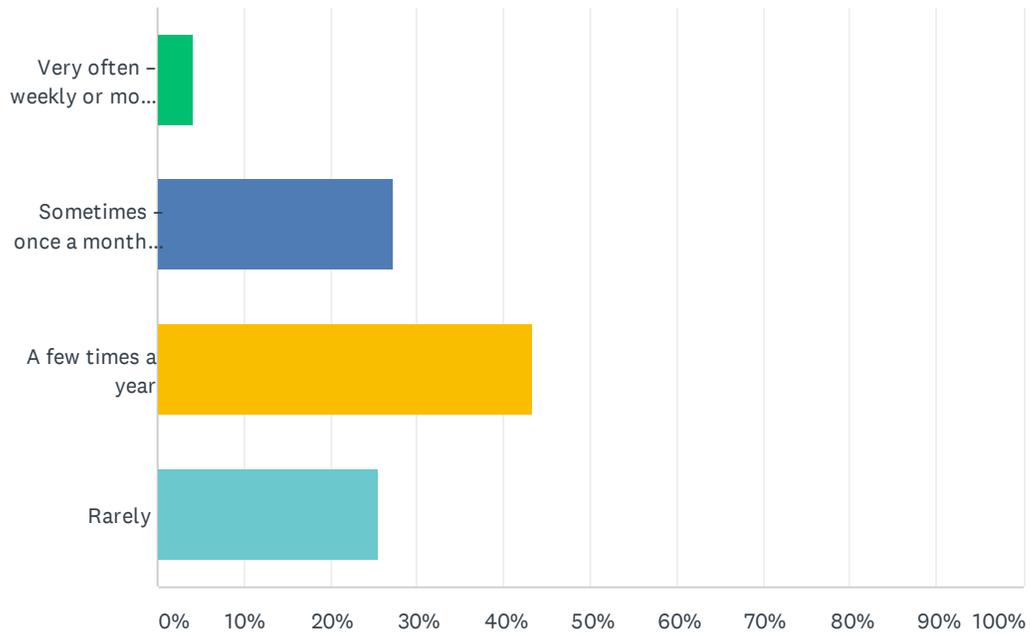
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Natural gas heating system	70.34%	166
Electric heating system	26.27%	62
Wood or pellets stove	1.27%	3
Don't know	2.12%	5
TOTAL		236

Q14 How often do you experience problems with your electricity service, such as flickering or brief power outages?

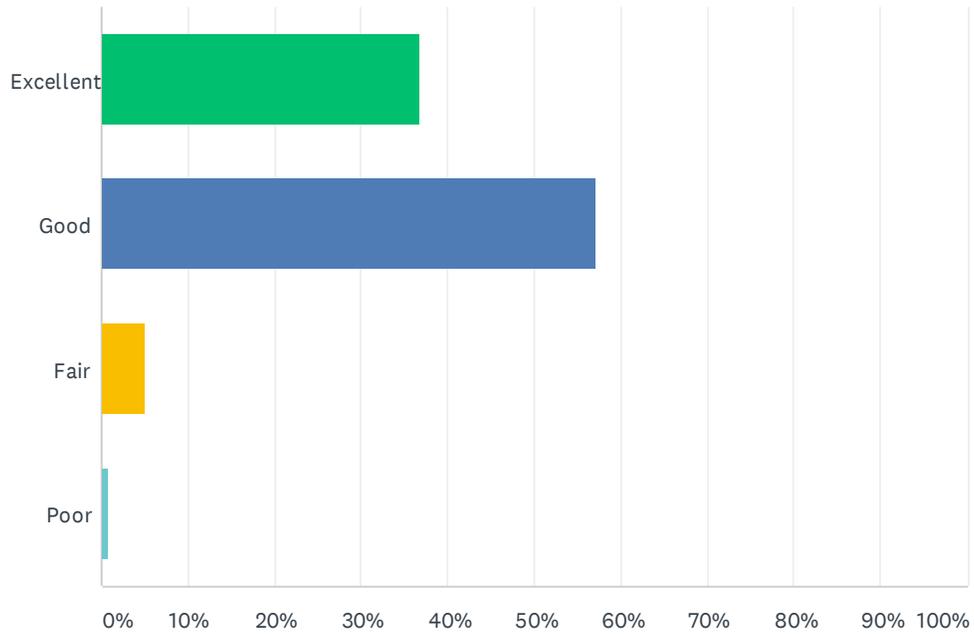
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Very often – weekly or more often	4.24%	10
Sometimes – once a month or so	27.12%	64
A few times a year	43.22%	102
Rarely	25.42%	60
TOTAL		236

Q15 Restoring service when a power outage occurs

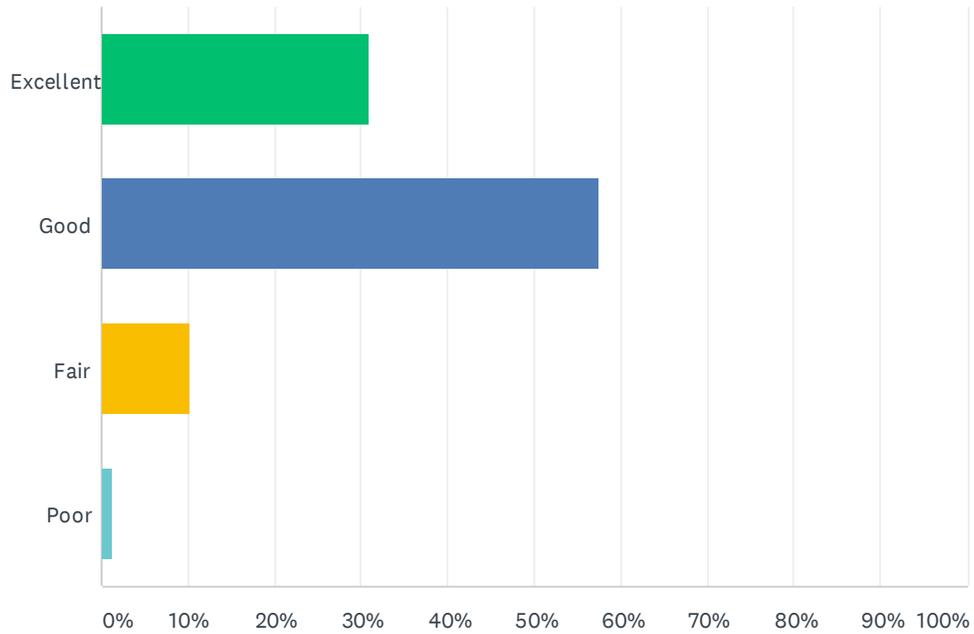
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Excellent	36.86%	87
Good	57.20%	135
Fair	5.08%	12
Poor	0.85%	2
TOTAL		236

Q16 Minimizing the number of power outages

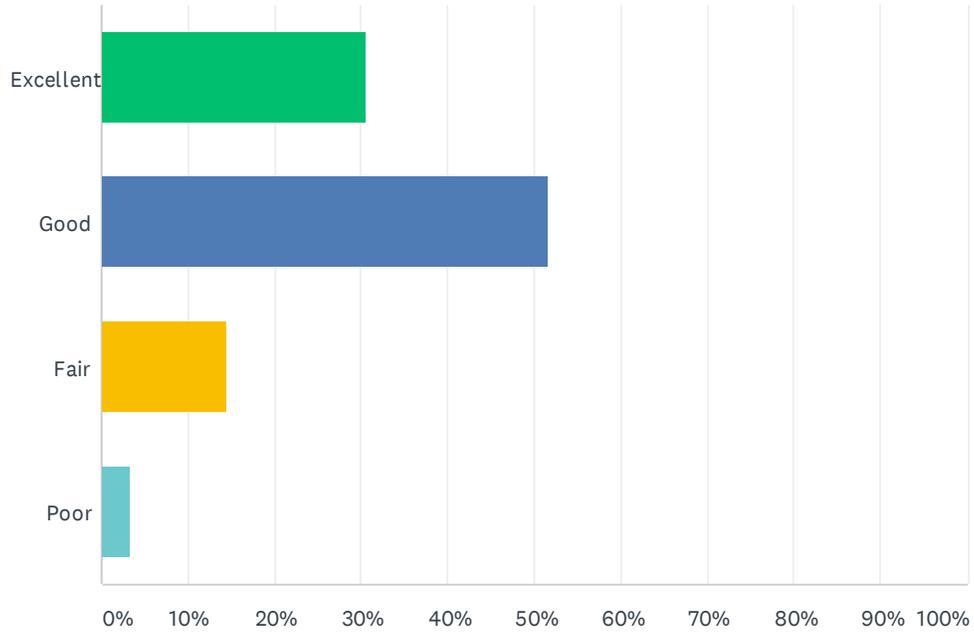
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Excellent	30.93%	73
Good	57.63%	136
Fair	10.17%	24
Poor	1.27%	3
TOTAL		236

Q17 Providing information about extended outages

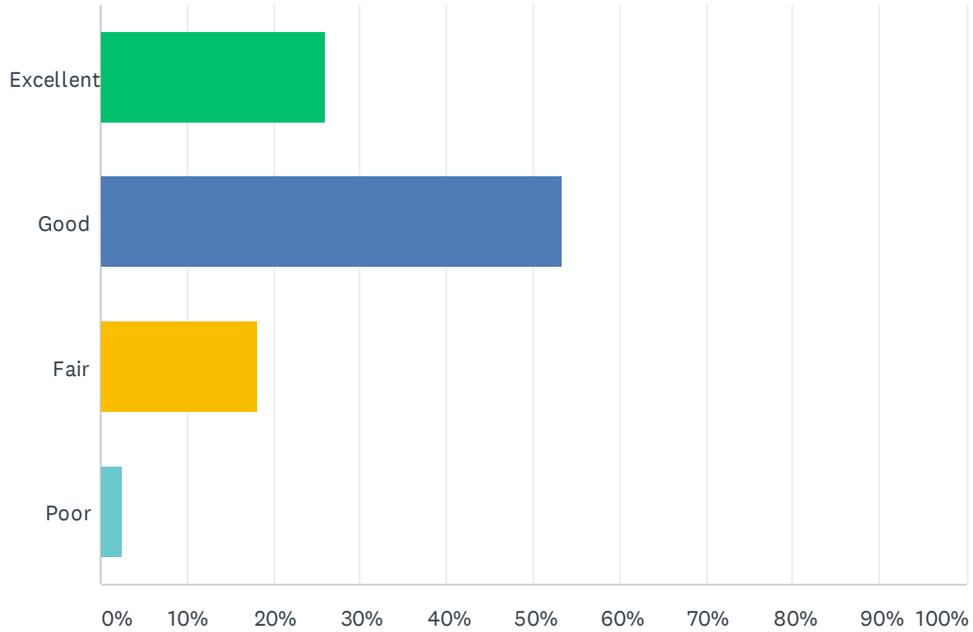
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Excellent	30.51%	72
Good	51.69%	122
Fair	14.41%	34
Poor	3.39%	8
TOTAL		236

Q18 Being reachable during an outage (by telephone or other means)

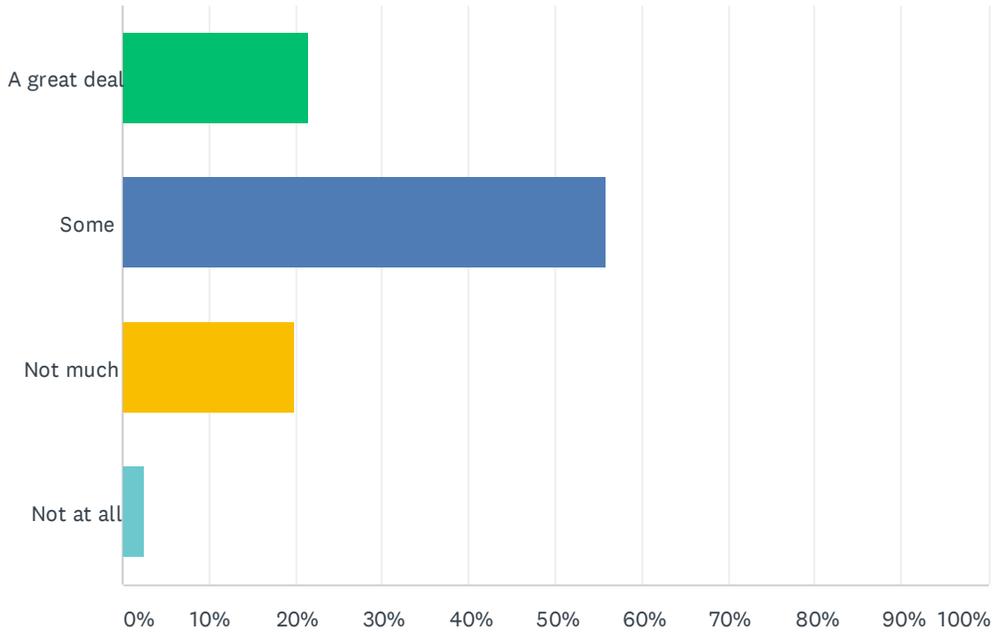
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Excellent	25.85%	61
Good	53.39%	126
Fair	18.22%	43
Poor	2.54%	6
TOTAL		236

Q19 When a power outage occurs, how much does it disrupt your household or business?

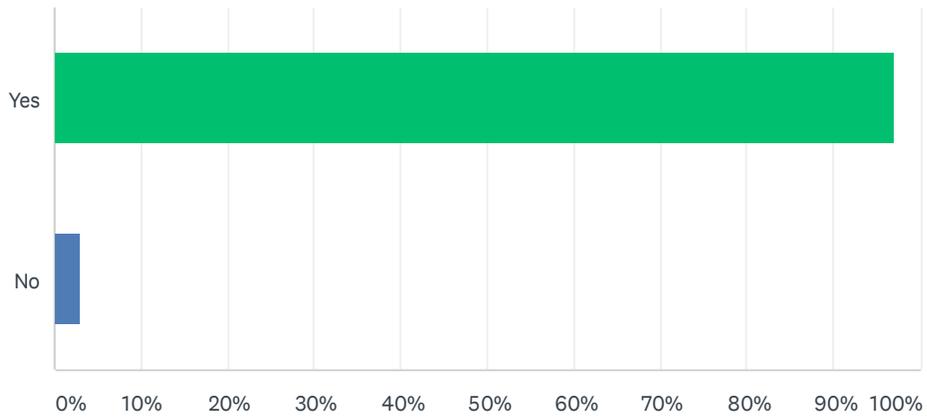
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
A great deal	21.61%	51
Some	55.93%	132
Not much	19.92%	47
Not at all	2.54%	6
TOTAL		236

Q20 In terms of overall reliability and quality of your electric service, would you say that HPDC provides consistent and reliable energy?

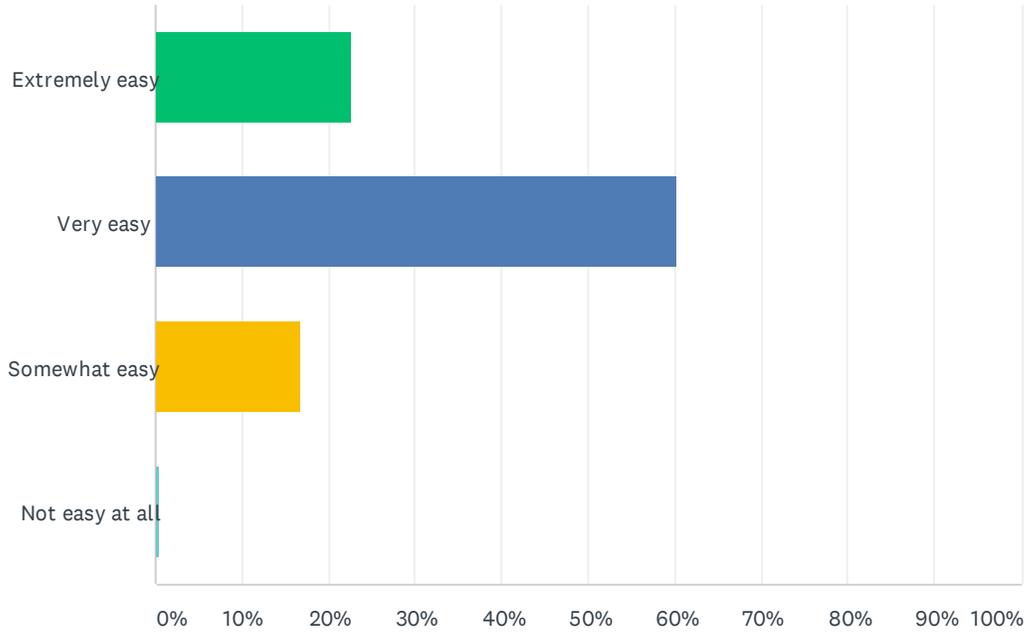
Answered: 236 Skipped: 10



ANSWER CHOICES	RESPONSES	
Yes	97.03%	229
No	2.97%	7
TOTAL		236

Q21 Is your electricity bill easy to understand?

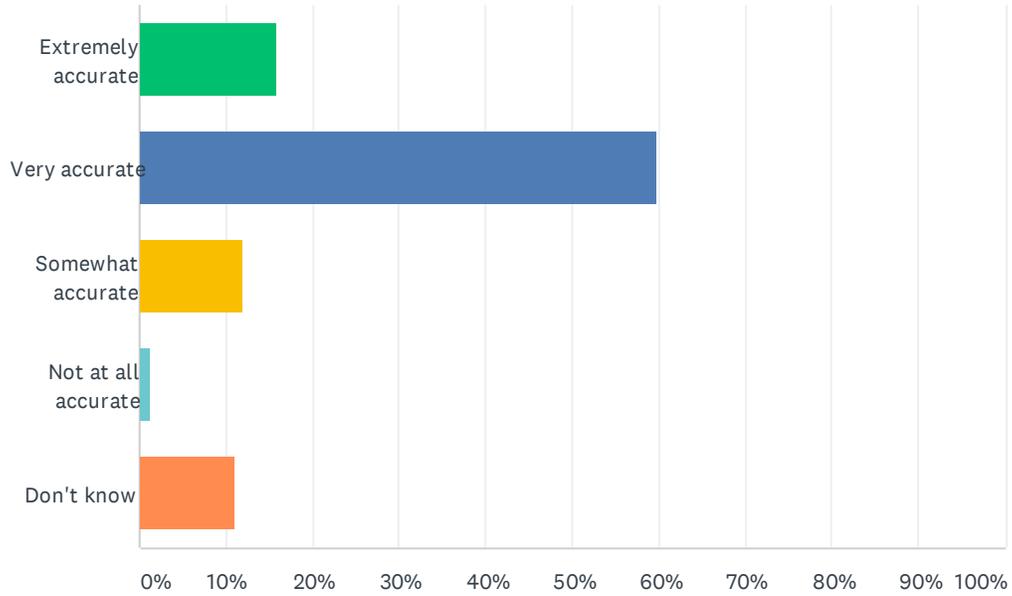
Answered: 234 Skipped: 12



ANSWER CHOICES	RESPONSES	
Extremely easy	22.65%	53
Very easy	60.26%	141
Somewhat easy	16.67%	39
Not easy at all	0.43%	1
TOTAL		234

Q22 Is your account billing precise and accurate?

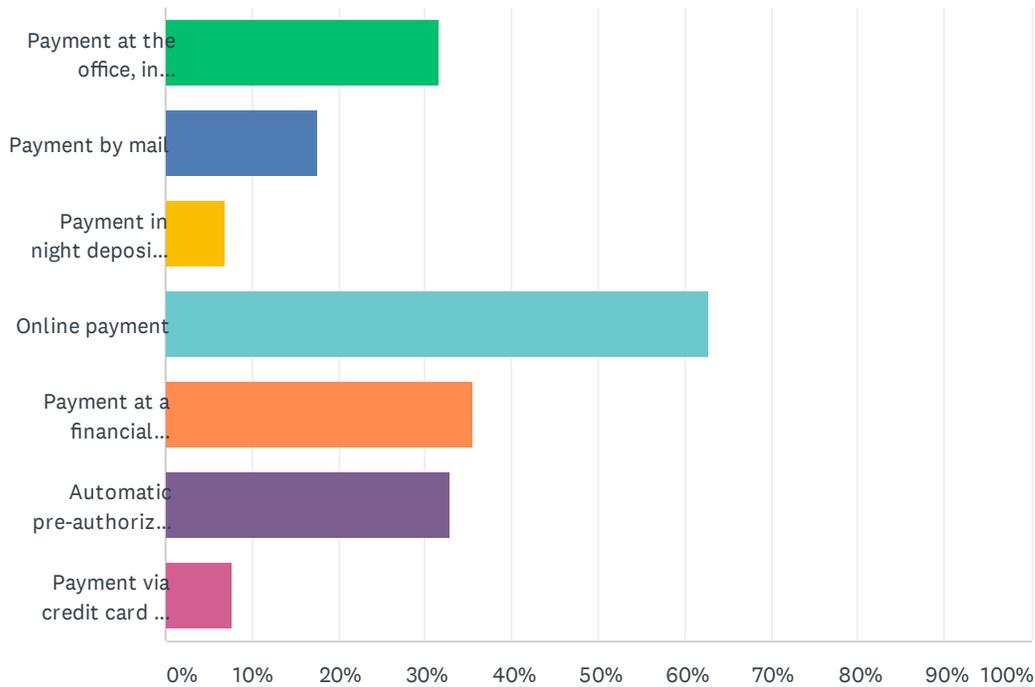
Answered: 234 Skipped: 12



ANSWER CHOICES	RESPONSES	
Extremely accurate	15.81%	37
Very accurate	59.83%	140
Somewhat accurate	11.97%	28
Not at all accurate	1.28%	3
Don't know	11.11%	26
TOTAL		234

Q23 Please indicate the payment options you were familiar with, prior to taking this survey.

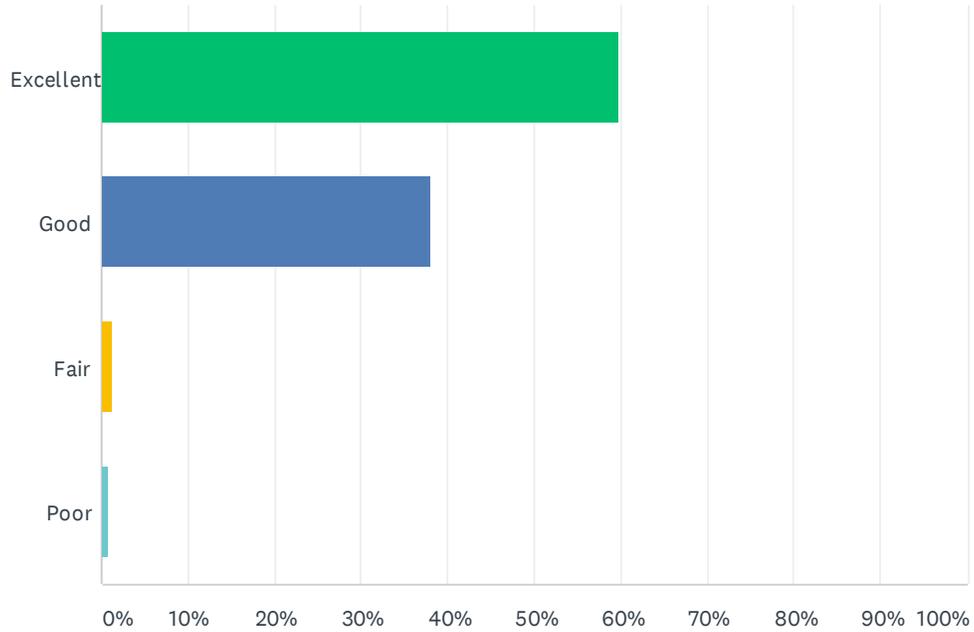
Answered: 234 Skipped: 12



ANSWER CHOICES	RESPONSES	
Payment at the office, in person	31.62%	74
Payment by mail	17.52%	41
Payment in night deposit box	6.84%	16
Online payment	62.82%	147
Payment at a financial institution (Caisse Populaire, CIBC or Scotiabank)	35.47%	83
Automatic pre-authorized payment from your bank account	32.91%	77
Payment via credit card (a fee is applicable)	7.69%	18
Total Respondents: 234		

Q24 How would you rate the payment options available?

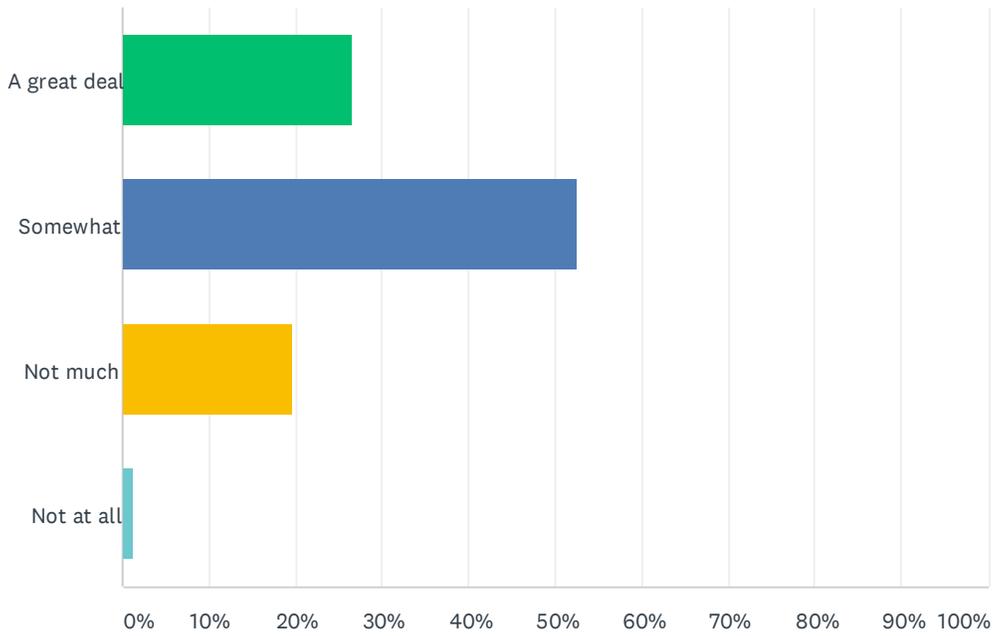
Answered: 234 Skipped: 12



ANSWER CHOICES	RESPONSES	
Excellent	59.83%	140
Good	38.03%	89
Fair	1.28%	3
Poor	0.85%	2
TOTAL		234

Q25 To what extent is the cost of electricity a strain on your household or your business' budget?

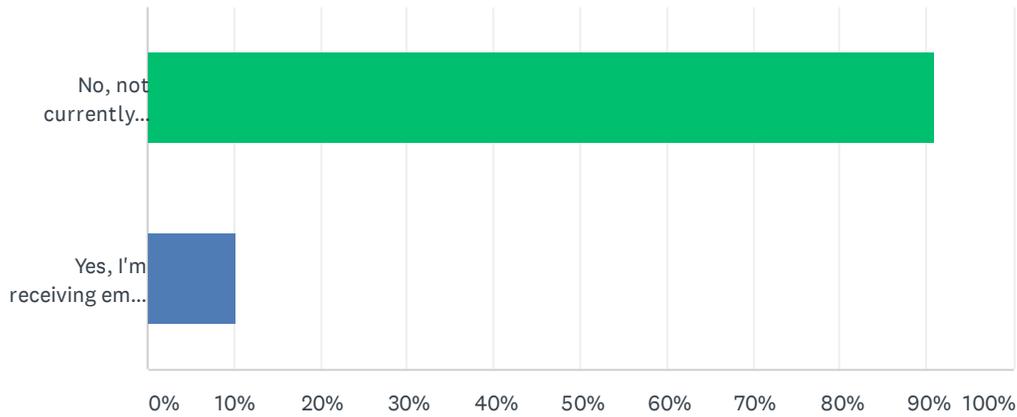
Answered: 234 Skipped: 12



ANSWER CHOICES	RESPONSES	
A great deal	26.50%	62
Somewhat	52.56%	123
Not much	19.66%	46
Not at all	1.28%	3
TOTAL		234

Q26 Have you subscribed to receive Power outage notification emails for scheduled outages? (To sign up, please visit our website at the following link Power Outages notification sign up)

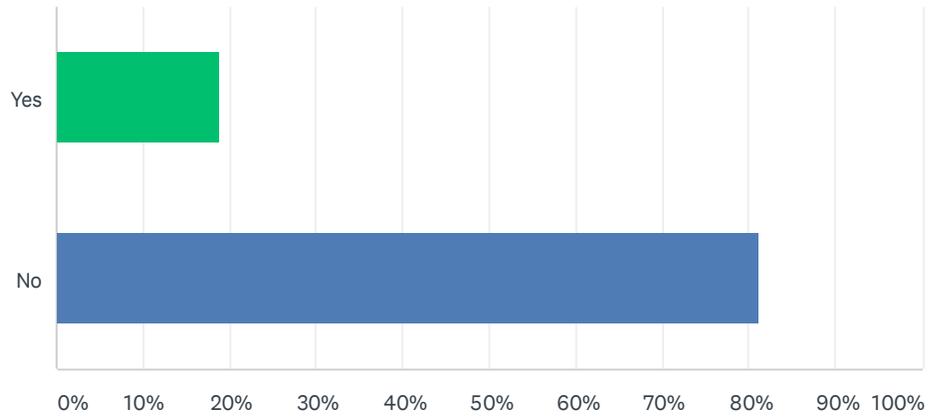
Answered: 234 Skipped: 12



ANSWER CHOICES	RESPONSES	
No, not currently registered	91.03%	213
Yes, I'm receiving email notices for scheduled outages	10.26%	24
Total Respondents: 234		

Q27 Are you enrolled for electronic billing? (E-billing)

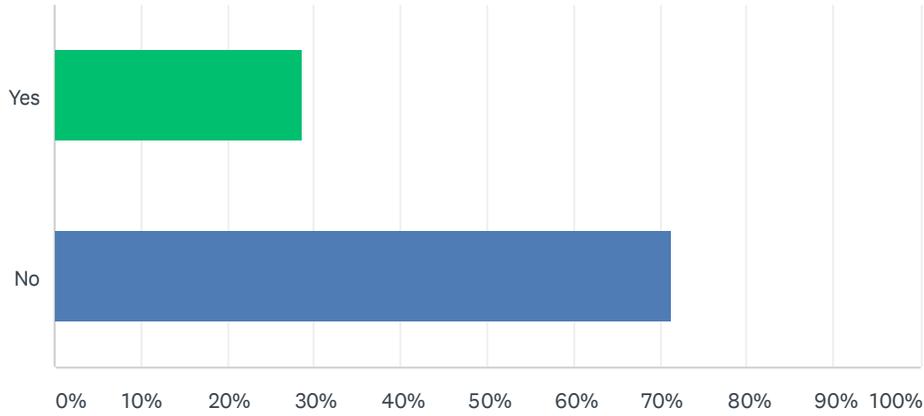
Answered: 234 Skipped: 12



ANSWER CHOICES	RESPONSES	
Yes	18.80%	44
No	81.20%	190
TOTAL		234

Q28 Have you recently visited Hearst Power Distribution's website?

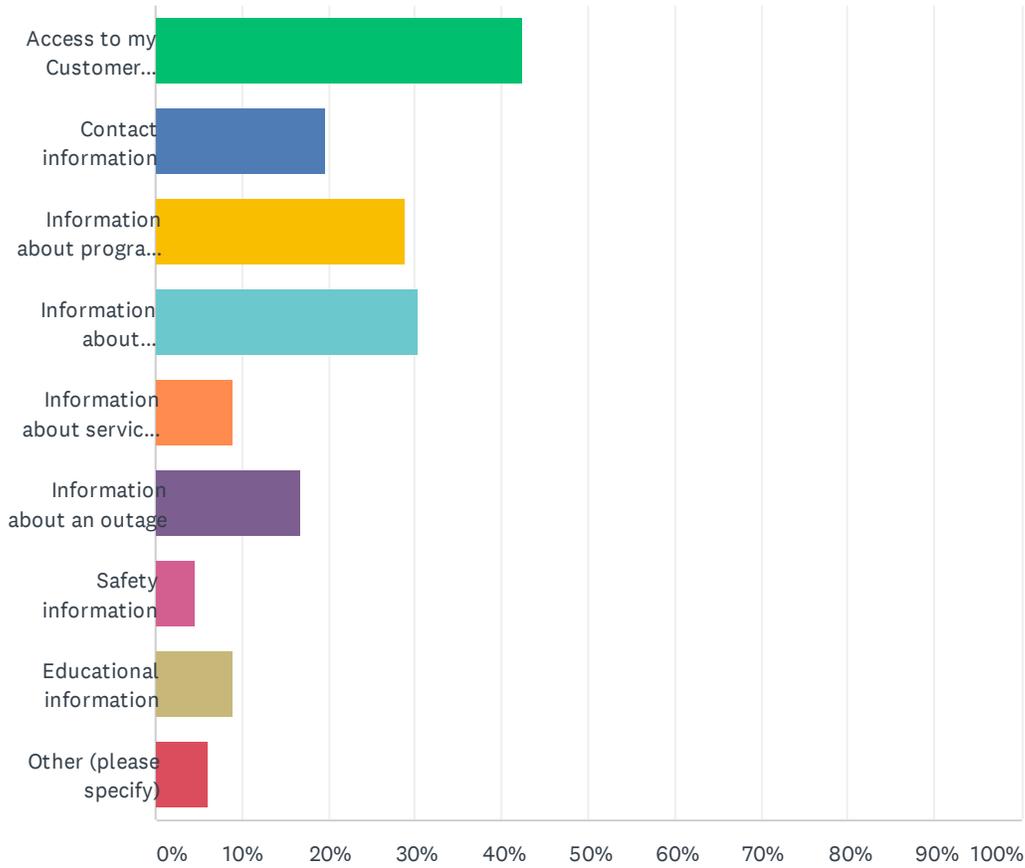
Answered: 234 Skipped: 12



ANSWER CHOICES	RESPONSES
Yes	28.63% 67
No	71.37% 167
TOTAL	234

Q29 On your most recent visit, what information were you looking for on HPDC's website? (Check all that apply)

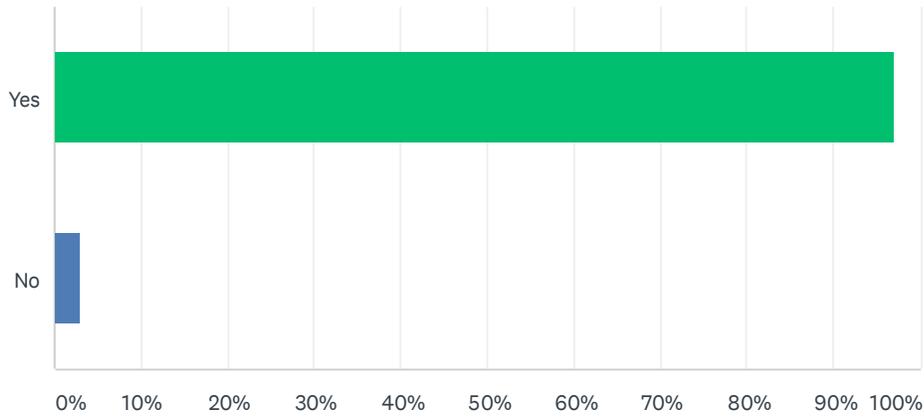
Answered: 66 Skipped: 180



ANSWER CHOICES	RESPONSES	
Access to my Customer Self-Serve Portal	42.42%	28
Contact information	19.70%	13
Information about programs to help me with the cost of my bills	28.79%	19
Information about electricity rates	30.30%	20
Information about service changes (e.g. new service, moving, disconnection)	9.09%	6
Information about an outage	16.67%	11
Safety information	4.55%	3
Educational information	9.09%	6
Other (please specify)	6.06%	4
Total Respondents: 66		

Q30 Did you find the information you were looking for on our website?

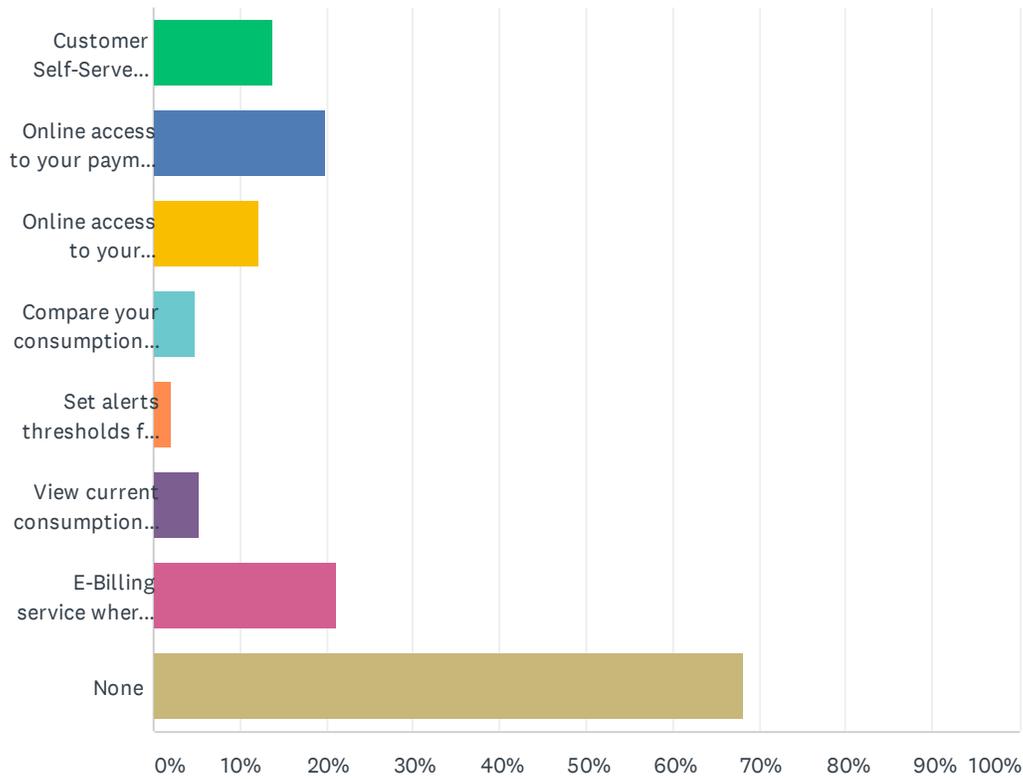
Answered: 66 Skipped: 180



ANSWER CHOICES	RESPONSES
Yes	96.97% 64
No	3.03% 2
TOTAL	66

Q31 Which, if any, of these online services were you familiar with before taking this survey?

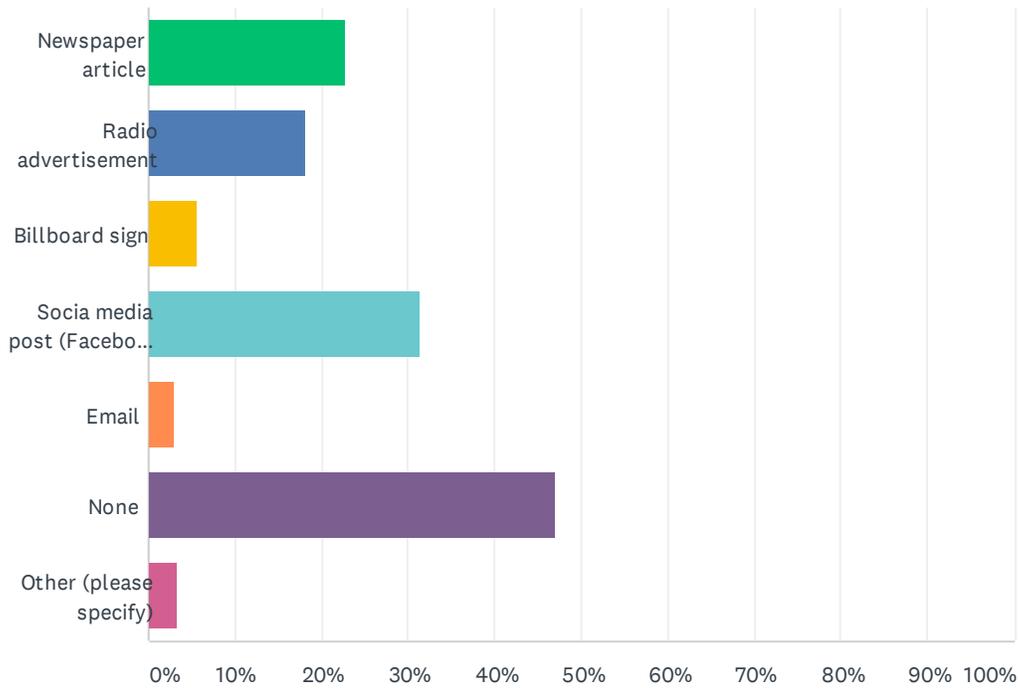
Answered: 232 Skipped: 14



ANSWER CHOICES	RESPONSES	
Customer Self-Serve Portal	13.79%	32
Online access to your payment history and invoices (via Customer Portal)	19.83%	46
Online access to your consumption history details and charts (via Customer Portal)	12.07%	28
Compare your consumption with your neighborhood (via Customer Portal)	4.74%	11
Set alerts thresholds for your consumption so that you get an email notification if your preset values are reached (via Customer Portal)	2.16%	5
View current consumption that is not yet billed, ex: today's consumption (via Customer Portal)	5.17%	12
E-Billing service where you receive an email with a link to an electronic, online copy of your current electricity bill, thereby eliminating paper bills	21.12%	49
None	68.10%	158
Total Respondents: 232		

Q32 Have you seen or heard other HPDC communications in the last 12 months? (check all that apply)

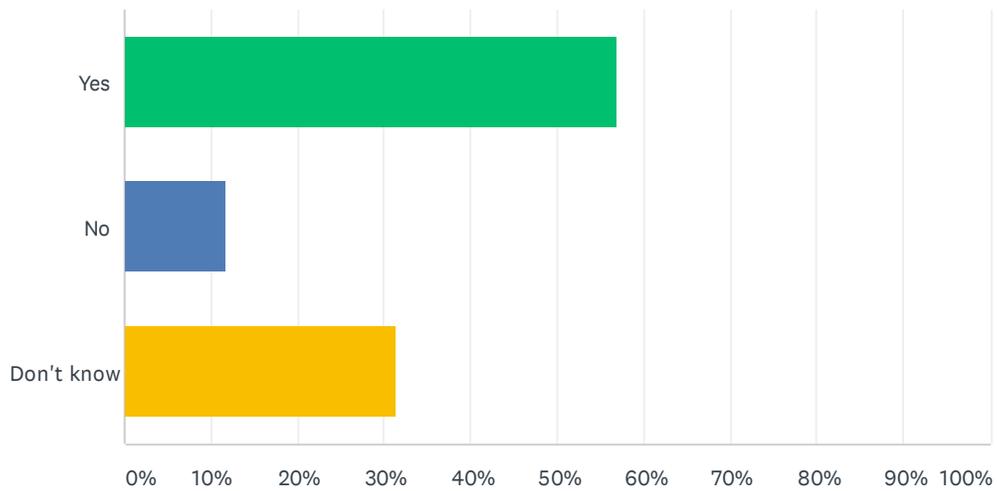
Answered: 232 Skipped: 14



ANSWER CHOICES	RESPONSES	
Newspaper article	22.84%	53
Radio advertisement	18.10%	42
Billboard sign	5.60%	13
Social media post (Facebook or other)	31.47%	73
Email	3.02%	7
None	46.98%	109
Other (please specify)	3.45%	8
Total Respondents: 232		

Q33 Does HPDC provide you with useful information, tools, tips and assistance to help you manage your electricity consumption and bills?

Answered: 232 Skipped: 14



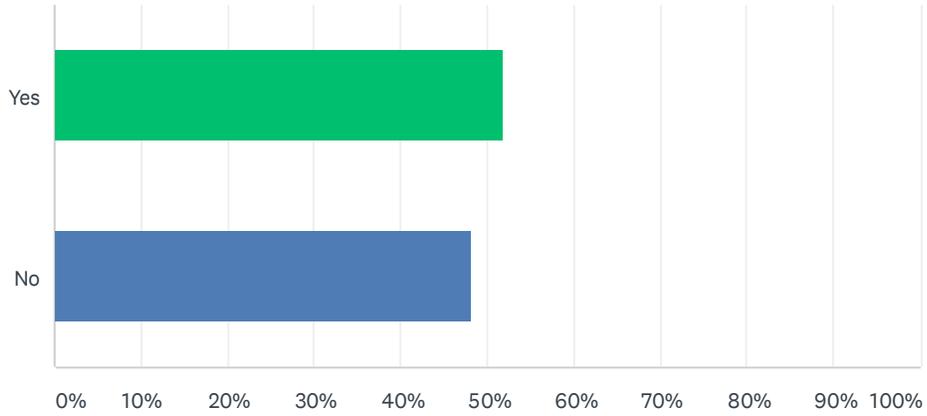
ANSWER CHOICES	RESPONSES	
Yes	56.90%	132
No	11.64%	27
Don't know	31.47%	73
TOTAL		232

Q34 How could HPDC improve how it provides you with the information you need?

Answered: 52 Skipped: 194

Q35 Are you familiar with the Affordability Fund Program?

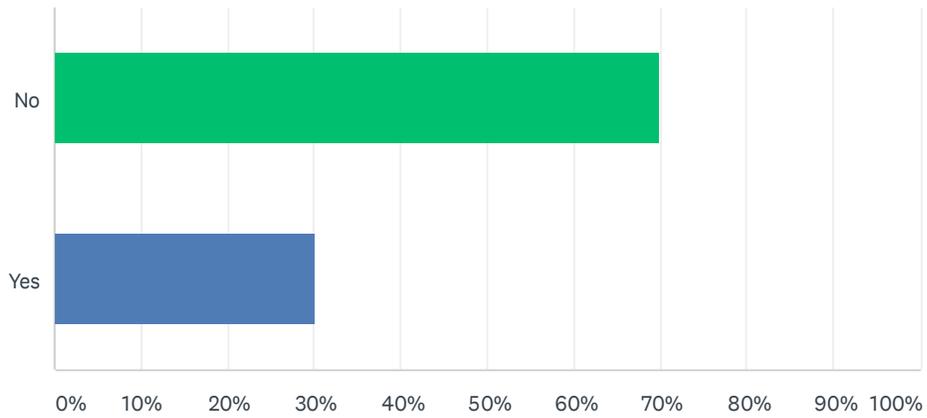
Answered: 231 Skipped: 15



ANSWER CHOICES	RESPONSES	
Yes	51.95%	120
No	48.05%	111
TOTAL		231

Q36 If you have not yet participated, would you be interested in a call back from our Customer Service desk to learn more about the program?

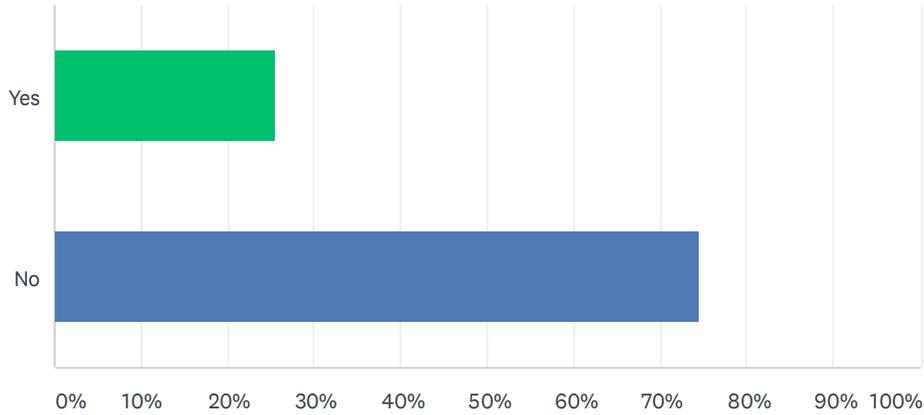
Answered: 212 Skipped: 34



ANSWER CHOICES	RESPONSES	
No	69.81%	148
Yes	30.19%	64
TOTAL		212

Q37 During the past 12 months, have you contacted Hearst Power Distribution Company's customer service for any information or assistance?

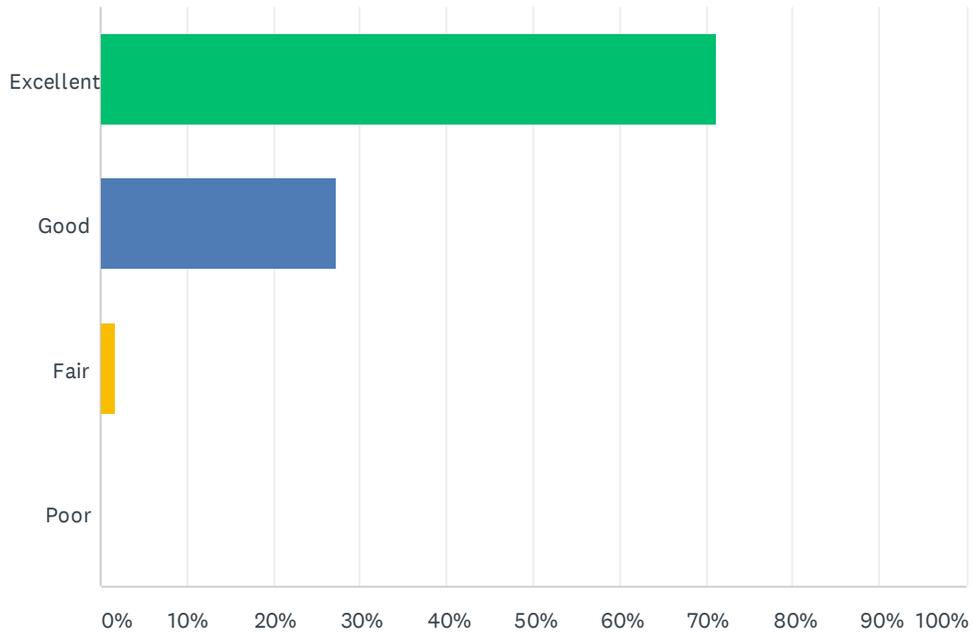
Answered: 231 Skipped: 15



ANSWER CHOICES	RESPONSES	
Yes	25.54%	59
No	74.46%	172
TOTAL		231

Q38 Courtesy

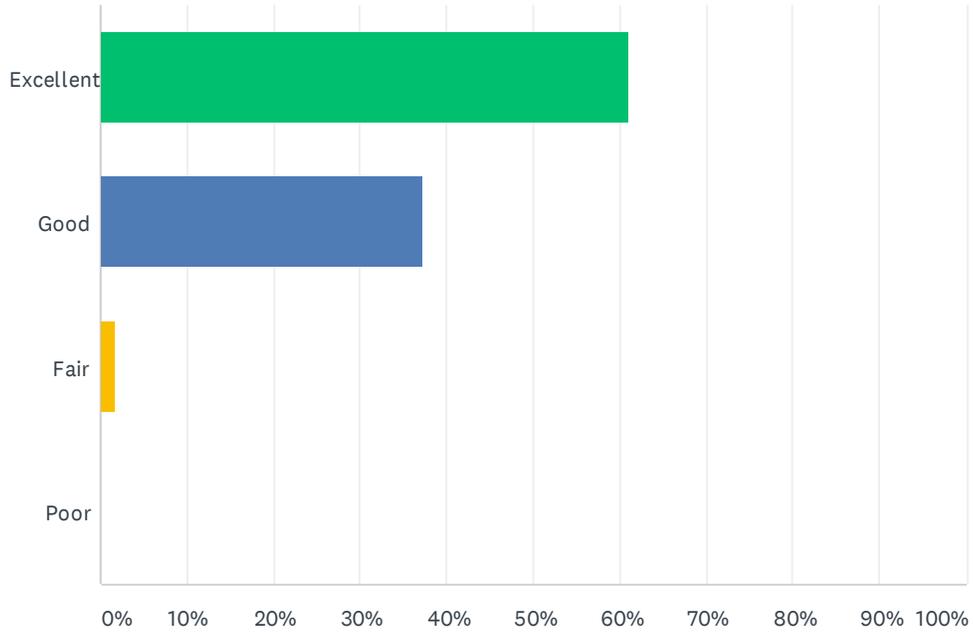
Answered: 59 Skipped: 187



ANSWER CHOICES	RESPONSES	
Excellent	71.19%	42
Good	27.12%	16
Fair	1.69%	1
Poor	0.00%	0
TOTAL		59

Q39 Knowledge

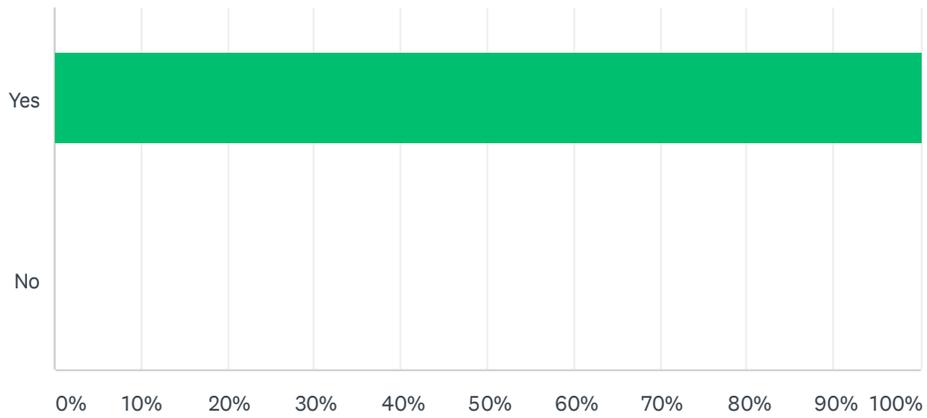
Answered: 59 Skipped: 187



ANSWER CHOICES	RESPONSES	
Excellent	61.02%	36
Good	37.29%	22
Fair	1.69%	1
Poor	0.00%	0
TOTAL		59

Q40 Were you satisfied with the amount of time it took to deal with your questions and concerns?

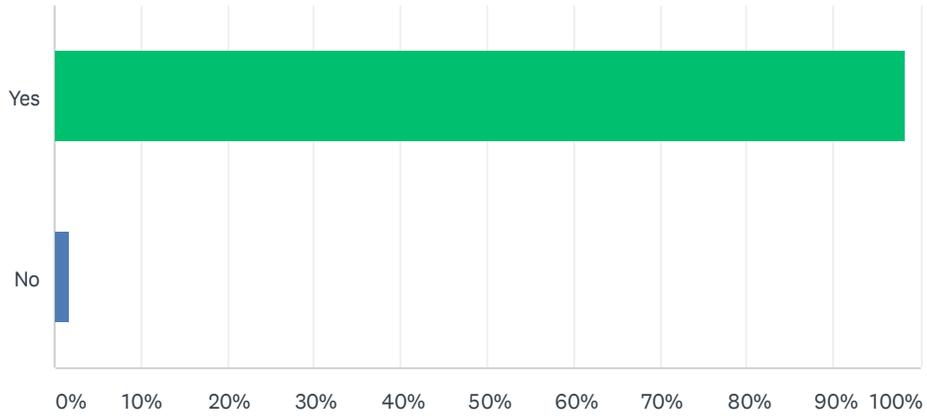
Answered: 59 Skipped: 187



ANSWER CHOICES	RESPONSES	
Yes	100.00%	59
No	0.00%	0
TOTAL		59

Q41 Did the customer care representative provide you with the information you needed?

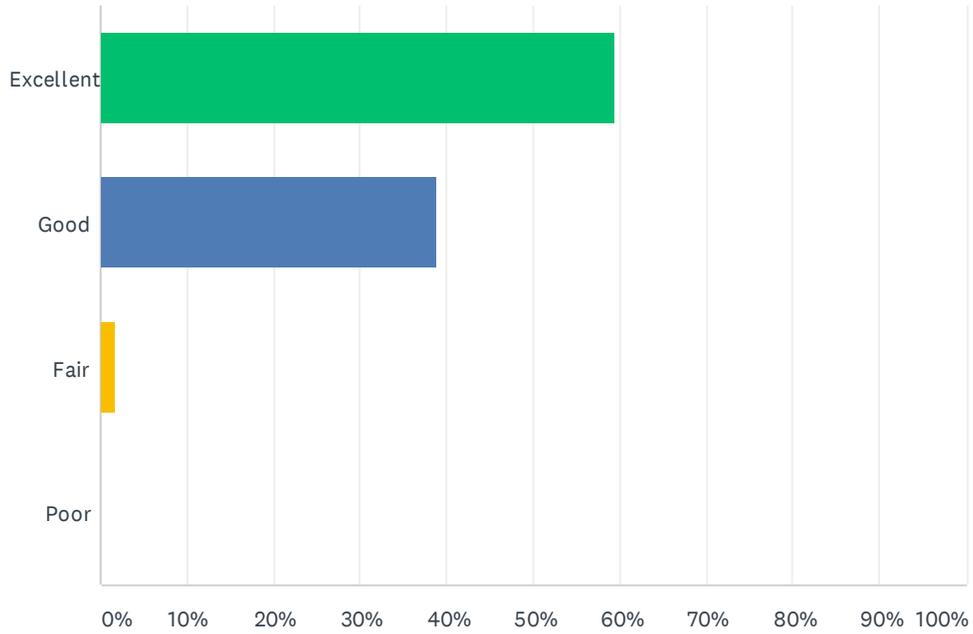
Answered: 59 Skipped: 187



ANSWER CHOICES	RESPONSES	
Yes	98.31%	58
No	1.69%	1
TOTAL		59

Q42 Overall, how would you rate the customer care representative's performance in handling your request for information?

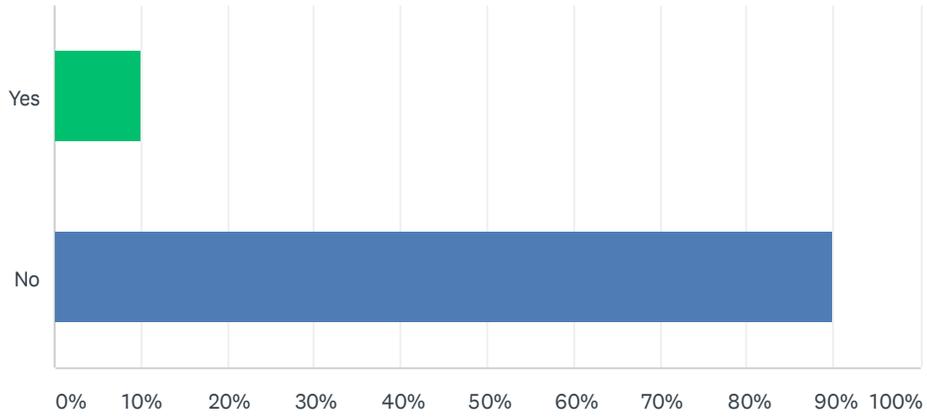
Answered: 59 Skipped: 187



ANSWER CHOICES	RESPONSES	
Excellent	59.32%	35
Good	38.98%	23
Fair	1.69%	1
Poor	0.00%	0
TOTAL		59

Q43 During the past 12 months, did you require assistance or requested information from a field employee?

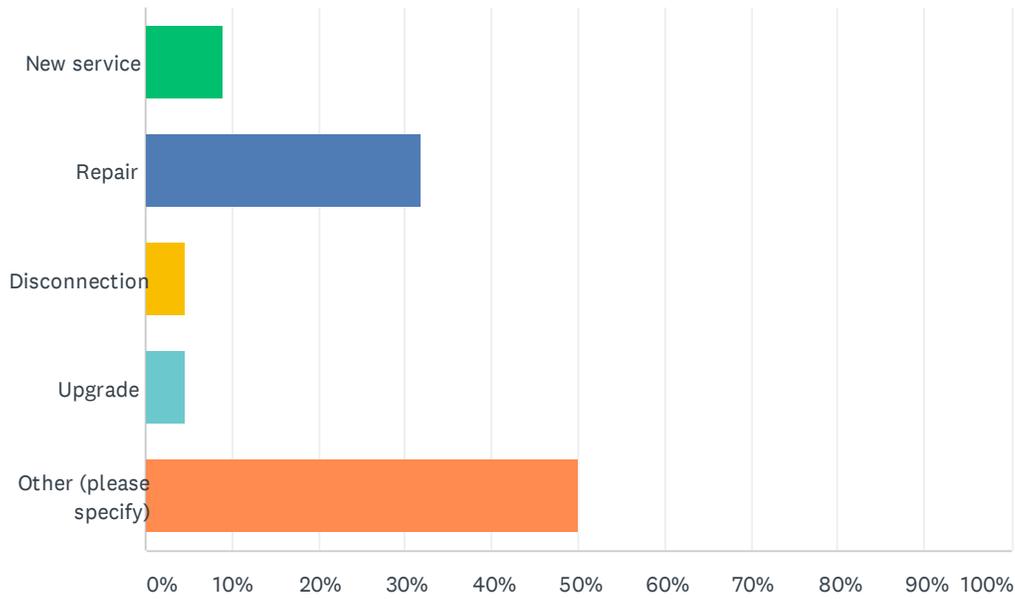
Answered: 231 Skipped: 15



ANSWER CHOICES	RESPONSES	
Yes	9.96%	23
No	90.04%	208
TOTAL		231

Q44 Referring to your most recent contact with a field employee, what type of service was requested?

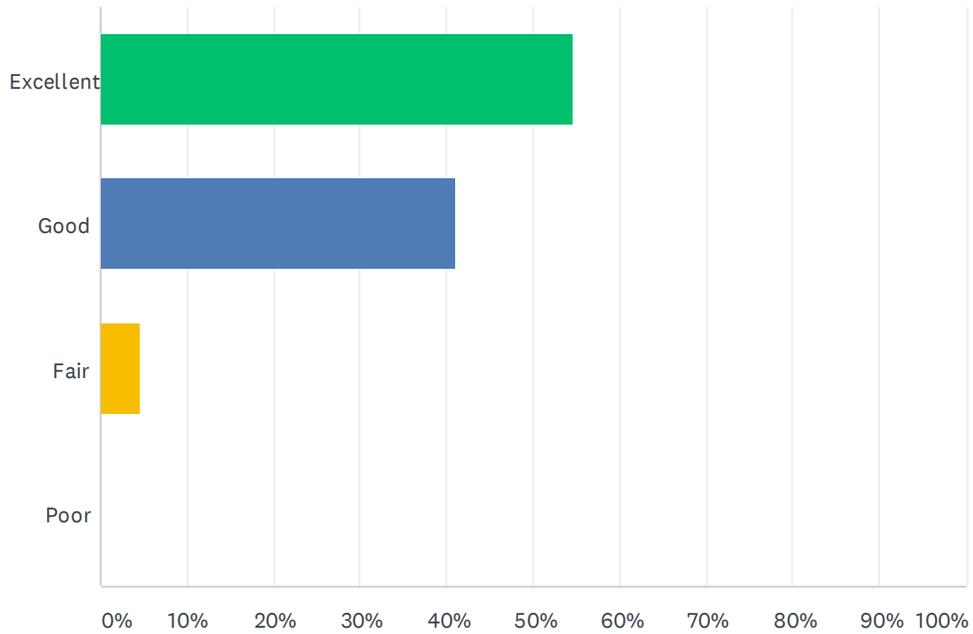
Answered: 22 Skipped: 224



ANSWER CHOICES	RESPONSES
New service	9.09% 2
Repair	31.82% 7
Disconnection	4.55% 1
Upgrade	4.55% 1
Other (please specify)	50.00% 11
TOTAL	22

Q45 Courtesy

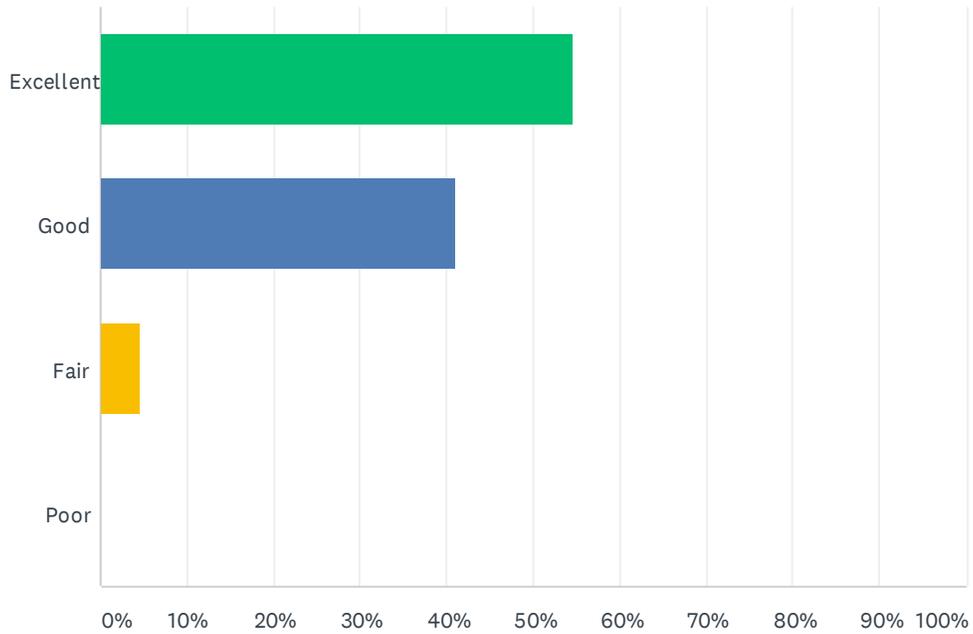
Answered: 22 Skipped: 224



ANSWER CHOICES	RESPONSES	
Excellent	54.55%	12
Good	40.91%	9
Fair	4.55%	1
Poor	0.00%	0
TOTAL		22

Q46 Knowledge

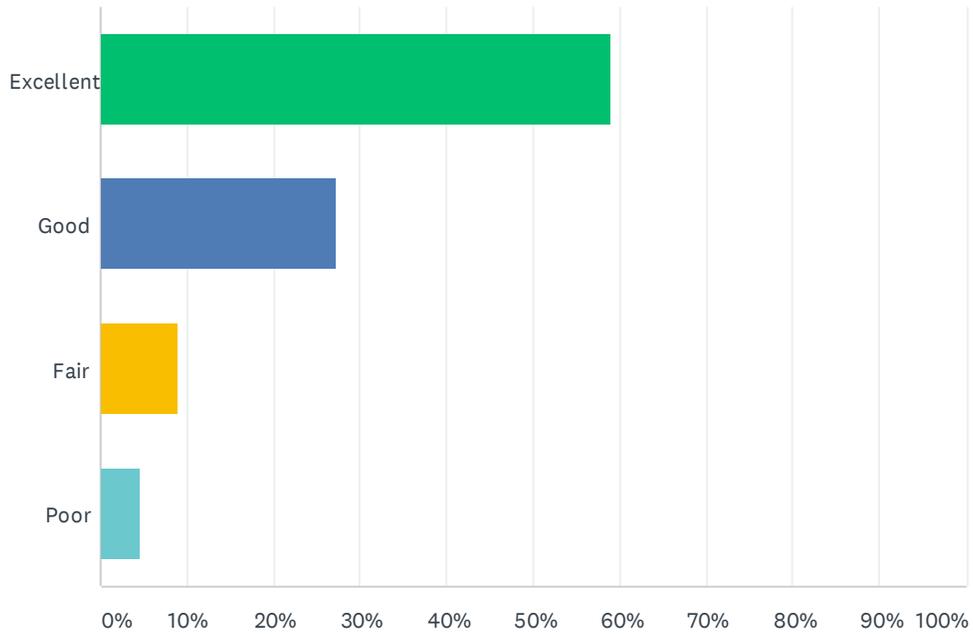
Answered: 22 Skipped: 224



ANSWER CHOICES	RESPONSES	
Excellent	54.55%	12
Good	40.91%	9
Fair	4.55%	1
Poor	0.00%	0
TOTAL		22

Q47 Ability to handle your request

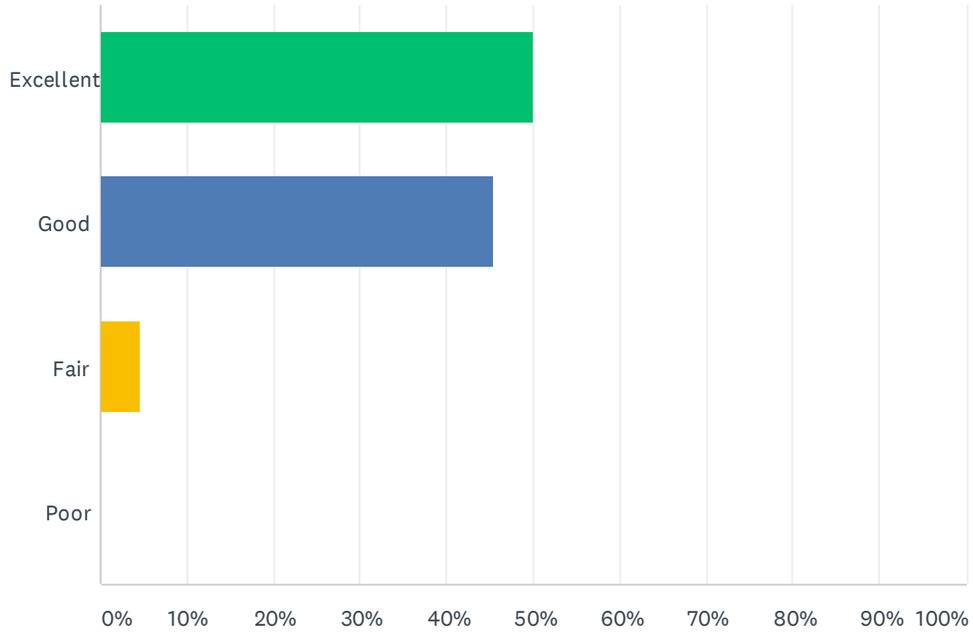
Answered: 22 Skipped: 224



ANSWER CHOICES	RESPONSES	
Excellent	59.09%	13
Good	27.27%	6
Fair	9.09%	2
Poor	4.55%	1
TOTAL		22

Q48 Your overall rating of the field employee

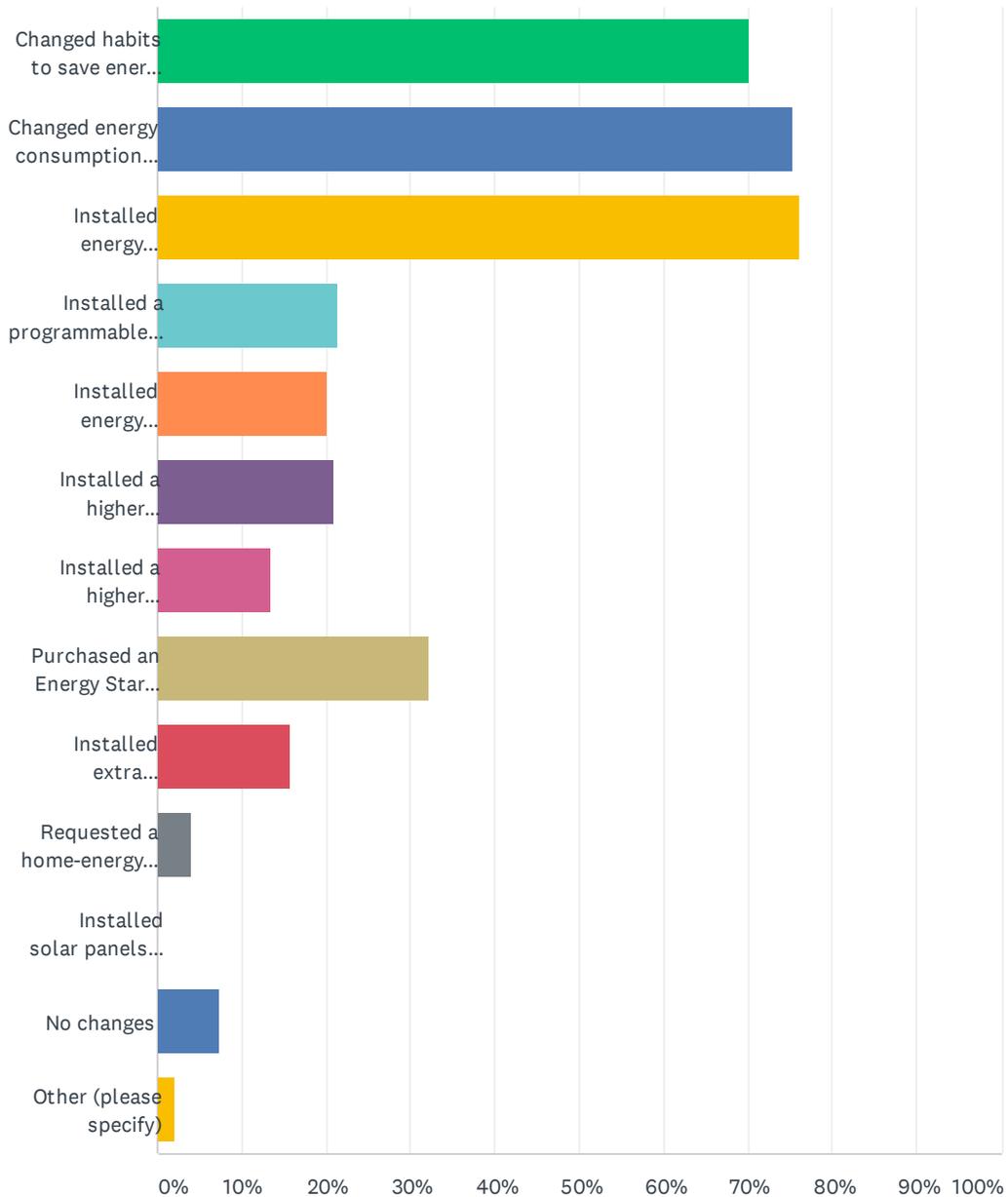
Answered: 22 Skipped: 224



ANSWER CHOICES	RESPONSES	
Excellent	50.00%	11
Good	45.45%	10
Fair	4.55%	1
Poor	0.00%	0
TOTAL		22

Q49 Please indicate which, if any, of these things your household or business has done in the past two years to reduce electricity consumption, costs, or environmental impact. (Check all that apply)

Answered: 230 Skipped: 16

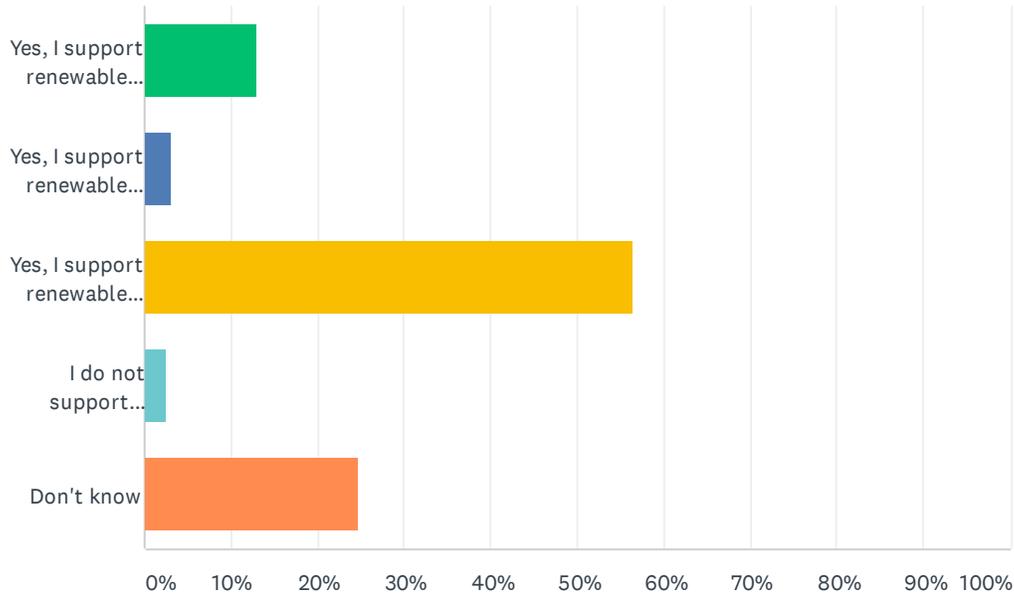


2019 Customer Satisfaction Survey - Hearst Power Distribution

ANSWER CHOICES	RESPONSES	
Changed habits to save energy, such as raising the thermostat in summer, lowering it in winter, turning off lights that are not needed, etc...	70.00%	161
Changed energy consumption habits to off-peak periods (i.e. doing laundry at night)	75.22%	173
Installed energy efficient CFL or LED light bulbs	76.09%	175
Installed a programmable thermostat	21.30%	49
Installed energy efficient doors or windows	20.00%	46
Installed a higher efficiency water heater	20.87%	48
Installed a higher efficiency heating/ cooling system	13.48%	31
Purchased an Energy Star appliance (i.e. refrigerator, stove, etc...)	32.17%	74
Installed extra insulation	15.65%	36
Requested a home-energy assessment	3.91%	9
Installed solar panels or other source of renewable energy	0.00%	0
No changes	7.39%	17
Other (please specify)	2.17%	5
Total Respondents: 230		

Q50 One of the ways to reduce consumption of fossil fuels is by providing electricity from renewable energy sources such as solar, wind, hydroelectric, or biomass, which may be more costly than conventional energy sources. Do you support renewable energy?

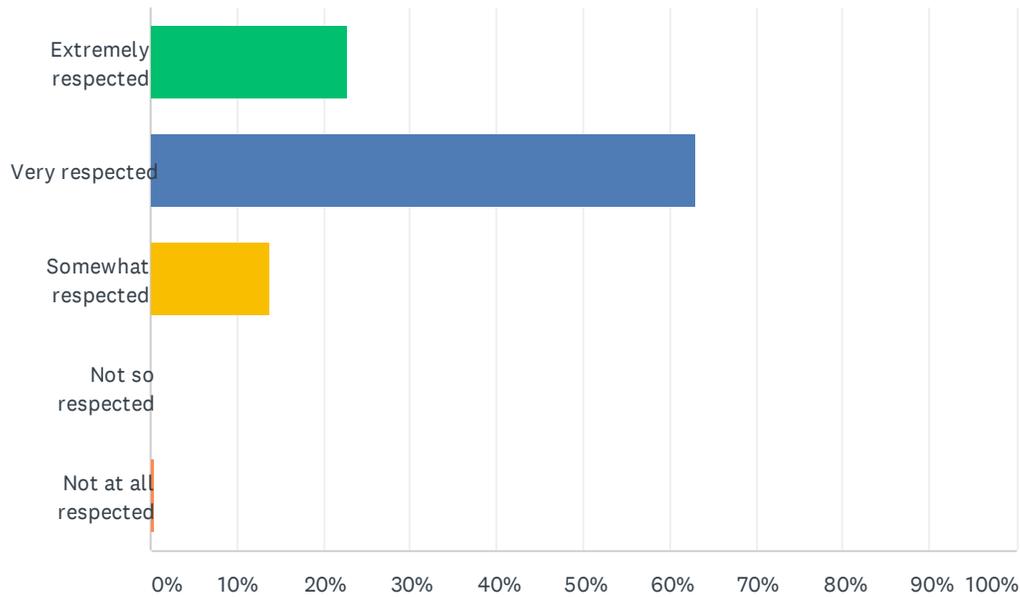
Answered: 230 Skipped: 16



ANSWER CHOICES	RESPONSES	
Yes, I support renewable energy, even if it causes an increase of 5% on my electricity bills	13.04%	30
Yes, I support renewable energy, even if it causes an increase of 10% on my electricity bills	3.04%	7
Yes, I support renewable energy, but only if it does not increase my electricity bills	56.52%	130
I do not support renewable energy	2.61%	6
Don't know	24.78%	57
TOTAL		230

Q51 Would you say that Hearst Power Distribution Company (HPDC) is a respected company in the community?

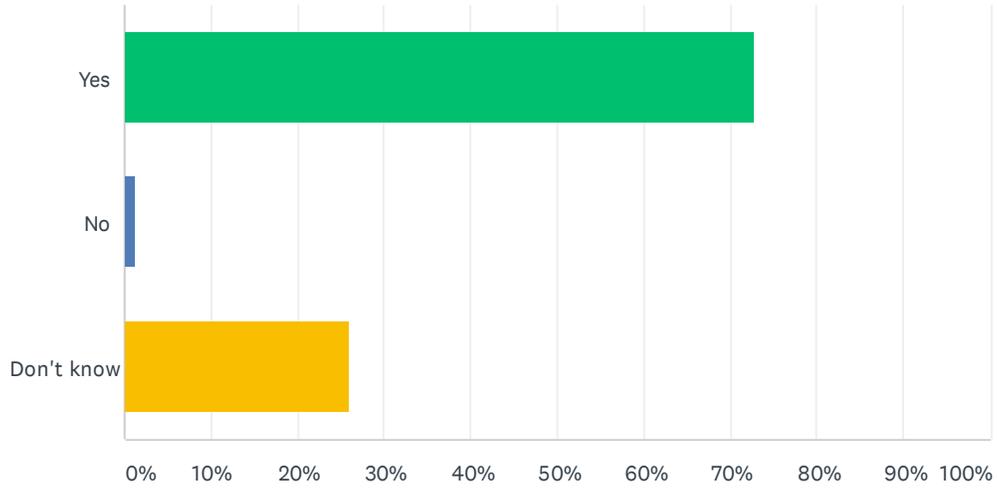
Answered: 224 Skipped: 22



ANSWER CHOICES	RESPONSES	
Extremely respected	22.77%	51
Very respected	62.95%	141
Somewhat respected	13.84%	31
Not so respected	0.00%	0
Not at all respected	0.45%	1
TOTAL		224

Q52 Would you say that HPDC has a high standard of business ethics?

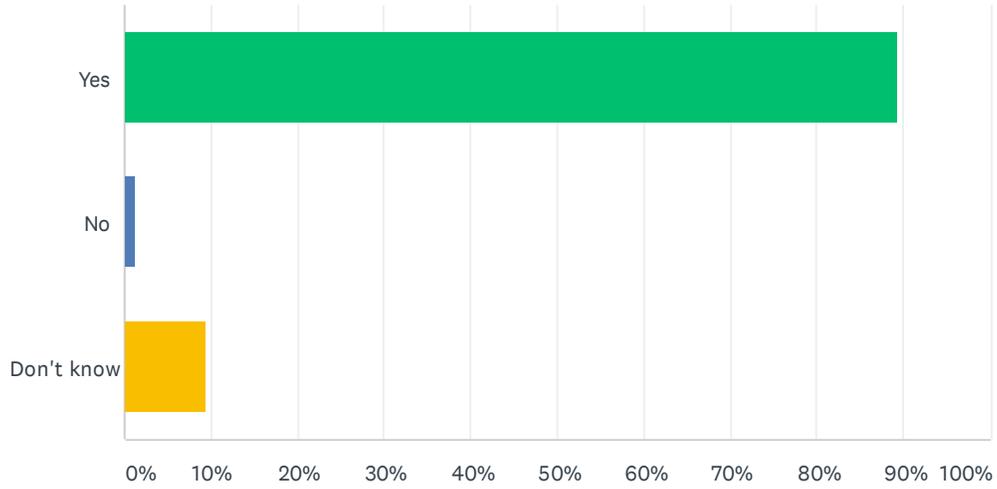
Answered: 224 Skipped: 22



ANSWER CHOICES	RESPONSES	
Yes	72.77%	163
No	1.34%	3
Don't know	25.89%	58
TOTAL		224

Q53 Would you say that HPDC is easily accessible?

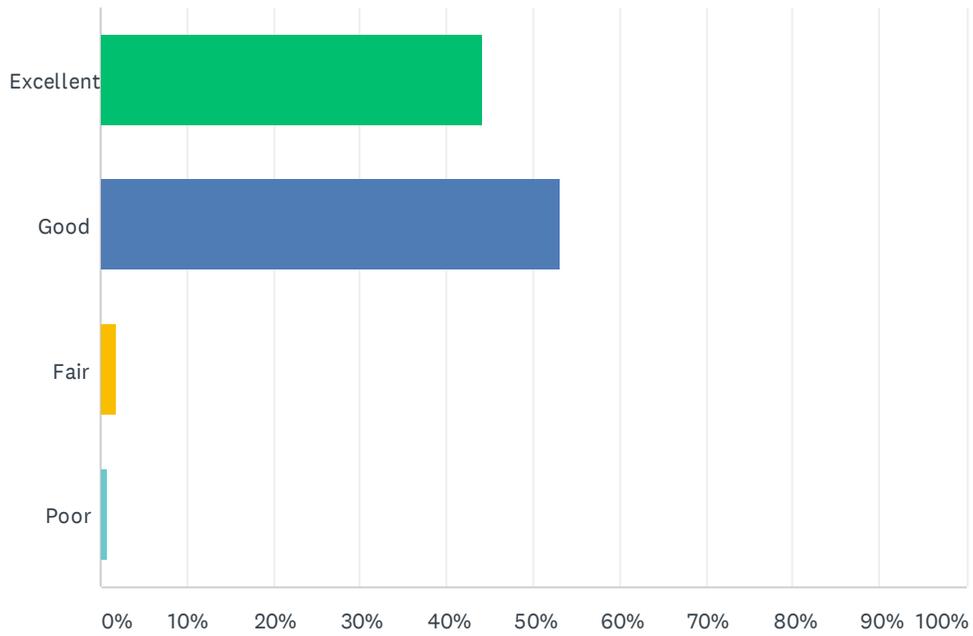
Answered: 224 Skipped: 22



ANSWER CHOICES	RESPONSES	
Yes	89.29%	200
No	1.34%	3
Don't know	9.38%	21
TOTAL		224

Q54 In general, how would you rate HPDC's overall performance in serving you?

Answered: 224 Skipped: 22



ANSWER CHOICES	RESPONSES	
Excellent	44.20%	99
Good	53.13%	119
Fair	1.79%	4
Poor	0.89%	2
TOTAL		224

Q55 Do you have a testimonial that you would allow HPDC to share on our website?

Answered: 16 Skipped: 230

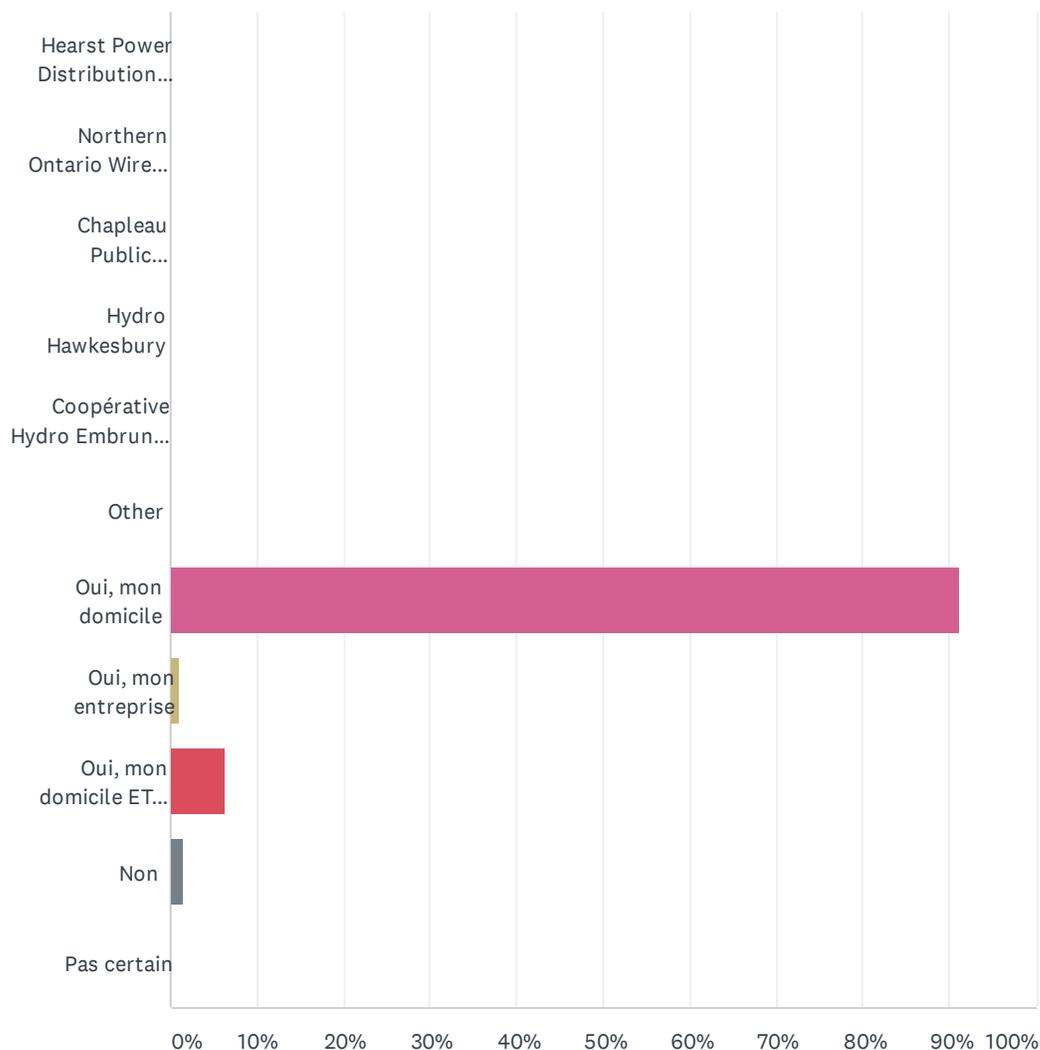
Q56 Please provide your contact information to participate in the draw of 6 different prizes, for a total value of \$800. The draw will take place on December 18, 2019. The winner names will be posted on our website.

Answered: 220 Skipped: 26

ANSWER CHOICES	RESPONSES	
Name	100.00%	220
Nom de l'entreprise	0.00%	0
Adresse	0.00%	0
Adresse 2	0.00%	0
Ville	0.00%	0
État/Province	0.00%	0
Code postal	0.00%	0
Pays	0.00%	0
Email address	96.36%	212
Telephone	99.09%	218

Q1 Avez-vous un compte avec la Corporation de distribution électrique de Hearst (CDEH) pour votre domicile ou entreprise? Veuillez noter que seulement les clients résidentiels de la CDEH seront éligibles au tirage.

Answered: 354 Skipped: 0

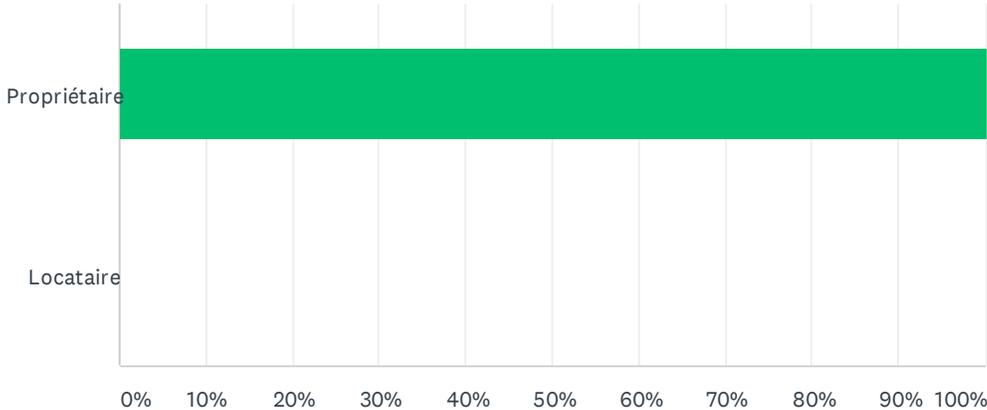


Sondage sur la satisfaction de la clientèle 2019 - La Corporation de distribution électrique de Hearst

ANSWER CHOICES	RESPONSES	
Hearst Power Distribution Company Ltd.	0.00%	0
Northern Ontario Wires Inc.	0.00%	0
Chapleau Public Utilities Corporation	0.00%	0
Hydro Hawkesbury	0.00%	0
Coopérative Hydro Embrun Inc.	0.00%	0
Other	0.00%	0
Oui, mon domicile	91.24%	323
Oui, mon entreprise	1.13%	4
Oui, mon domicile ET entreprise	6.21%	22
Non	1.41%	5
Pas certain	0.00%	0
TOTAL		354

Q2 Êtes-vous propriétaire ou locataire du bâtiment où votre entreprise est située?

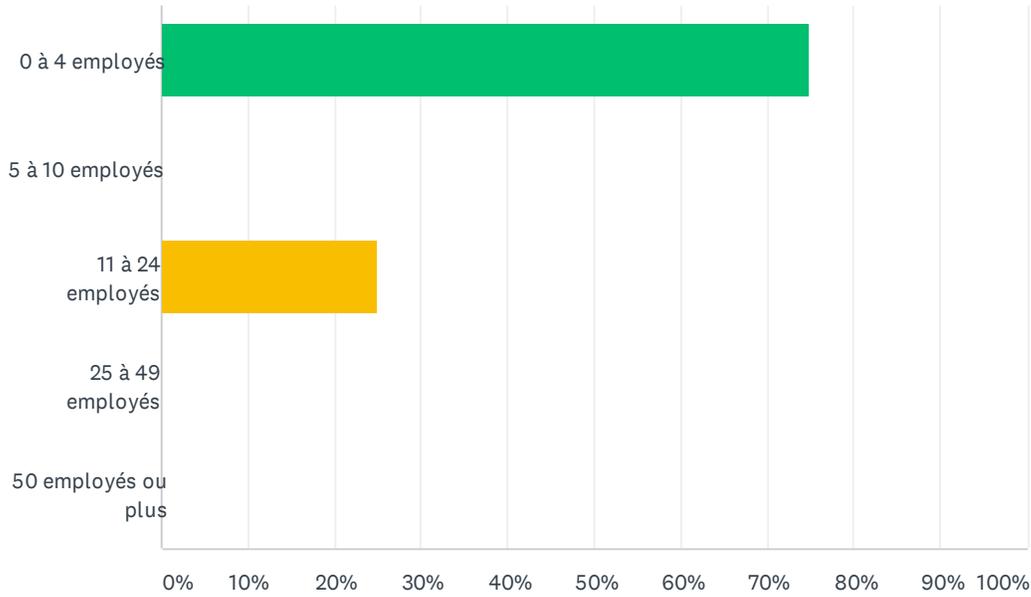
Answered: 4 Skipped: 350



ANSWER CHOICES	RESPONSES	
Propriétaire	100.00%	4
Locataire	0.00%	0
TOTAL		4

Q3 Veuillez indiquer le nombre de personnes qui travaillent pour votre entreprise.

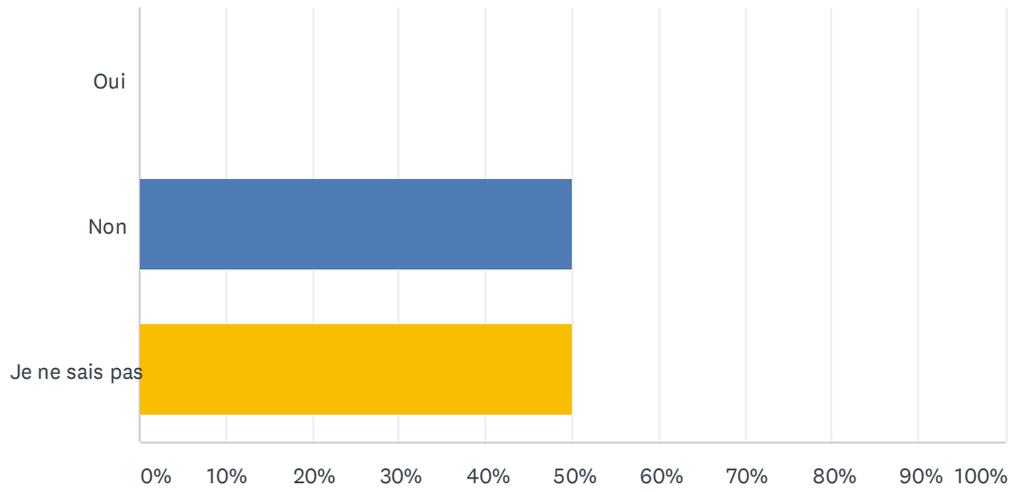
Answered: 4 Skipped: 350



ANSWER CHOICES	RESPONSES
0 à 4 employés	75.00% 3
5 à 10 employés	0.00% 0
11 à 24 employés	25.00% 1
25 à 49 employés	0.00% 0
50 employés ou plus	0.00% 0
TOTAL	4

Q4 Achetez-vous votre électricité d'un détaillant ou revendeur d'électricité ("retailer")?

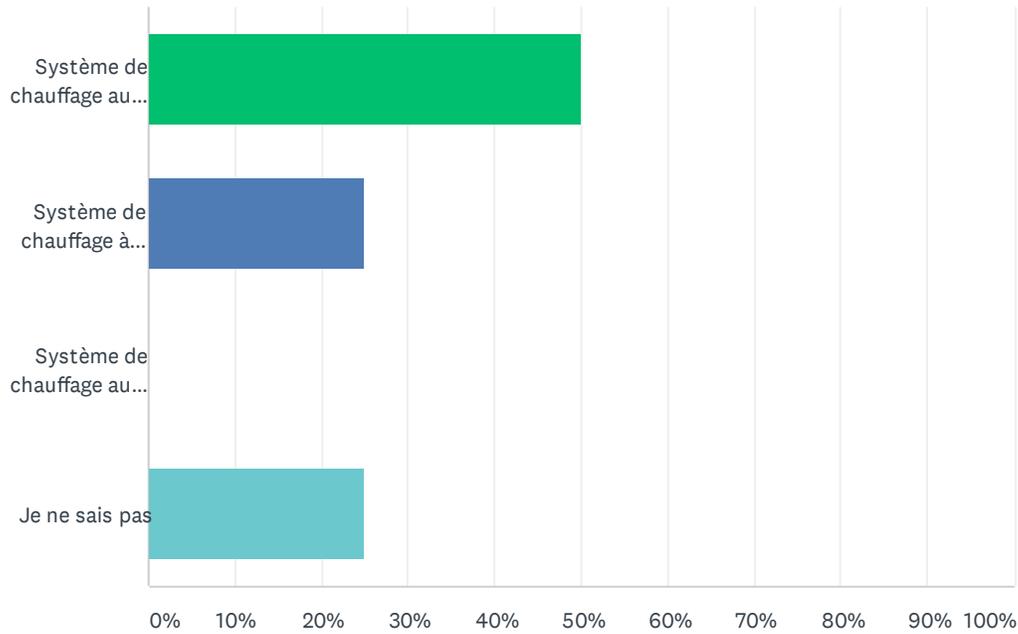
Answered: 4 Skipped: 350



ANSWER CHOICES	RESPONSES	
Oui	0.00%	0
Non	50.00%	2
Je ne sais pas	50.00%	2
TOTAL		4

Q5 Quelle est la méthode de chauffage primaire de votre entreprise?

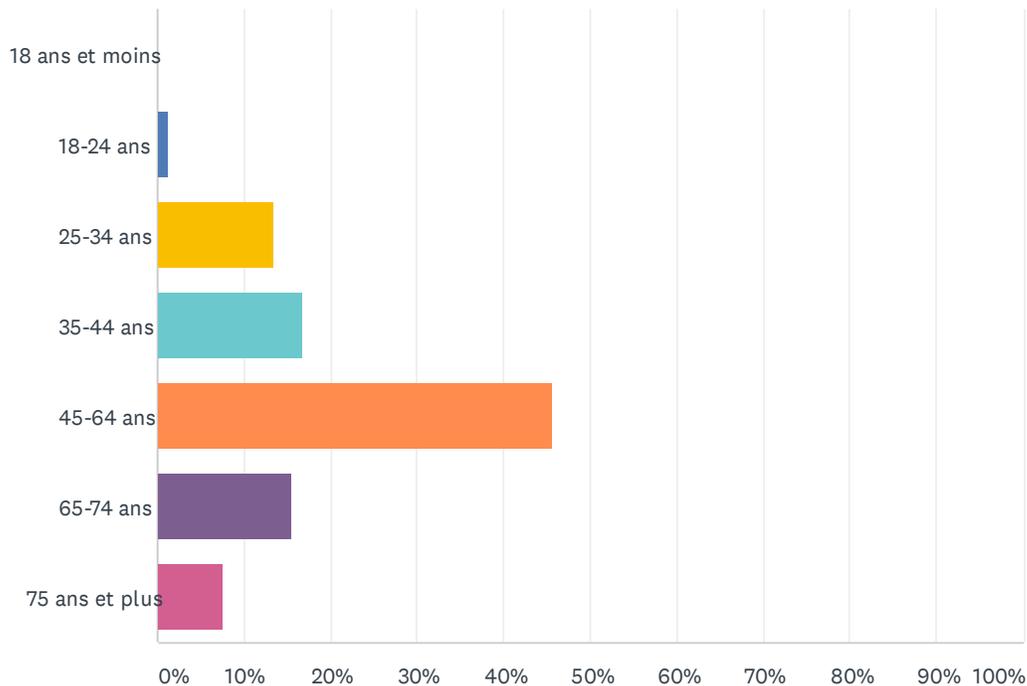
Answered: 4 Skipped: 350



ANSWER CHOICES	RESPONSES	
Système de chauffage au gaz naturel	50.00%	2
Système de chauffage à l'électricité	25.00%	1
Système de chauffage au bois ou granules	0.00%	0
Je ne sais pas	25.00%	1
TOTAL		4

Q6 Dans quel groupe d'âge vous situez-vous?

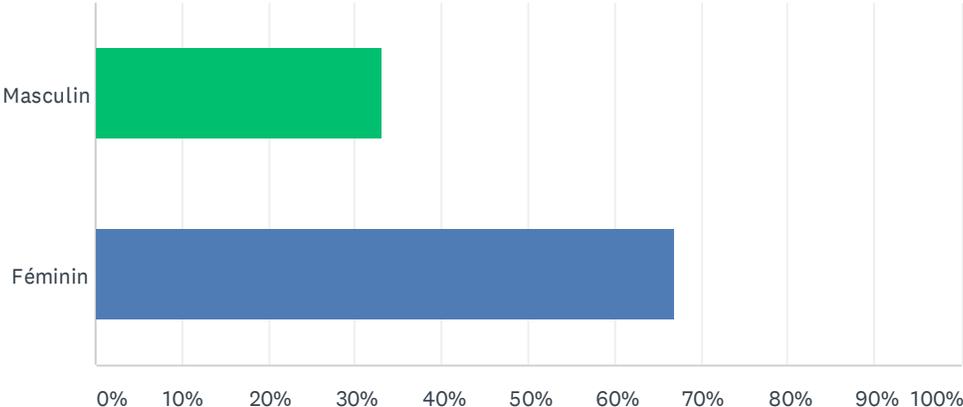
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES
18 ans et moins	0.00% 0
18-24 ans	1.17% 4
25-34 ans	13.45% 46
35-44 ans	16.67% 57
45-64 ans	45.61% 156
65-74 ans	15.50% 53
75 ans et plus	7.60% 26
TOTAL	342

Q7 De quel sexe êtes-vous?

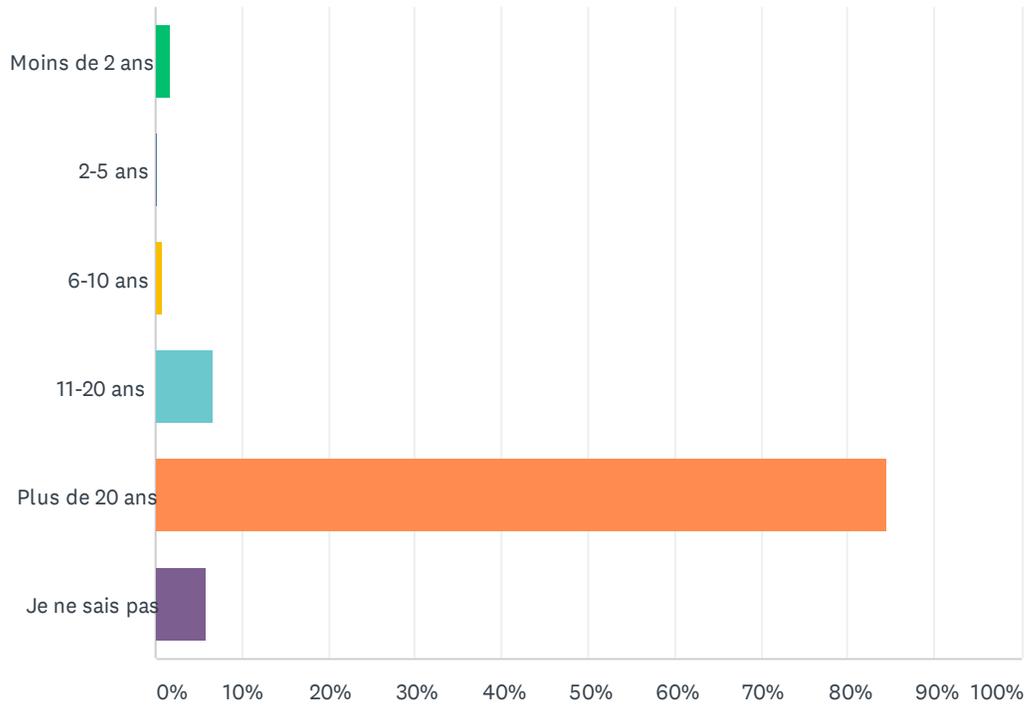
Answered: 339 Skipped: 15



ANSWER CHOICES	RESPONSES	
Masculin	33.04%	112
Féminin	66.96%	227
TOTAL		339

Q8 Quel âge a votre résidence?

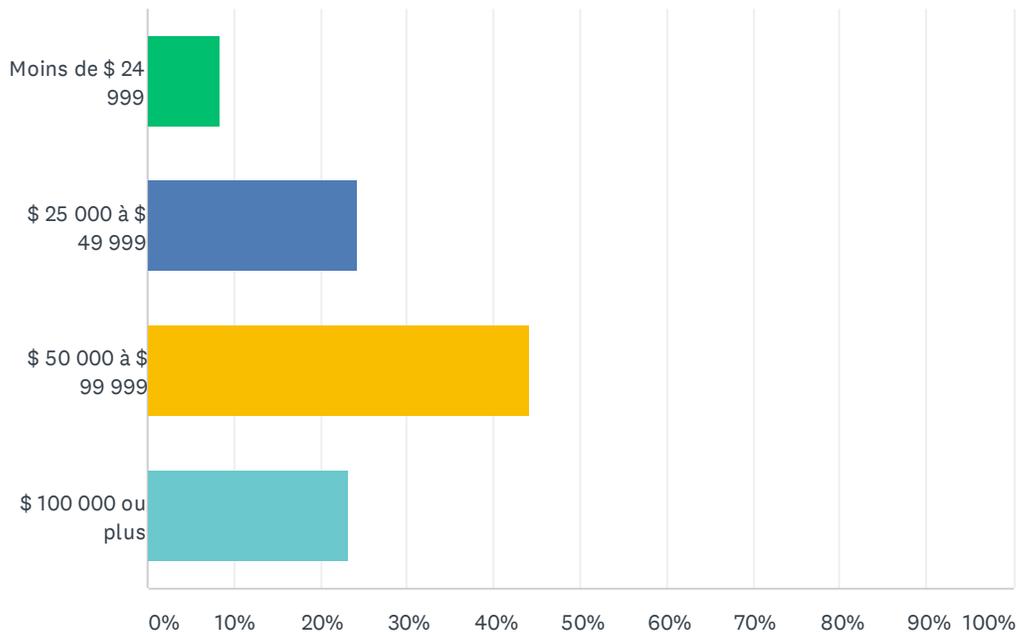
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES
Moins de 2 ans	1.75% 6
2-5 ans	0.29% 1
6-10 ans	0.88% 3
11-20 ans	6.73% 23
Plus de 20 ans	84.50% 289
Je ne sais pas	5.85% 20
TOTAL	342

Q9 Dans quelle catégorie se situe le revenu annuel de votre ménage?

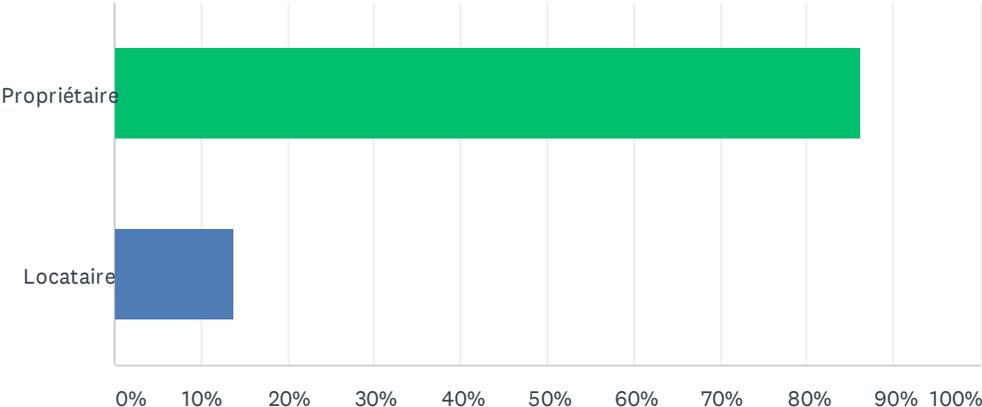
Answered: 337 Skipped: 17



ANSWER CHOICES	RESPONSES	
Moins de \$ 24 999	8.31%	28
\$ 25 000 à \$ 49 999	24.33%	82
\$ 50 000 à \$ 99 999	44.21%	149
\$ 100 000 ou plus	23.15%	78
TOTAL		337

Q10 Êtes-vous propriétaire ou locataire de votre résidence?

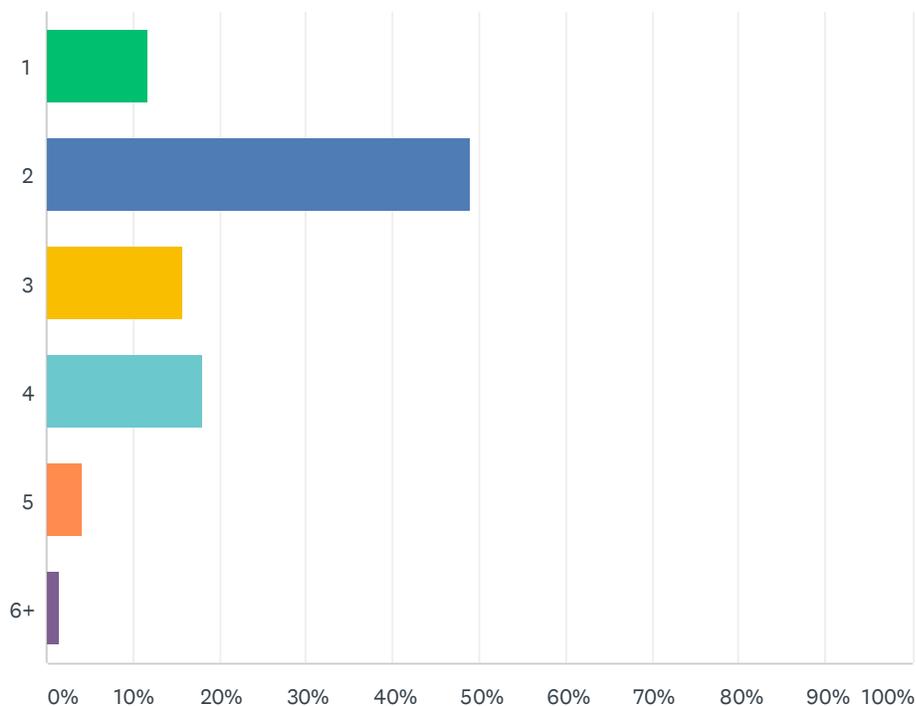
Answered: 339 Skipped: 15



ANSWER CHOICES	RESPONSES
Propriétaire	86.14% 292
Locataire	13.86% 47
TOTAL	339

Q11 Veuillez indiquer le nombre de personnes qui habitent dans votre domicile.

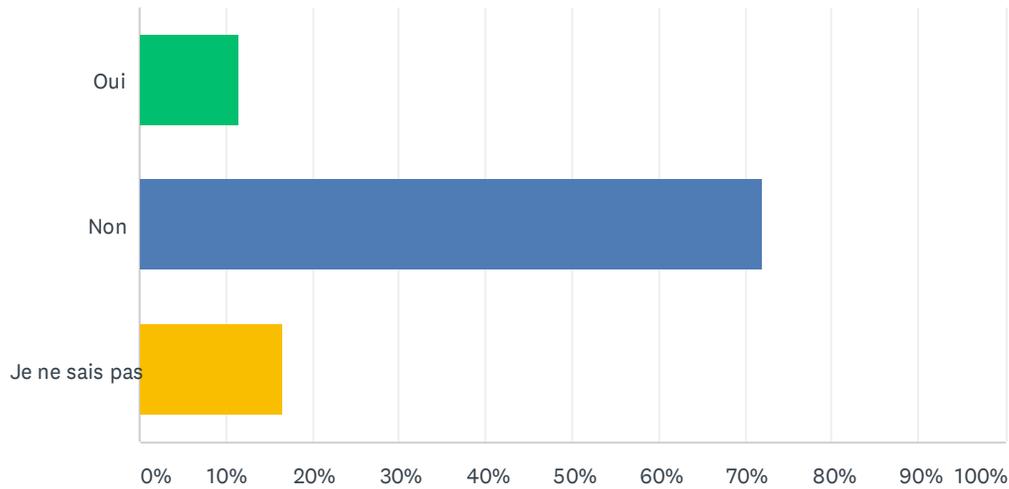
Answered: 339 Skipped: 15



ANSWER CHOICES	RESPONSES	
1	11.80%	40
2	48.97%	166
3	15.63%	53
4	17.99%	61
5	4.13%	14
6+	1.47%	5
TOTAL		339

Q12 Achetez-vous votre électricité d'un détaillant ou revendeur d'électricité ("retailer")?

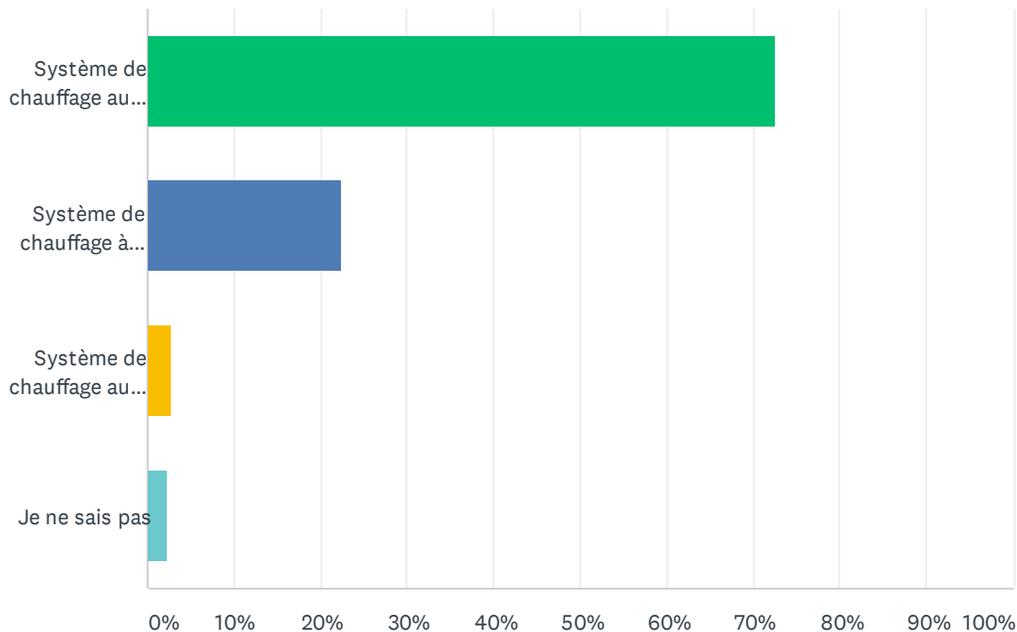
Answered: 339 Skipped: 15



ANSWER CHOICES	RESPONSES
Oui	11.50% 39
Non	71.98% 244
Je ne sais pas	16.52% 56
TOTAL	339

Q13 Quelle est la méthode de chauffage primaire de votre résidence?

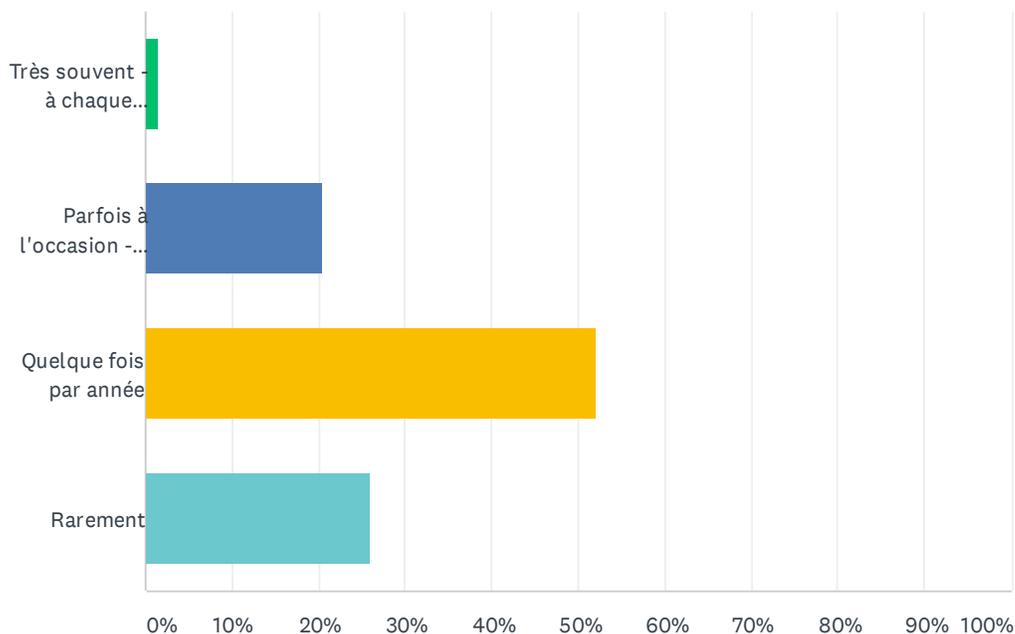
Answered: 339 Skipped: 15



ANSWER CHOICES	RESPONSES
Système de chauffage au gaz naturel	72.57% 246
Système de chauffage à l'électricité	22.42% 76
Système de chauffage au bois ou granules	2.65% 9
Je ne sais pas	2.36% 8
TOTAL	339

Q14 À quelle fréquence remarquez-vous des problèmes avec votre service d'électricité, tels que des scintillements ou de brèves pannes d'électricité?

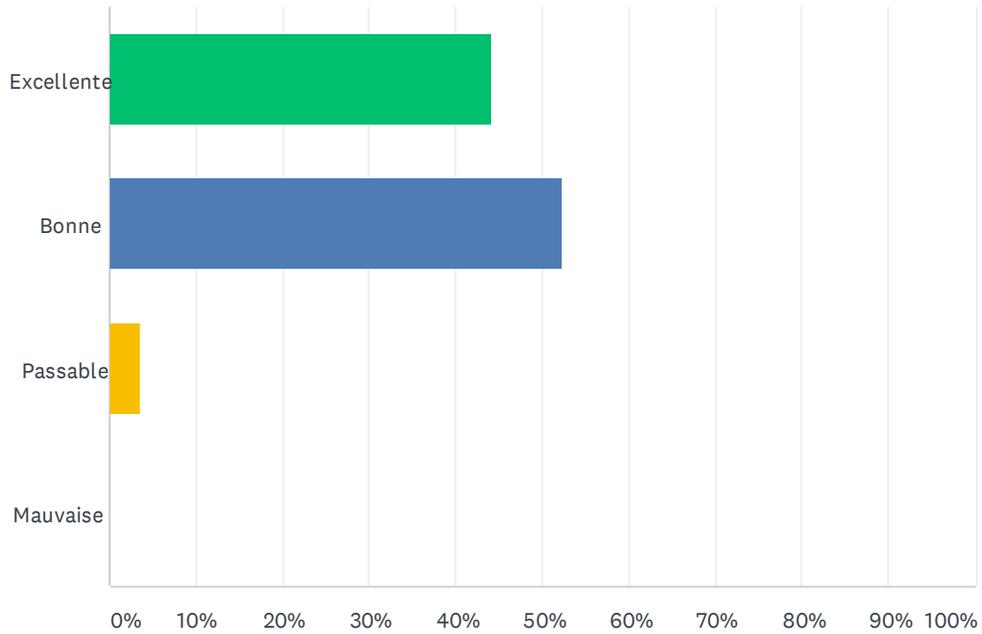
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES	
Très souvent - à chaque semaine ou plus	1.46%	5
Parfois à l'occasion - à chaque mois environ	20.47%	70
Quelque fois par année	52.05%	178
Rarement	26.02%	89
TOTAL		342

Q15 Le rétablissement du service en cas de panne de courant

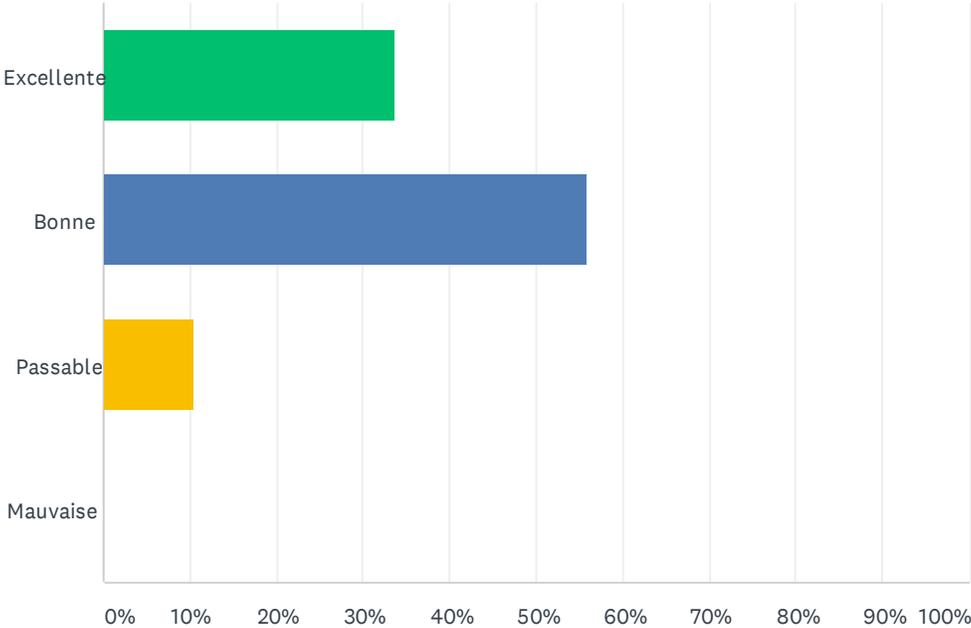
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES	
Excellente	44.15%	151
Bonne	52.34%	179
Passable	3.51%	12
Mauvaise	0.00%	0
TOTAL		342

Q16 Minimiser le nombre de pannes de courant

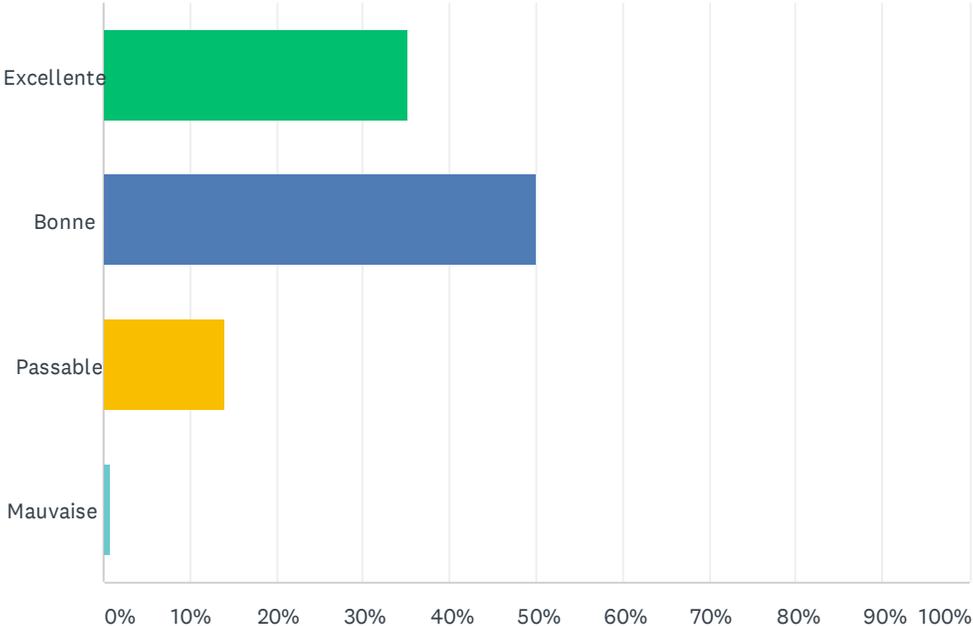
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES
Excellente	33.63% 115
Bonne	55.85% 191
Passable	10.53% 36
Mauvaise	0.00% 0
TOTAL	342

Q17 Fournir des informations sur les pannes prolongées

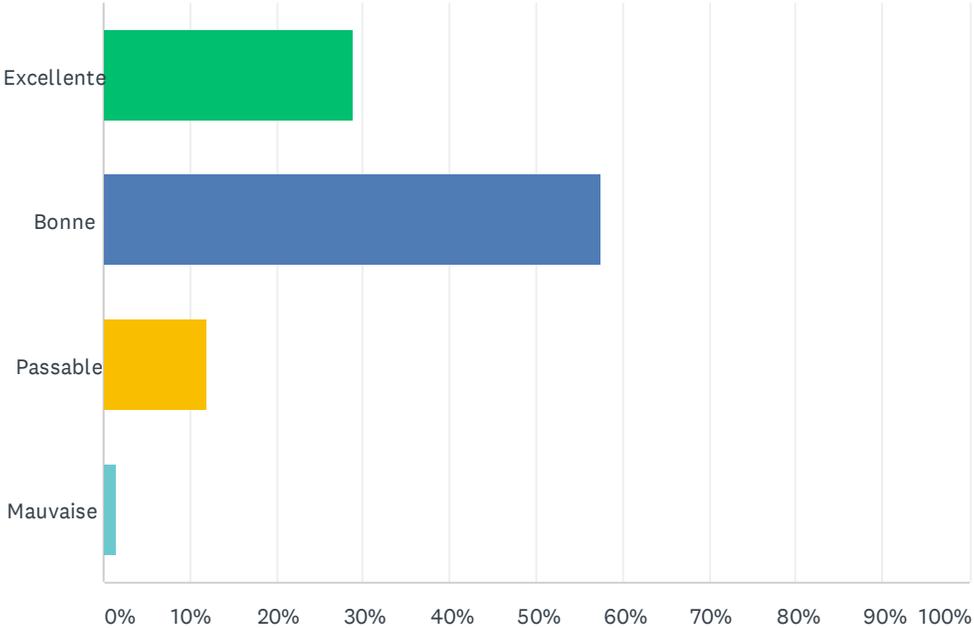
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES
Excellente	35.09% 120
Bonne	50.00% 171
Passable	14.04% 48
Mauvaise	0.88% 3
TOTAL	342

Q18 Être accessible durant les pannes (par téléphone ou autre)

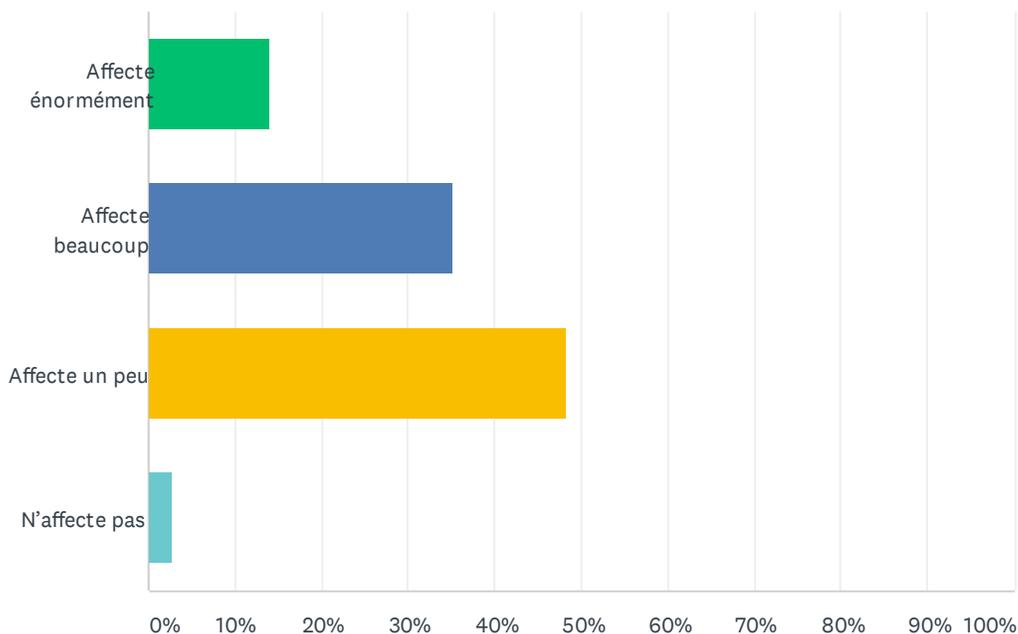
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES	
Excellente	28.95%	99
Bonne	57.60%	197
Passable	11.99%	41
Mauvaise	1.46%	5
TOTAL		342

Q19 Lorsqu'une panne électrique survient, à quel point ceci affecte votre résidence ou votre entreprise?

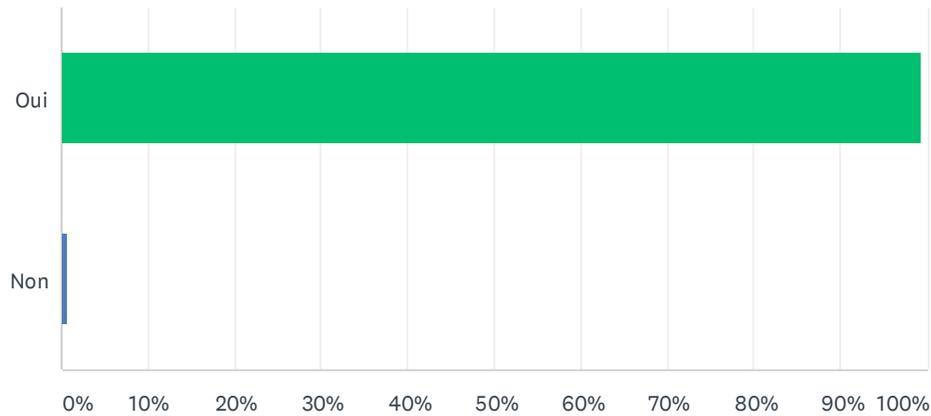
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES
Affecte énormément	14.04% 48
Affecte beaucoup	35.09% 120
Affecte un peu	48.25% 165
N'affecte pas	2.63% 9
TOTAL	342

Q20 En terme de fiabilité générale du service électrique, diriez-vous que la CDEH fournit de l'énergie stable et fiable?

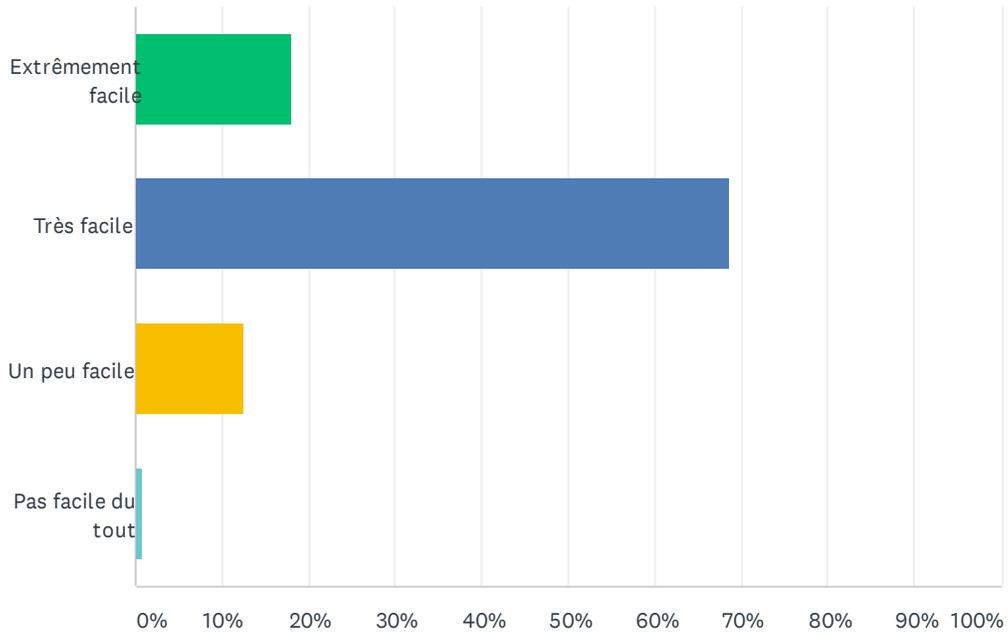
Answered: 342 Skipped: 12



ANSWER CHOICES	RESPONSES	
Oui	99.42%	340
Non	0.58%	2
TOTAL		342

Q21 Votre facture d'électricité est-elle facile à comprendre?

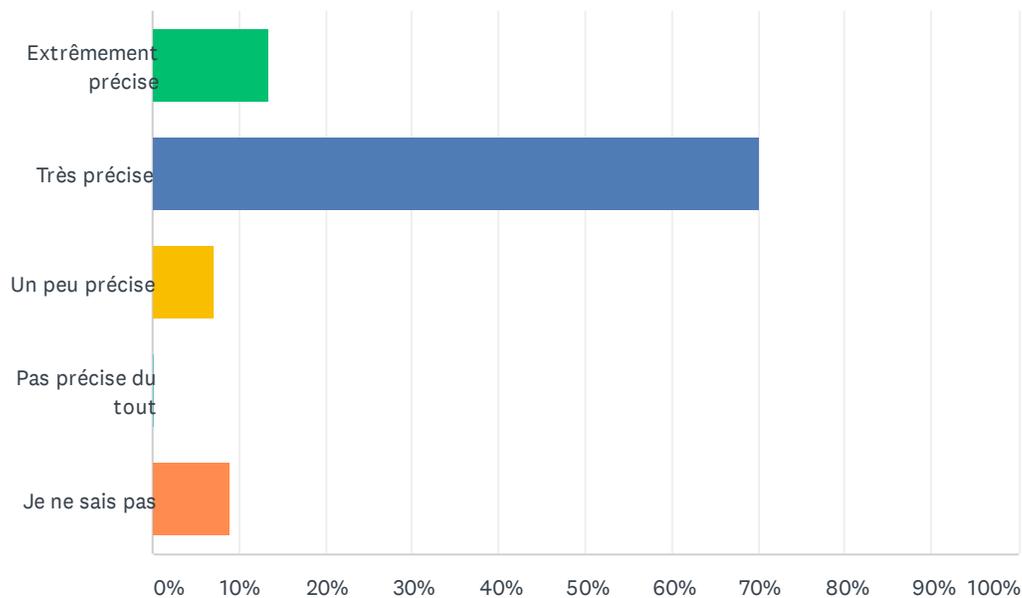
Answered: 341 Skipped: 13



ANSWER CHOICES	RESPONSES	
Extrêmement facile	17.89%	61
Très facile	68.62%	234
Un peu facile	12.61%	43
Pas facile du tout	0.88%	3
TOTAL		341

Q22 La facturation de votre compte est-elle précise et exacte?

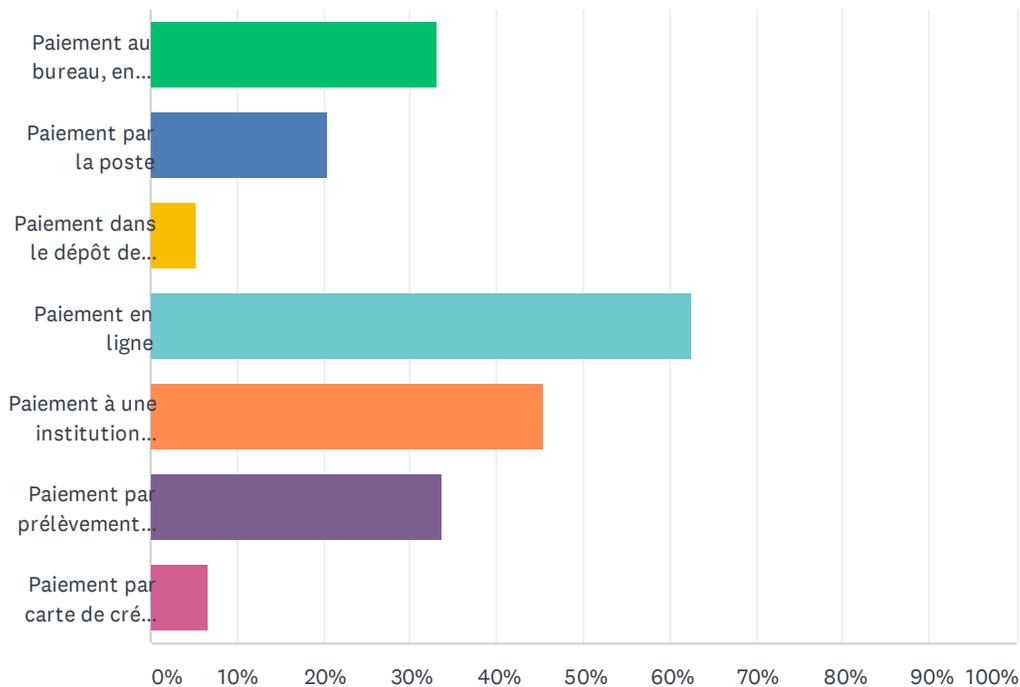
Answered: 341 Skipped: 13



ANSWER CHOICES	RESPONSES	
Extrêmement précise	13.49%	46
Très précise	70.09%	239
Un peu précise	7.04%	24
Pas précise du tout	0.29%	1
Je ne sais pas	9.09%	31
TOTAL		341

Q23 SVP indiquez les options de paiement avec lesquelles vous étiez familier, avant d'effectuer ce sondage.

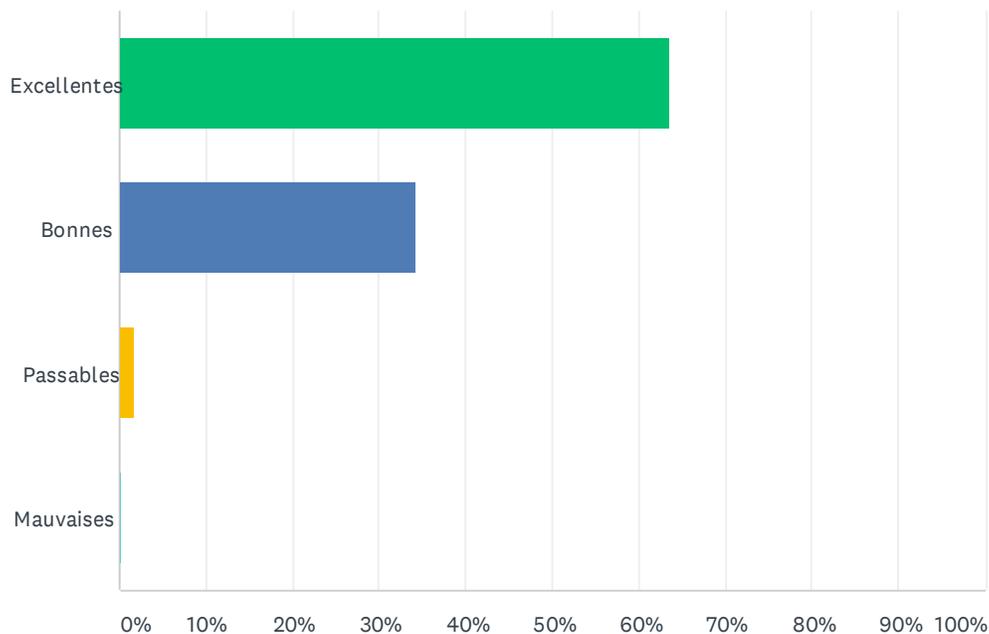
Answered: 341 Skipped: 13



ANSWER CHOICES	RESPONSES	
Paiement au bureau, en personne	33.14%	113
Paiement par la poste	20.53%	70
Paiement dans le dépôt de nuit	5.28%	18
Paiement en ligne	62.46%	213
Paiement à une institution financière	45.45%	155
Paiement par prélèvement automatique de votre compte bancaire	33.72%	115
Paiement par carte de crédit (des frais supplémentaire s'appliquent)	6.74%	23
Total Respondents: 341		

Q24 Comment évaluez-vous les options de paiement disponibles?

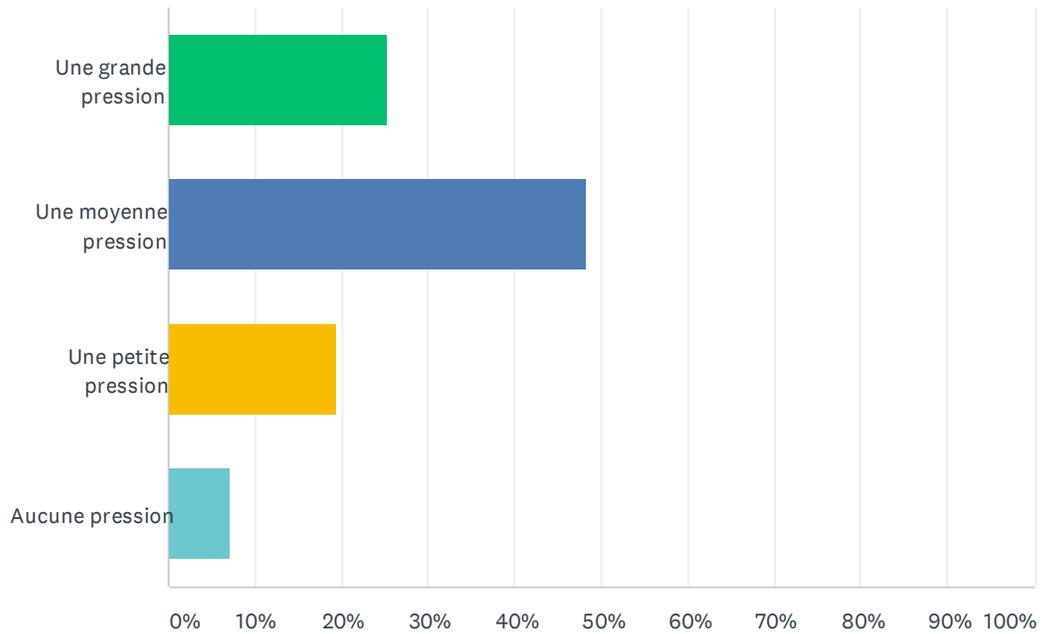
Answered: 341 Skipped: 13



ANSWER CHOICES	RESPONSES
Excellentes	63.64% 217
Bonnes	34.31% 117
Passables	1.76% 6
Mauvaises	0.29% 1
TOTAL	341

Q25 Jusqu'à quel point le coût du service électrique exerce une pression sur le budget de votre famille ou de votre entreprise?

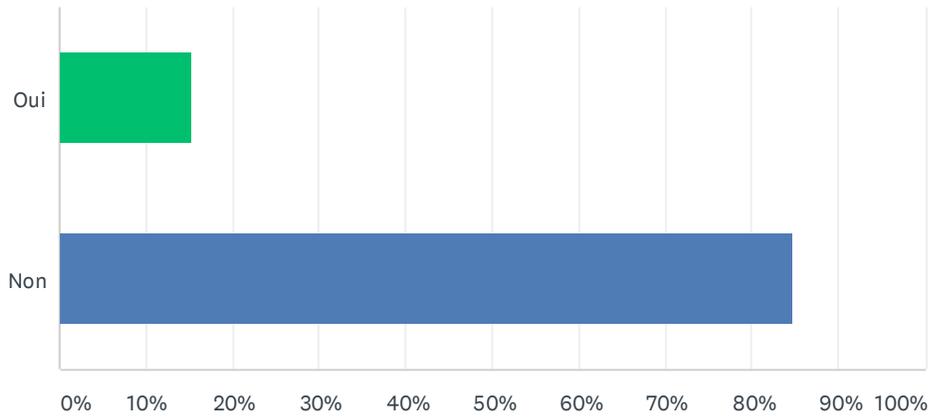
Answered: 341 Skipped: 13



ANSWER CHOICES	RESPONSES
Une grande pression	25.22% 86
Une moyenne pression	48.39% 165
Une petite pression	19.35% 66
Aucune pression	7.04% 24
TOTAL	341

Q26 Êtes-vous inscrit au service de communiqué par courriel afin de recevoir les avis sur les interruptions de courant planifiées?(Pour vous inscrire, visitez notre site web via le lien suivant Info-pannes)

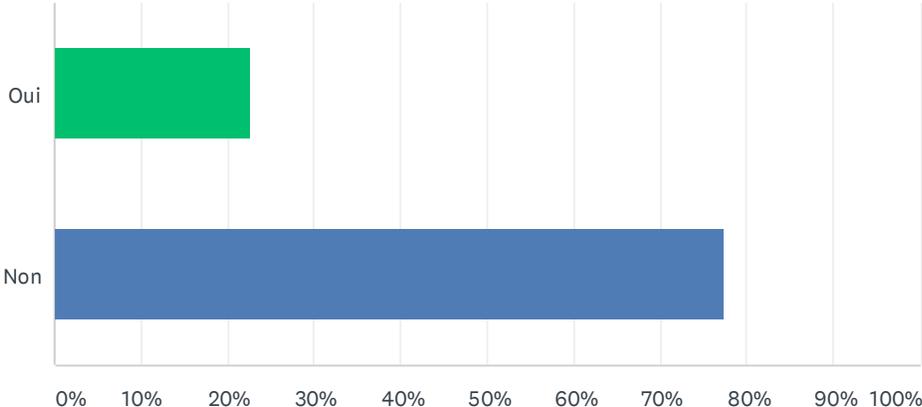
Answered: 336 Skipped: 18



ANSWER CHOICES	RESPONSES	
Oui	15.18%	51
Non	84.82%	285
TOTAL		336

Q27 Êtes-vous inscrit au service de facturation par courriel? ("E-billing")

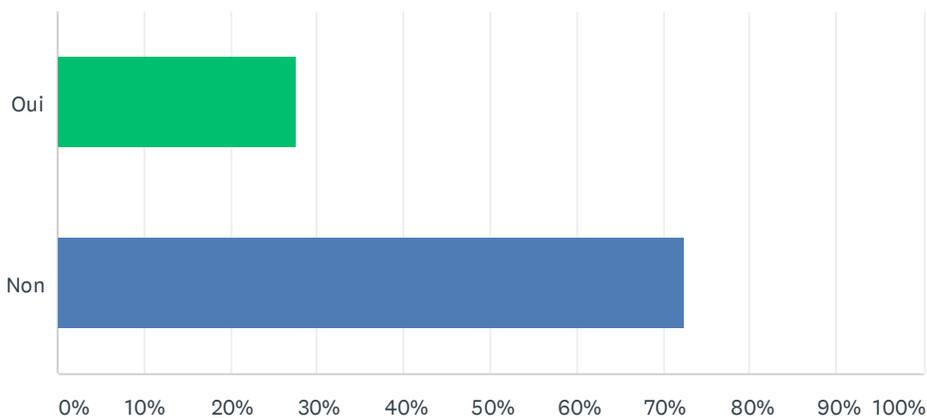
Answered: 336 Skipped: 18



ANSWER CHOICES	RESPONSES	
Oui	22.62%	76
Non	77.38%	260
TOTAL		336

Q28 Avez-vous visitez le site web de la Corporation de distribution électrique de Hearst (CDEH) récemment?

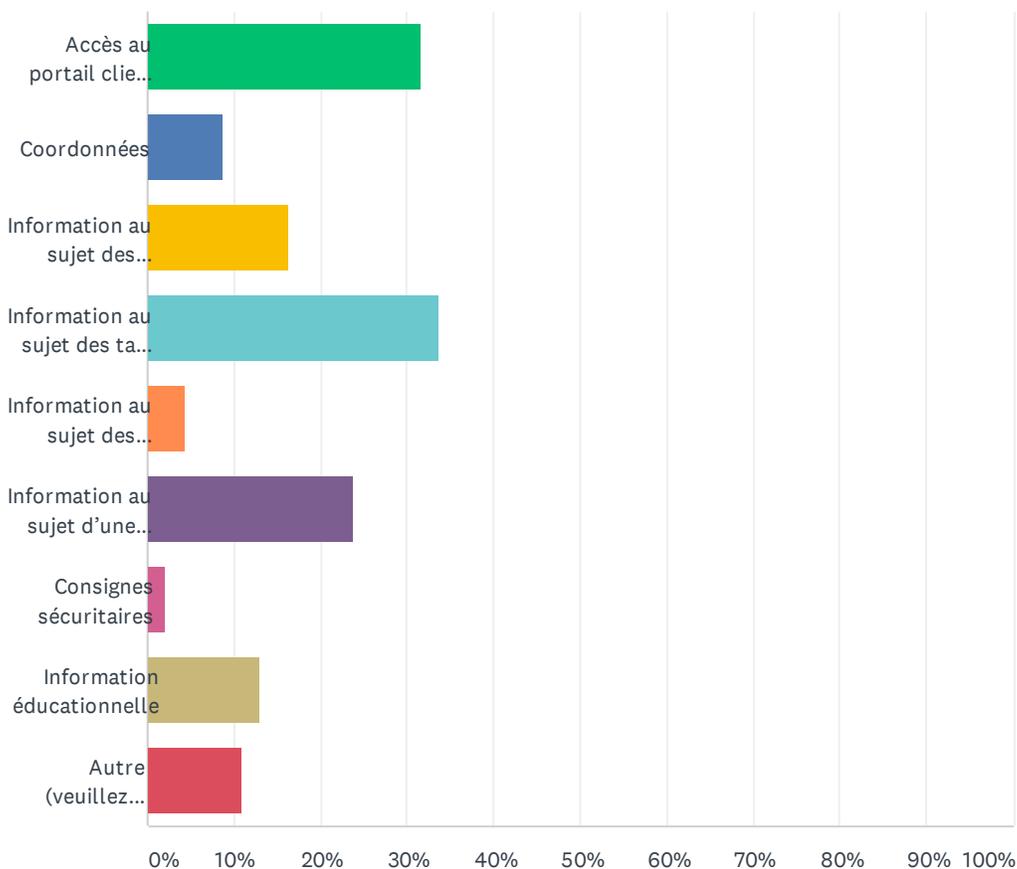
Answered: 336 Skipped: 18



ANSWER CHOICES	RESPONSES	
Oui	27.68%	93
Non	72.32%	243
TOTAL		336

Q29 Quelle(s) information(s) recherchez-vous lors de votre dernière visite sur notre site web?

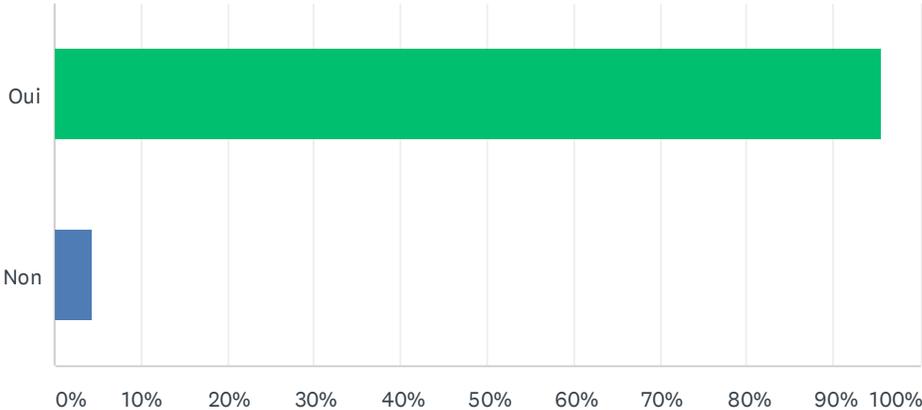
Answered: 92 Skipped: 262



ANSWER CHOICES	RESPONSES	
Accès au portail client libre-service	31.52%	29
Coordonnées	8.70%	8
Information au sujet des programmes pour aider à payer mes factures	16.30%	15
Information au sujet des taux d'électricité	33.70%	31
Information au sujet des changements de service (ex: nouveau service, déménagement, débranchement)	4.35%	4
Information au sujet d'une panne électrique	23.91%	22
Consignes sécuritaires	2.17%	2
Information éducationnelle	13.04%	12
Autre (veuillez élaborer)	10.87%	10
Total Respondents: 92		

Q30 Avez-vous trouvé l'information que vous recherchez sur notre site web?

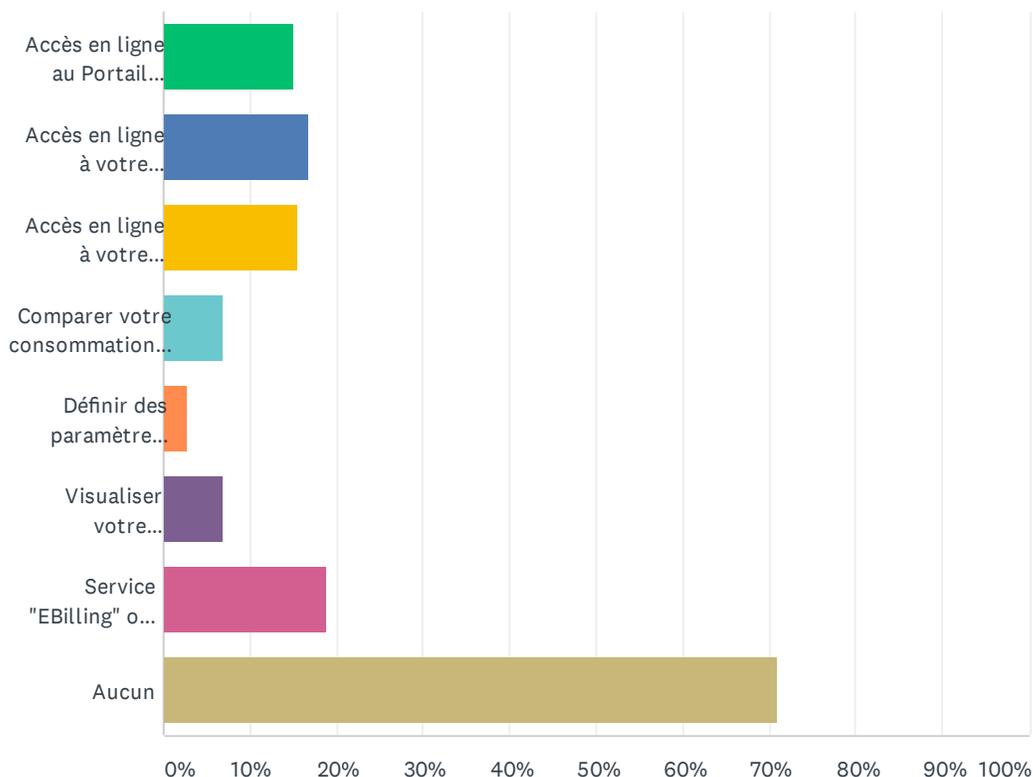
Answered: 92 Skipped: 262



ANSWER CHOICES	RESPONSES	
Oui	95.65%	88
Non	4.35%	4
TOTAL		92

Q31 Avec lequel/ lesquels des services en ligne offerts par la CDEH êtes-vous familier?

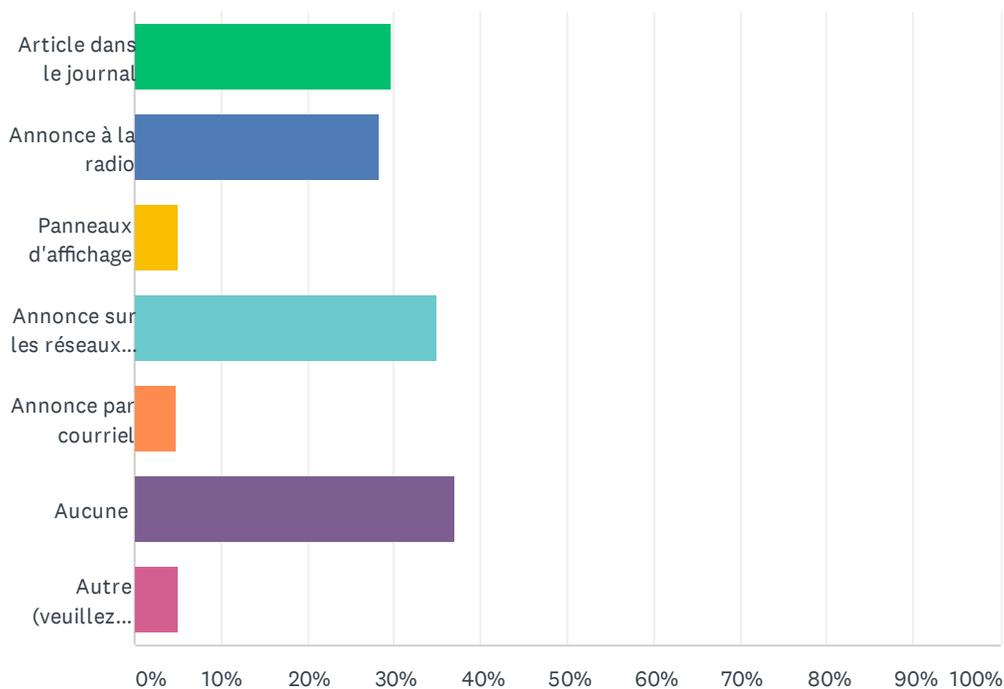
Answered: 334 Skipped: 20



ANSWER CHOICES	RESPONSES	
Accès en ligne au Portail client libre service ("Customer Portal")	14.97%	50
Accès en ligne à votre historique de paiement et vos factures, via le Portail client	16.77%	56
Accès en ligne à votre historique de consommation électrique, via le Portail client	15.57%	52
Comparer votre consommation d'électricité avec votre voisinage, via le Portail client	6.89%	23
Définir des paramètres d'alertes pour votre consommation afin de recevoir une notification par courriel si vos valeurs prédéfinies sont atteintes, via le Portail client	2.69%	9
Visualiser votre consommation actuelle qui n'est pas encore facturée, ex: la consommation d'aujourd'hui, via le Portail client	6.89%	23
Service "EBilling" où vous recevez un courriel avec un lien vers une copie électronique de votre facture courante, éliminant ainsi les factures papier	18.86%	63
Aucun	70.96%	237
Total Respondents: 334		

Q32 Avez-vous entendu ou vu d'autres correspondances de la CDEH au cours des 12 derniers mois?

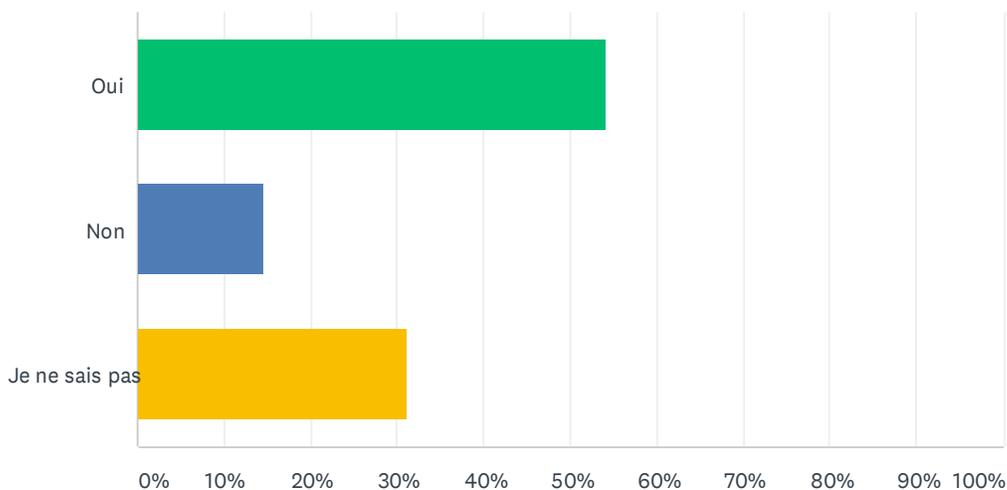
Answered: 334 Skipped: 20



ANSWER CHOICES	RESPONSES	
Article dans le journal	29.64%	99
Annonce à la radio	28.14%	94
Panneaux d'affichage	5.09%	17
Annonce sur les réseaux sociaux (Facebook ou autre)	35.03%	117
Annonce par courriel	4.79%	16
Aucune	37.13%	124
Autre (veuillez élaborer)	5.09%	17
Total Respondents: 334		

Q33 Est-ce que la CDEH vous fournit de l'information utile, des consignes, des outils et de l'assistance afin de vous aider à gérer votre facture et consommation électrique?

Answered: 334 Skipped: 20



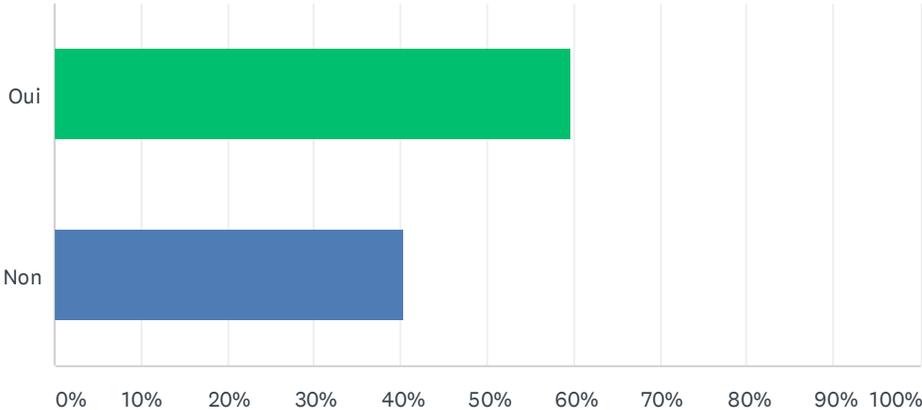
ANSWER CHOICES	RESPONSES
Oui	54.19% 181
Non	14.67% 49
Je ne sais pas	31.14% 104
TOTAL	334

Q34 Comment est-ce que la CDEH pourrait améliorer la méthode dont elle vous fournit l'information?

Answered: 67 Skipped: 287

Q35 Êtes-vous familier avec le programme de Fonds pour des Frais Abordables ("Affordability Fund Program")

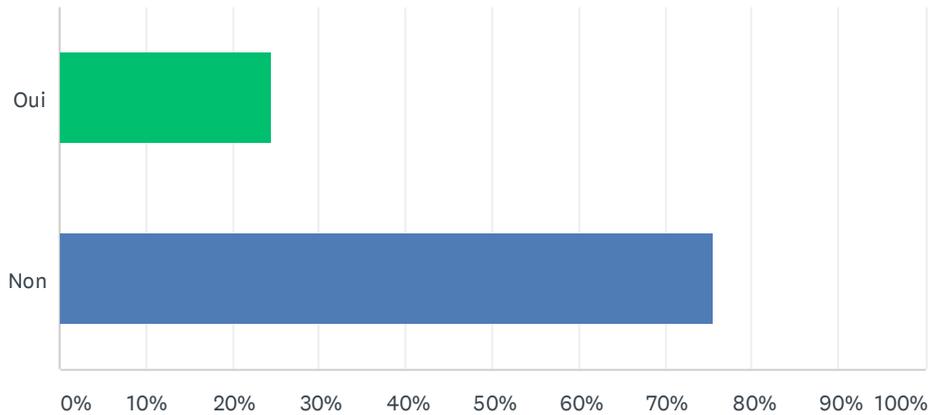
Answered: 334 Skipped: 20



ANSWER CHOICES	RESPONSES	
Oui	59.58%	199
Non	40.42%	135
TOTAL		334

Q36 Si vous n'avez pas participé, souhaitez vous qu'un représentant du service à la clientèle vous contacte afin d'en apprendre davantage sur ce programme?

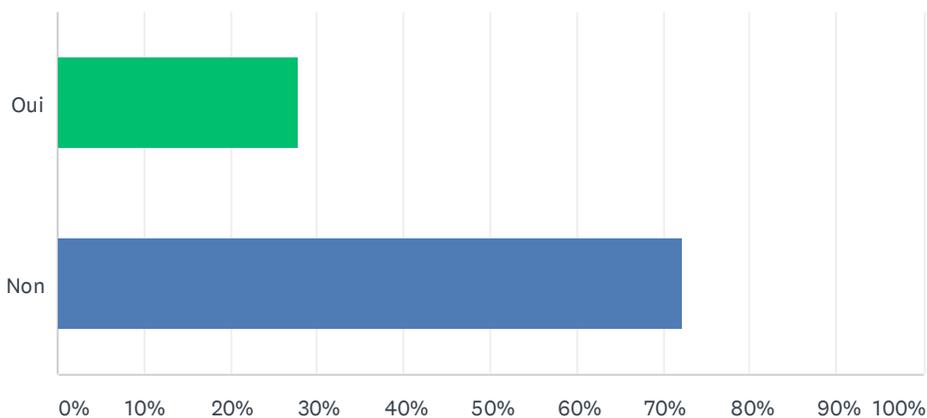
Answered: 307 Skipped: 47



ANSWER CHOICES	RESPONSES	
Oui	24.43%	75
Non	75.57%	232
TOTAL		307

Q37 Au cours des 12 derniers mois, avez-vous contacté le service à la clientèle de la Corporation de distribution électrique de Hearst (CDEH) pour de l'information ou de l'assistance?

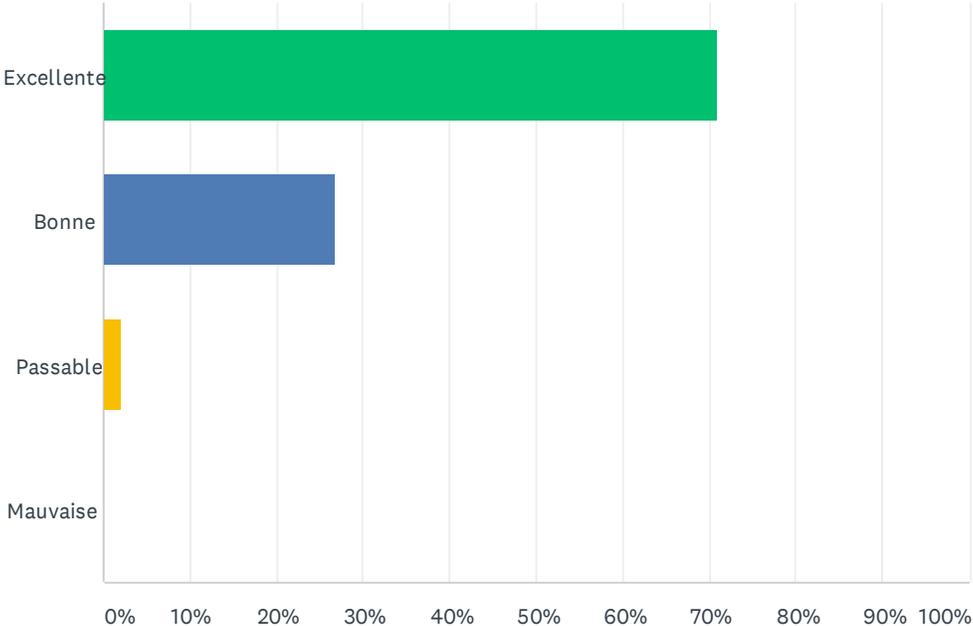
Answered: 334 Skipped: 20



ANSWER CHOICES	RESPONSES	
Oui	27.84%	93
Non	72.16%	241
TOTAL		334

Q38 Courtoisie

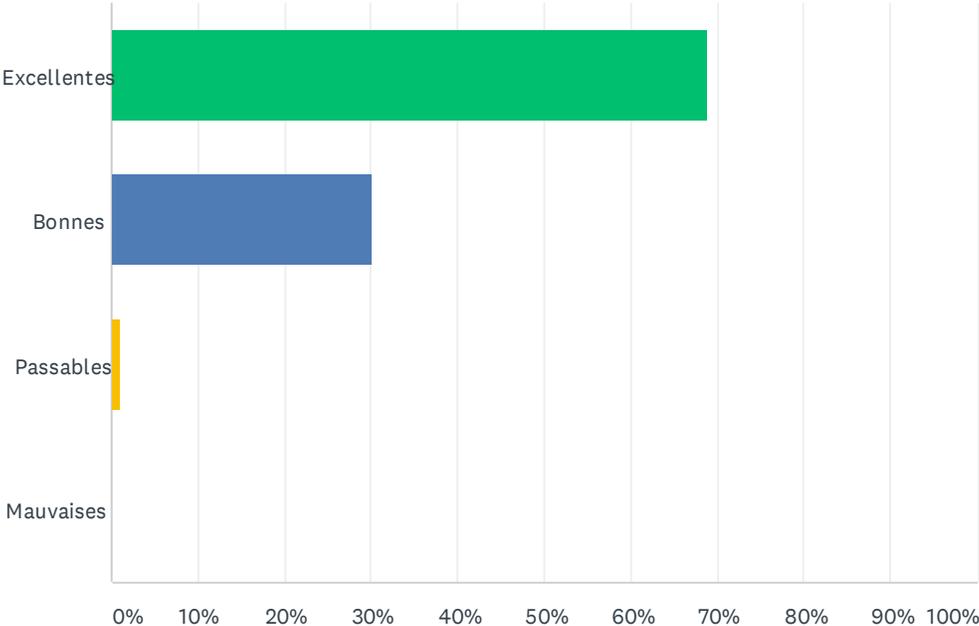
Answered: 93 Skipped: 261



ANSWER CHOICES	RESPONSES	
Excellente	70.97%	66
Bonne	26.88%	25
Passable	2.15%	2
Mauvaise	0.00%	0
TOTAL		93

Q39 Connaissances

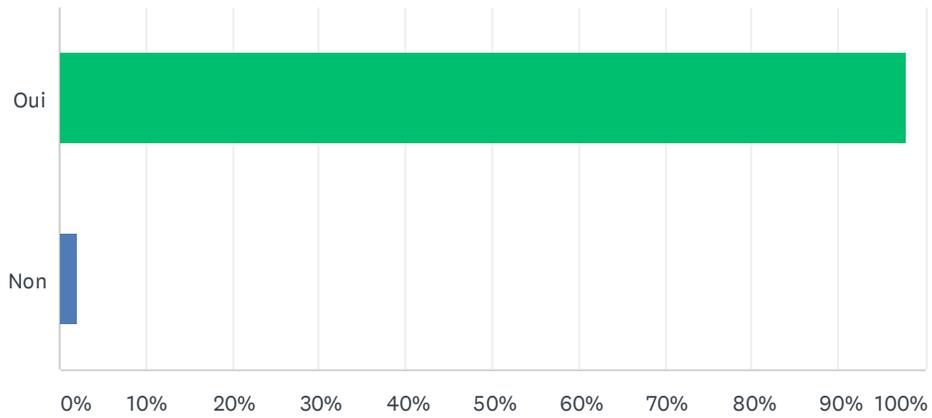
Answered: 93 Skipped: 261



ANSWER CHOICES	RESPONSES	
Excellentes	68.82%	64
Bonnes	30.11%	28
Passables	1.08%	1
Mauvaises	0.00%	0
TOTAL		93

Q40 Étiez-vous satisfait du temps que nous avons pris afin de répondre à votre question ou préoccupation?

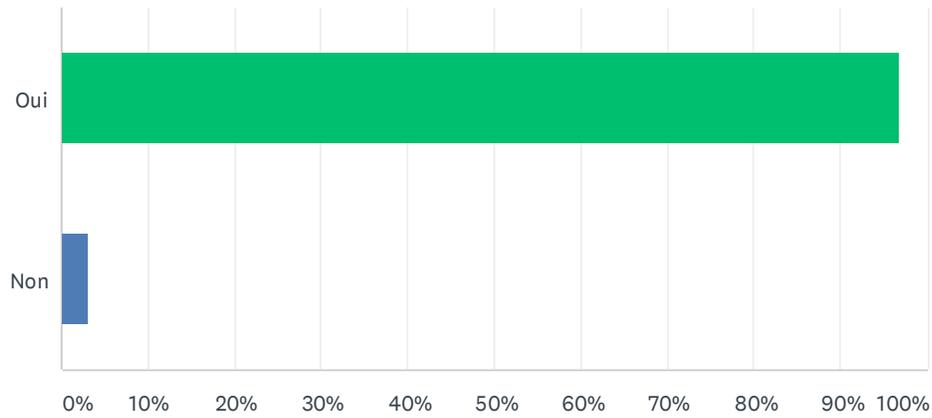
Answered: 93 Skipped: 261



ANSWER CHOICES	RESPONSES	
Oui	97.85%	91
Non	2.15%	2
TOTAL		93

Q41 Est-ce que la CDEH vous a fourni l'information dont vous aviez réclamée?

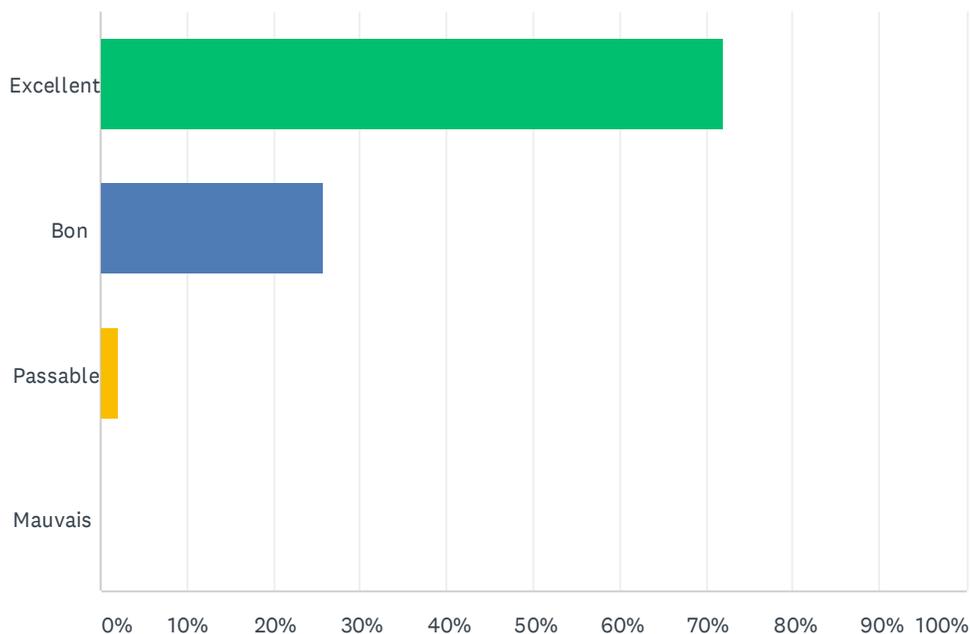
Answered: 93 Skipped: 261



ANSWER CHOICES	RESPONSES	
Oui	96.77%	90
Non	3.23%	3
TOTAL		93

Q42 En général, comment évaluez-vous le rendement sur le service à la clientèle lors de votre demande?

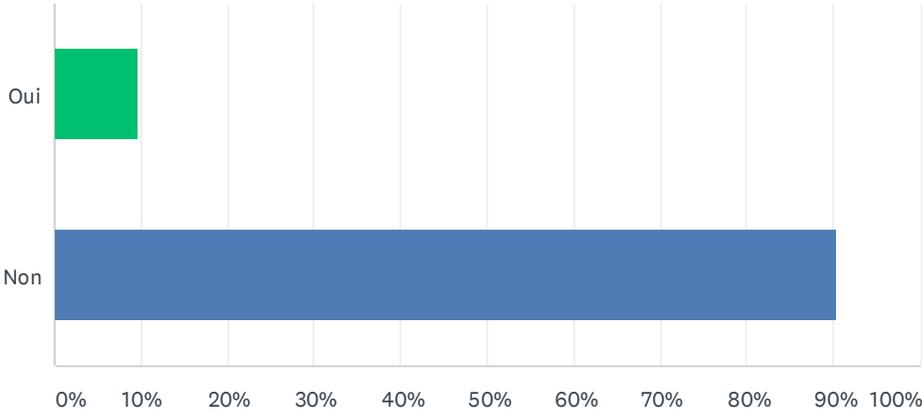
Answered: 93 Skipped: 261



ANSWER CHOICES	RESPONSES
Excellent	72.04% 67
Bon	25.81% 24
Passable	2.15% 2
Mauvais	0.00% 0
TOTAL	93

Q43 Au cours des 12 derniers mois, avez-vous eu recours aux services d'un employé de chantier?

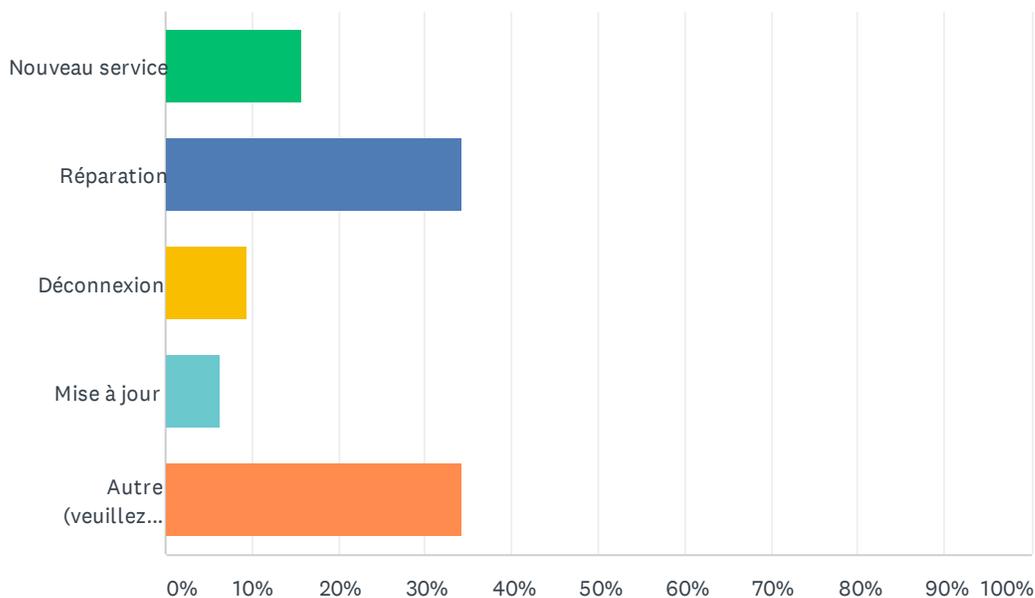
Answered: 334 Skipped: 20



ANSWER CHOICES	RESPONSES	
Oui	9.58%	32
Non	90.42%	302
TOTAL		334

Q44 En référant à votre plus récent contact, quelle était la raison pour solliciter les services d'un employé de chantier?

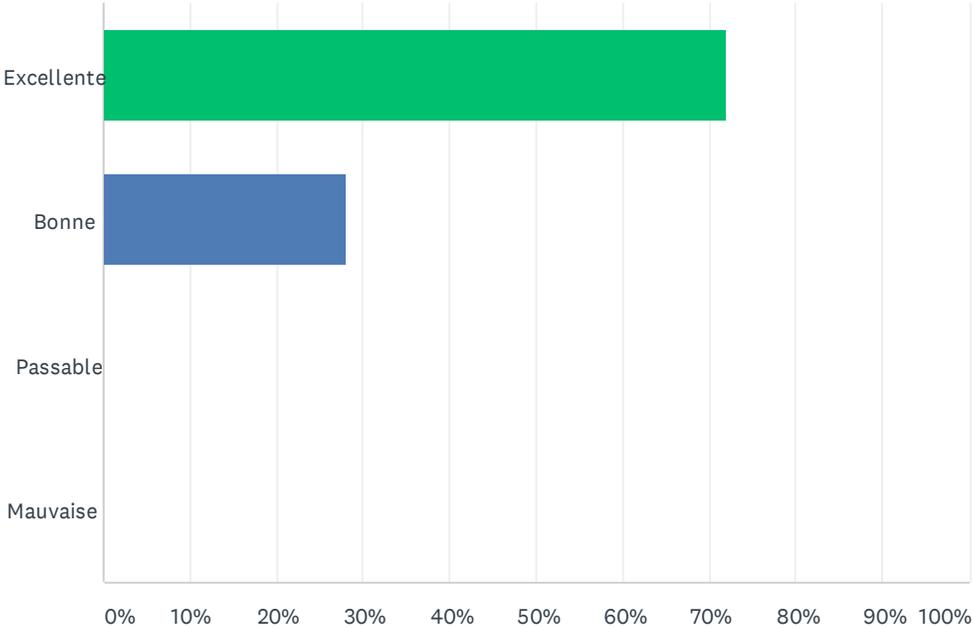
Answered: 32 Skipped: 322



ANSWER CHOICES	RESPONSES	
Nouveau service	15.63%	5
Réparation	34.38%	11
Déconnexion	9.38%	3
Mise à jour	6.25%	2
Autre (veuillez préciser)	34.38%	11
TOTAL		32

Q45 Courtoisie

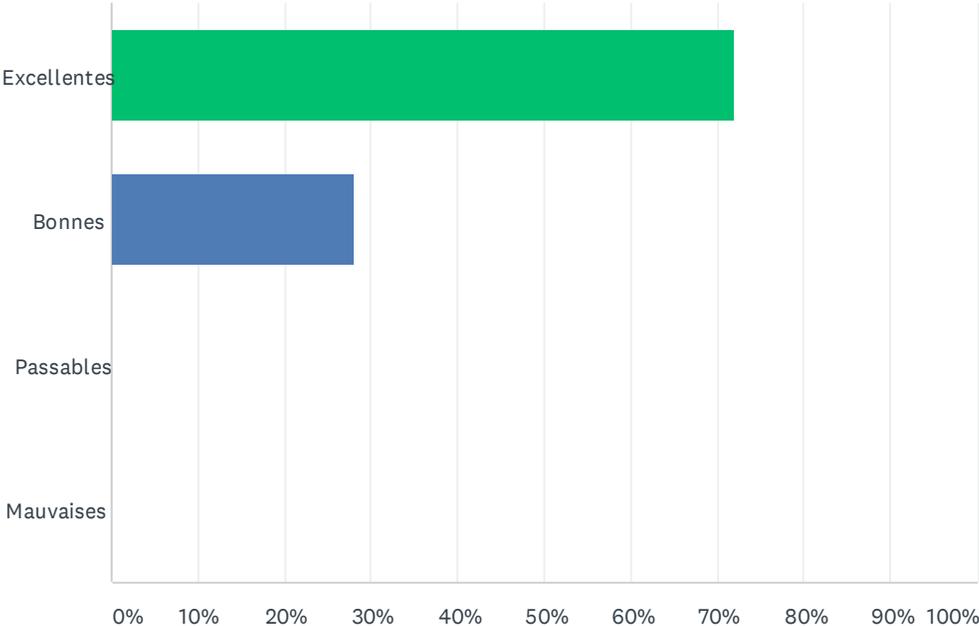
Answered: 32 Skipped: 322



ANSWER CHOICES	RESPONSES	
Excellente	71.88%	23
Bonne	28.13%	9
Passable	0.00%	0
Mauvaise	0.00%	0
TOTAL		32

Q46 Connaissances

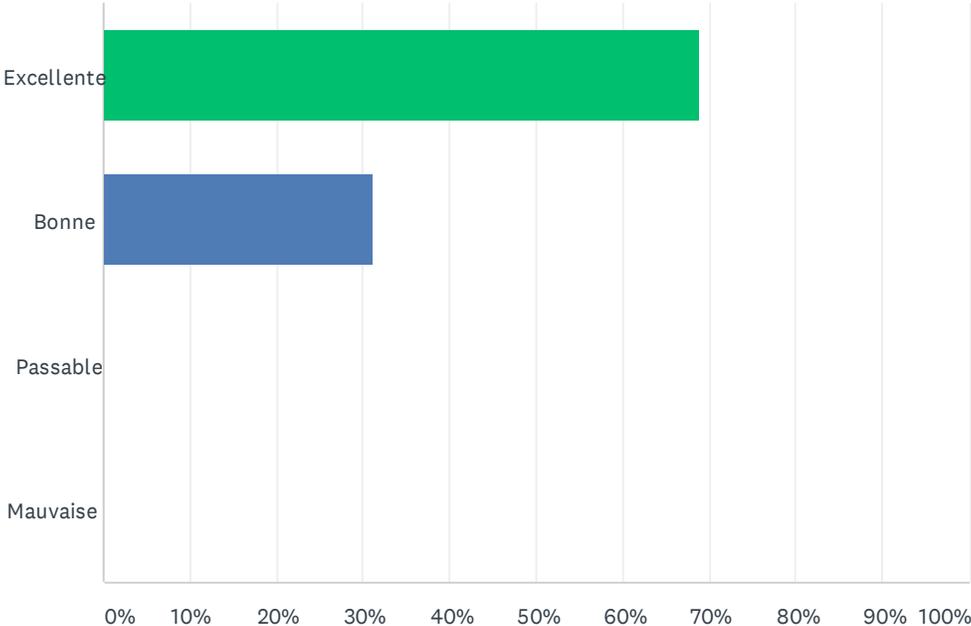
Answered: 32 Skipped: 322



ANSWER CHOICES	RESPONSES	
Excellentes	71.88%	23
Bonnes	28.13%	9
Passables	0.00%	0
Mauvaises	0.00%	0
TOTAL		32

Q47 Capacité de répondre à vos besoins

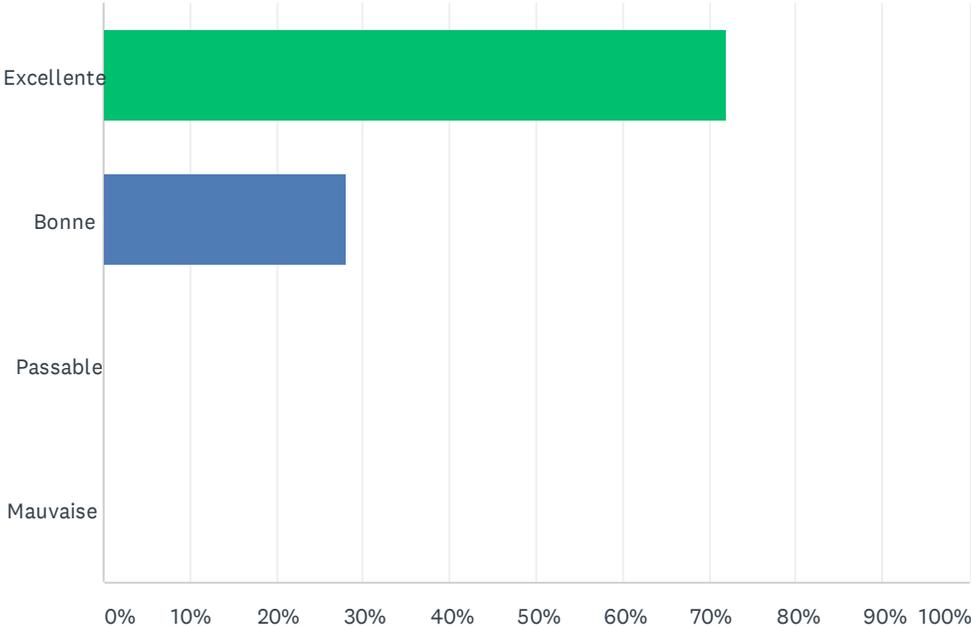
Answered: 32 Skipped: 322



ANSWER CHOICES	RESPONSES	
Excellente	68.75%	22
Bonne	31.25%	10
Passable	0.00%	0
Mauvaise	0.00%	0
TOTAL		32

Q48 Votre évaluation générale de l'employé sur le chantier

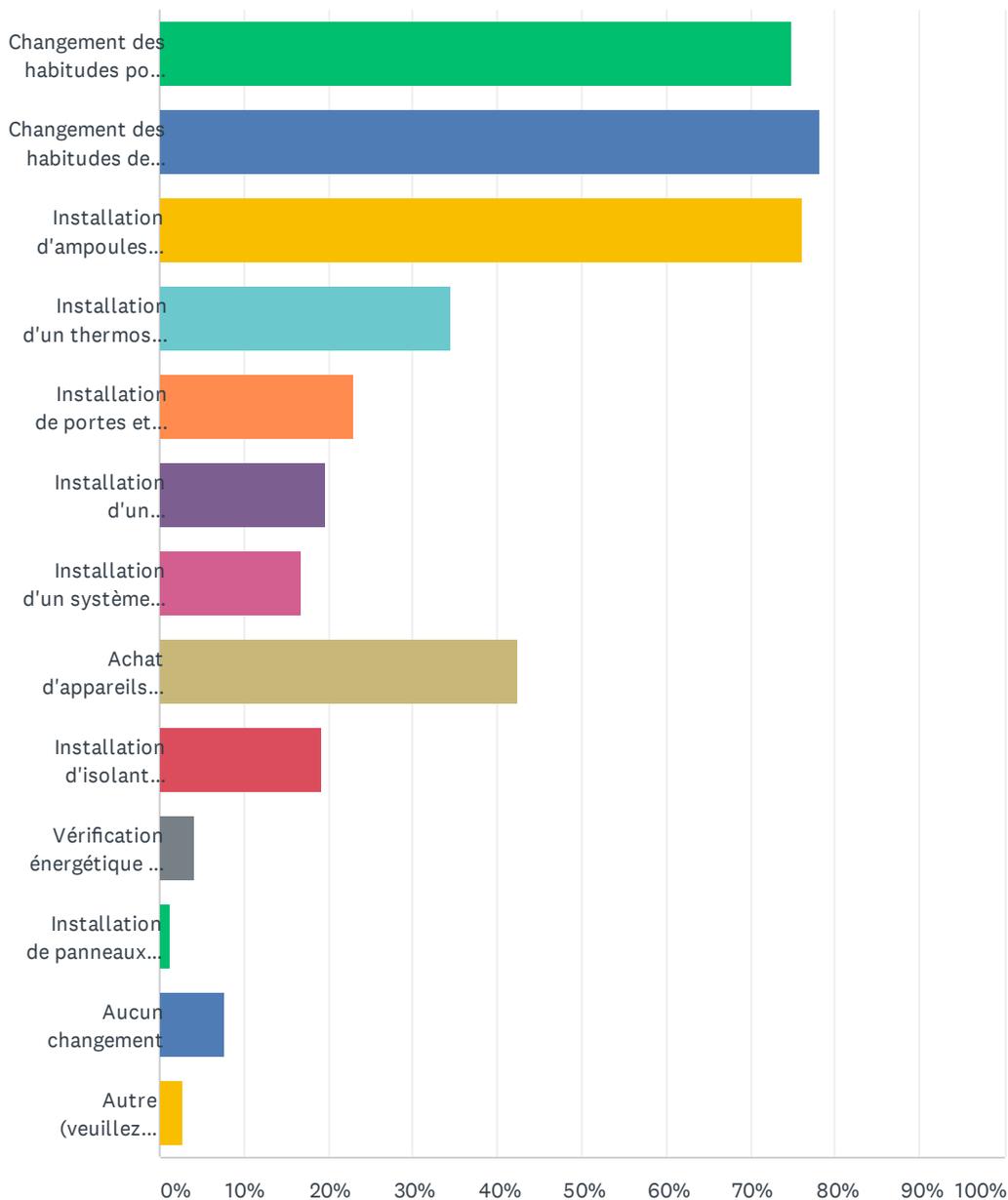
Answered: 32 Skipped: 322



ANSWER CHOICES	RESPONSES	
Excellente	71.88%	23
Bonne	28.13%	9
Passable	0.00%	0
Mauvaise	0.00%	0
TOTAL		32

Q49 Veuillez indiquer tous les gestes posés à votre domicile ou votre entreprise au cours des deux dernières années afin de réduire votre consommation électrique, vos coûts d'électricité et votre impact sur l'environnement?

Answered: 327 Skipped: 27

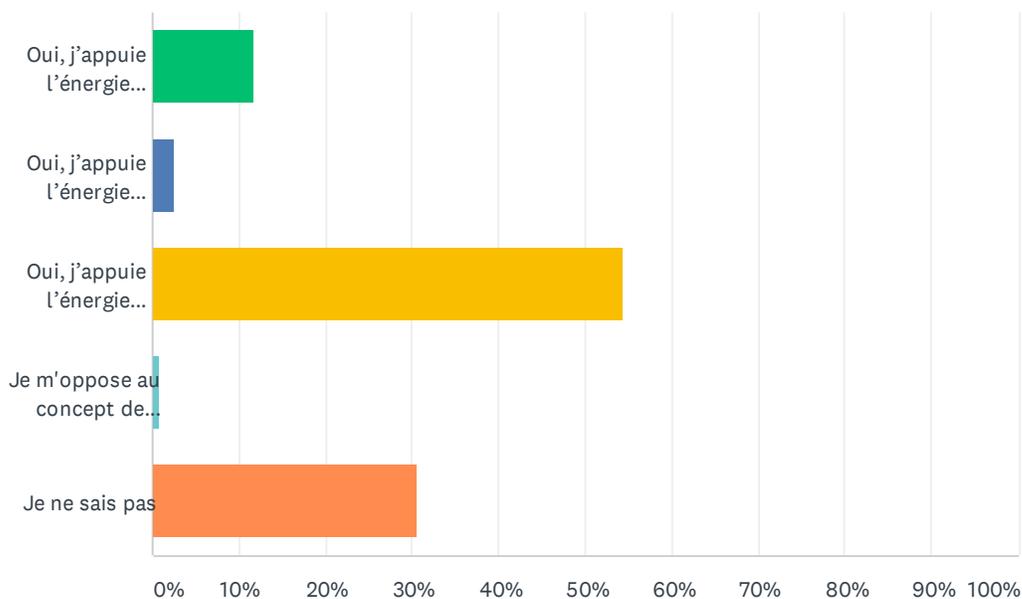


Sondage sur la satisfaction de la clientèle 2019 - La Corporation de distribution électrique de Hearst

ANSWER CHOICES	RESPONSES	
Changement des habitudes pour économiser l'énergie tel qu'augmenter le thermostat l'été, le baisser en hiver et fermer les lumières lorsqu'elles ne sont pas nécessaires	74.92%	245
Changement des habitudes de consommation de l'énergie afin de suivre les périodes creuses (ex: faire le lavage le soir)	78.29%	256
Installation d'ampoules L.F.C. ou D.E.L.	76.15%	249
Installation d'un thermostat programmable	34.56%	113
Installation de portes et fenêtres éco-energétiques	22.94%	75
Installation d'un chauffe-eau à haut rendement	19.57%	64
Installation d'un système de chauffage/ refroidissement à haut rendement	16.82%	55
Achat d'appareils homologués Energy Star (ex: réfrigérateur, cuisinière, etc...)	42.51%	139
Installation d'isolant additionnel	19.27%	63
Vérification énergétique du bâtiment par un inspecteur qualifié	4.28%	14
Installation de panneaux solaires ou autres sources d'énergie renouvelables	1.22%	4
Aucun changement	7.65%	25
Autre (veuillez élaborer)	2.75%	9
Total Respondents: 327		

Q50 Une des façons de réduire la consommation de combustibles fossiles est de se tourner vers des sources d'énergie renouvelables (énergie solaire, éolienne, hydraulique et biomasse), ce qui peut être plus coûteux que les sources d'énergie conventionnelles. Appuyez-vous l'énergie renouvelable?

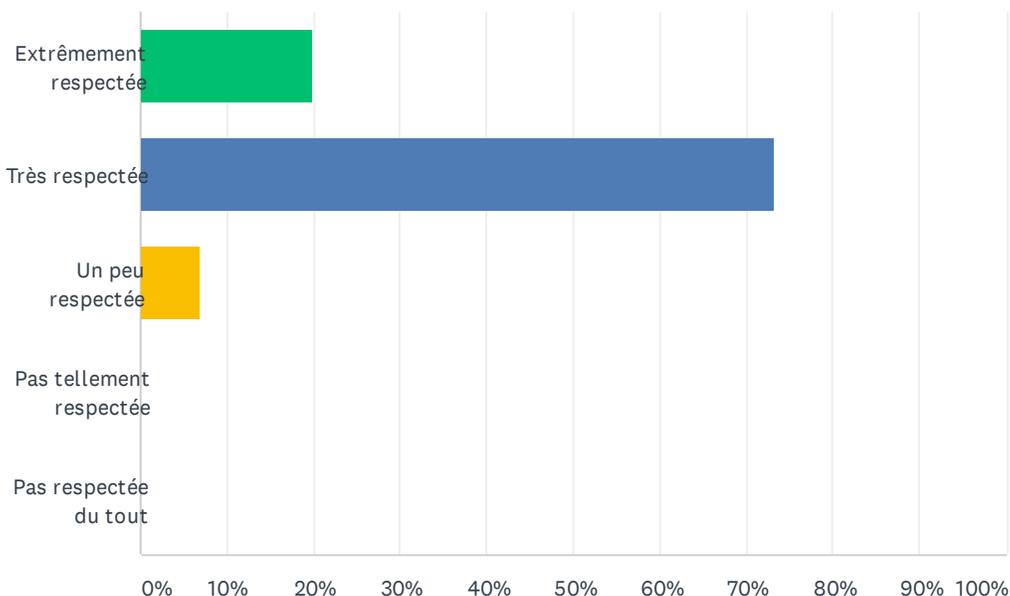
Answered: 327 Skipped: 27



ANSWER CHOICES	RESPONSES	
Oui, j'appuie l'énergie renouvelable même s'il y a une augmentation sur mes factures d'électricité de 5%	11.62%	38
Oui, j'appuie l'énergie renouvelable même s'il y a une augmentation sur mes factures d'électricité de 10%	2.45%	8
Oui, j'appuie l'énergie renouvelable, mais seulement s'il n'y a pas d'augmentation sur ma facture d'électricité	54.43%	178
Je m'oppose au concept de l'énergie renouvelable	0.92%	3
Je ne sais pas	30.58%	100
TOTAL		327

Q51 Diriez-vous que la Corporation de distribution électrique de Hearst (CDEH) est une entreprise respectée dans la communauté?

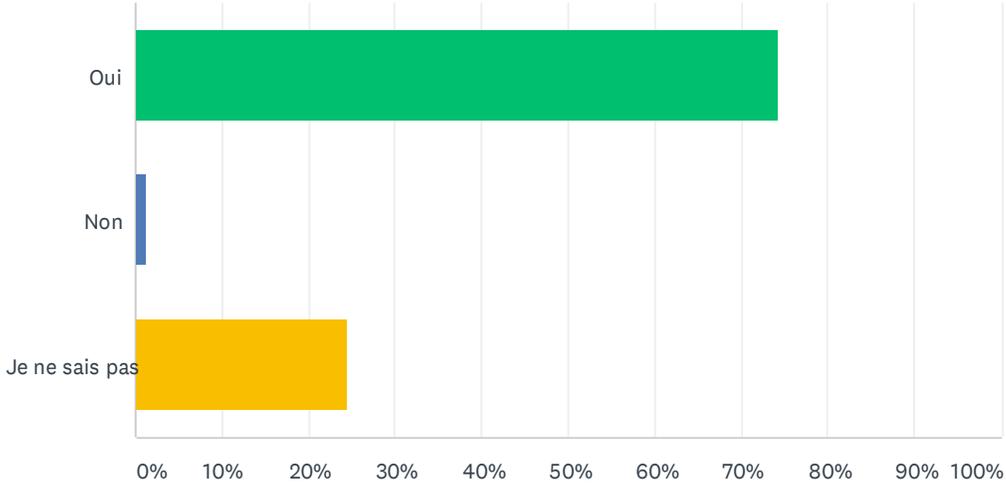
Answered: 322 Skipped: 32



ANSWER CHOICES	RESPONSES	
Extrêmement respectée	19.88%	64
Très respectée	73.29%	236
Un peu respectée	6.83%	22
Pas tellement respectée	0.00%	0
Pas respectée du tout	0.00%	0
TOTAL		322

Q52 Diriez-vous que la CDEH a un haut niveau d'éthique?

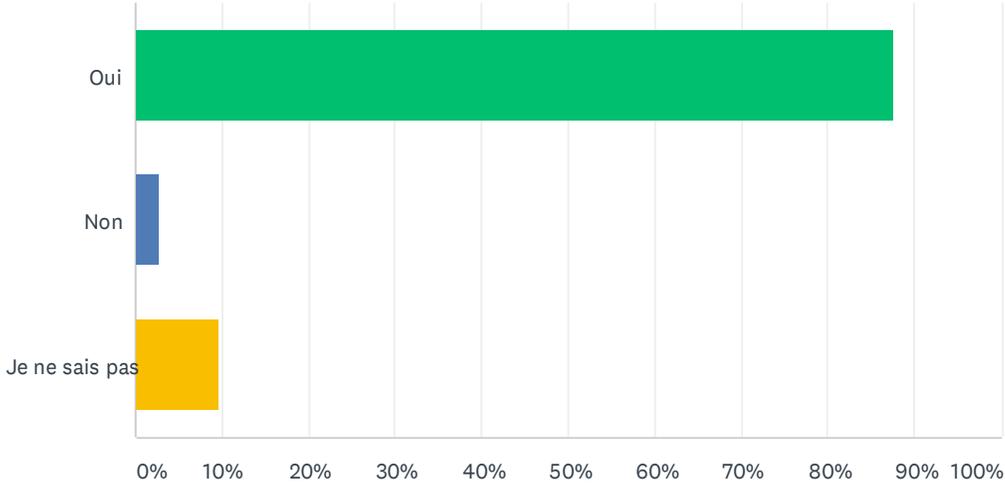
Answered: 322 Skipped: 32



ANSWER CHOICES	RESPONSES
Oui	74.22% 239
Non	1.24% 4
Je ne sais pas	24.53% 79
TOTAL	322

Q53 Diriez-vous que la CDEH est facilement accessible?

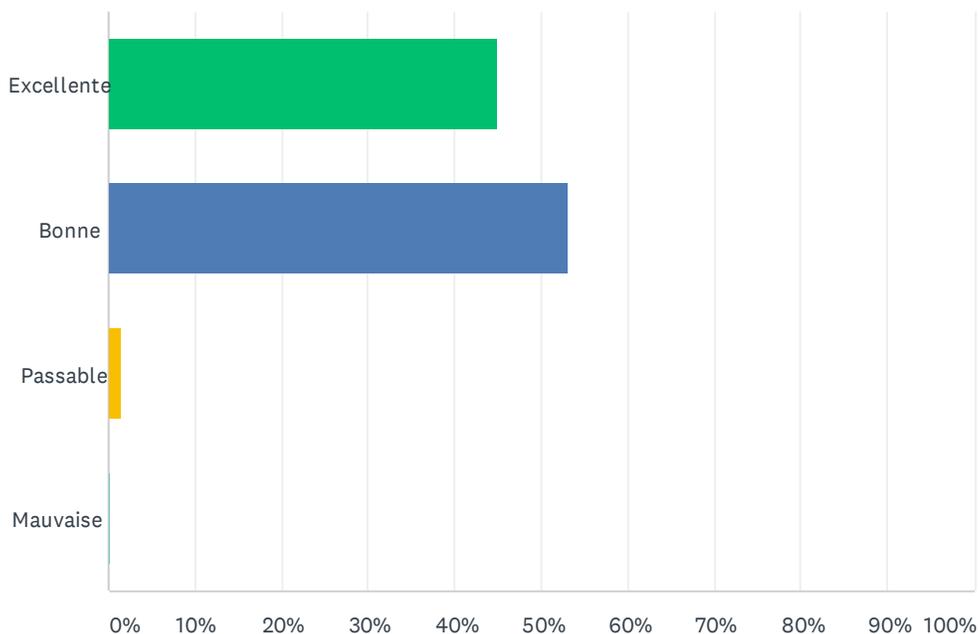
Answered: 322 Skipped: 32



ANSWER CHOICES	RESPONSES
Oui	87.58% 282
Non	2.80% 9
Je ne sais pas	9.63% 31
TOTAL	322

Q54 En général, comment évaluez-vous la performance de la CDEH pour vous servir?

Answered: 322 Skipped: 32



ANSWER CHOICES	RESPONSES	
Excellente	45.03%	145
Bonne	53.11%	171
Passable	1.55%	5
Mauvaise	0.31%	1
TOTAL		322

Q55 Avez-vous un témoignage que vous autoriseriez la CDEH à afficher sur son site web?

Answered: 28 Skipped: 326

Q56 Veuillez fournir vos coordonnées pour participer au tirage de 6 différents prix, d'une valeur total de 800\$. Le tirage aura lieu le 18 décembre 2019, et les noms des gagnants seront affichés sur notre site web.

Answered: 319 Skipped: 35

ANSWER CHOICES	RESPONSES	
Nom	100.00%	319
Nom de l'entreprise	0.00%	0
Adresse	0.00%	0
Adresse 2	0.00%	0
Ville	0.00%	0
État/Province	0.00%	0
Code postal	0.00%	0
Pays	0.00%	0
Adresse courriel	96.87%	309
Téléphone	98.12%	313

Appendix G Newsletter



Hearst Power Distribution Co. Ltd. 2021 Rate Application

Dear Hearst Power customers,

Hearst Power Distribution Co. Ltd. (“Hearst Power”) has applied to the Ontario Energy Board to increase its electricity distribution rates effective May 1, 2021. If the application is approved, a typical residential customer of Hearst Power will see an increase of \$3.87 per month and a typical General Service < 50kW customer of Hearst Power will see a decrease of approximately \$5.18 per month. (ref: Exhibit 8 for detailed bill impacts)

The application, which was filed with the Ontario Energy Board 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 Hearst Power, 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).

Hearst Power is requesting a Revenue Requirement of \$1,233,292. This represents an increase of \$175,191 from its last Cost of Service in 2015. (ref: Exhibit 6). The table below shows the major changes since the utility’s last Cost of Service in 2015. Over the past 6 years, Hearst Power has added approximately 850K in assets (ref: Exhibit 2) on which it’s allowed to recover a return of 120K which represents a reduction of 16K from last Cost of Service in 2015 (Exhibit 5). The increase in assets has resulted in a decrease in yearly depreciation expense of 8.8K as a result of the adoption of new mandatory accounting standards. Hearst Power’s yearly operating costs have increased by 188K since 2015. Taxes are estimated to be nil as they were in 2015, and revenues from charges other than rates, which offset the revenue requirement have increased by 6K. The table below shows the movement in revenue requirement since 2015.

2015 Revenue Requirement	\$1,058,101	
Average Fixed Asset	\$186,879	Added Assets since 2015
Working Capital Allowance	-\$134,973	Reduction in Working Cash Allowance
Regulated Return on Capital	-\$15,962	Decrease in return on assets
OM&A	\$188,224	Increase in Operation and Maintenance Costs and Billing and Collecting
Depreciation Expense	\$8,808	Reduction in depreciation expense as a result of MIFRS
Revenue Offset	\$5,879	Increase in Revenue Offsets
2021 Revenue Requirement	\$1,233,292	2021 Proposed Revenue Requirement

Aligning Rates with Costs

There are several reasons why Hearst Power is seeking a rate increase starting in May of 2021. The main reason is that Hearst Power’s current base rates were approved set in 2015 and significant decrease in electricity sales has occurred since. As such, revenues from rates can no longer support Hearst Power’s current costs.

Operating costs have increased by approximately \$188K 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, Hearst Power faces the need to renew aging electrical infrastructure. Much of the province’s electrical system was built over decades ago and has reached the end of its productive life.

- ✓ Hearst Power is working on balancing its need for assets and the money needed to pay for assets keeping in mind its customers’ need for value. Hearst Power has invested over \$850K in assets since 2015 – all of which are related to ‘field’ assets – including poles, wires, transformers and meters that are needed to reliably and safely deliver power to its customers. (ref: Exhibit 2)

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

Hearst Power 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)

- ✓ Hearst Power has consistently exceeded OEB standards for billing accuracy during the last 5 years. (ref: Exhibit 2)
- ✓ In 2019 77.7 million kWh were delivered to Hearst Power customers. Since 2010, customer counts have continued to decrease as well as energy deliveries which is due to Hearst Power customer uptake of conservation and demand management initiatives as well as the innovation of energy efficient devices available today. (ref: Exhibit 3)

Focus on Customers

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

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

Results from a Customer Satisfaction Survey, undertaken by Hearst Power in the fall of 2019, 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, electricity prices and Hearst Power's standing and reputation in the community. The results will assist Hearst Power in fine tuning its programs, services and communications use direct and reliable customer feedback.

Overall Hearst Power customer satisfaction came in at a 98.2% approval rating. (ref: Exhibit 1)

Rebuild and Respond

Hearst Power 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 Hearst Power'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.

An updated 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 and renew the utility's equipment assets. (ref: Exhibit 2)

Pass-through charges

Hearst Power 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 \$28.8K and the total amount to be collected from the small business class is \$15.4. The proposed disposition period is of 12 months. (ref: Exhibit 9)

Conclusion

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

1

Appendix H PDF of List of Approvals

2

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.

HPDCL seeking the following approvals in this application:

1	Approval to charge distribution rates effective May 1, 2021 to recover a service revenue requirement of \$1,233,292 which includes a revenue deficiency of \$160,126 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 of other revenues in the amount of 235,382.
4	Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.
5	Approval of the proposed loss factors as detailed in Exhibit 8.
6	Approval to continue to charge Wholesale Market and Rural Rate Protection Charges approved its 2020 board approved rates
7	Approval to continue the Specific Service Charges, Retail Service Charges, and Transformer Allowance approved in its 2020 board approved rates
8	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.

1

Appendix I MD&A Scorecard

2

Scorecard - Hearst Power Distribution Company Limited

10/21/2020

Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	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%	100.00%	➡	90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡	90.00%	
		Telephone Calls Answered On Time	89.20%	87.30%	87.30%	88.08%	92.14%	⬆	65.00%	
	Customer Satisfaction	First Contact Resolution	98%	99.74%	99%	99%	99%	➡		
		Billing Accuracy	99.89%	99.91%	99.96%	99.98%	99.91%	⬆	98.00%	
		Customer Satisfaction Survey Results	97% Good	96% Good	96% Good	96% Good	98.2% Good	➡		
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	76.00%	76.00%	78.00%	78.00%	77.43%	➡		
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡		C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0	➡	
	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	2.00	2.19	4.33	2.67	2.48	⬇		3.65
		Average Number of Times that Power to a Customer is Interrupted ²	0.71	1.27	1.77	2.09	1.18	⬆		1.12
	Asset Management	Distribution System Plan Implementation Progress	Established	Established	Established	Established	Established			
	Cost Control	Efficiency Assessment	2	2	2	2	2			
		Total Cost per Customer ³	\$579	\$516	\$529	\$555	\$539			
Total Cost per Km of Line ³		\$23,009	\$20,531	\$16,409	\$15,419	\$14,999				
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	47.50%	154.51%	174.13%	190.00%	196.00%			3.18 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)	2.22	2.14	2.34	2.38	2.05			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.40	0.39	0.38	0.37	0.28			
		Profitability: Regulatory Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%	9.19%			
		Return on Equity	Achieved	-24.02%	8.33%	8.19%	6.77%	13.91%		

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 now discontinued 2015-2020 Conservation First Framework. 2019 results include savings reported to the IESO up until the end of February 2020.

Legend:

5-year trend
 ⬆ up ⬇ down ➡ flat

Current year
 ● target met ● target not met

Annex A - 2019 Scorecard Management Discussion and Analysis (“2019 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2019 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

- In 2019, Hearst Power Distribution Company Ltd. (HPDC) exceeded all performance targets when compared to the industry standards.
- In 2020, the company expects to maintain, or increase where possible, its overall scorecard performance results as compared to prior years. HPDC expects similar, or slightly improved, performance as a result of enhanced system reliability due to the company’s major investment in its distribution system plant, as per HPDC’s implemented Distribution System Plan, and continued responsiveness to customer feedback.

Service Quality

- **New Residential/Small Business Services Connected on Time**
In 2019, HPDC connected all low-voltage residential and small business customers on-time (100%). As usual, HPDC views customer connections as a top priority and continues to exceed the 90% OEB-mandated threshold.
- **Scheduled Appointments Met On Time**
HPDC scheduled 493 appointments in 2019 which have been 100% completed on-time and as required. HPDC continues to exceed the industry target of 90%. The work requests include, but is not limited to, disconnection, reconnection, electrical line locates, etc.
- **Telephone Calls Answered On Time**
In 2019, HPDC received 916 calls, of which 844 were answered within 30 seconds. That is an annual 92.14% achievement for HPDC, which is significantly greater than the 65% OEB-mandated target.

Customer Satisfaction

- **First Contact Resolution**

99% of telephone calls and written inquiries were resolved on first contact with Hearst Power representatives (No follow up required).

- **Billing Accuracy**

For the period of January 1st, 2019 to December 31st, 2019, HPDC issued 33,327 bills and achieved a billing accuracy of 99.91%. This compares favorably to the prescribed OEB target of 98%. HPDC continues to monitor its billing accuracy results and processes to identify opportunities for improvement.

- **Customer Satisfaction Survey Results**

The customer survey was developed in 2014 through a collaborative effort of, Hearst Power Distribution Company Limited Inc., Hydro Hawkesbury Inc., Hydro 2000 Inc., Cooperative Hydro Embrun, Renfrew Hydro and Ottawa River Power Corporation (“the Group”). The Group was assisted by Tandem Energy Services Inc. for developing the survey. The main purpose of the collaborative effort was to minimize the cost of the survey by the sharing of intellect and resources.

In the year 2019, HPDC conducted its customer satisfaction survey amongst all customer classes, where clients were given a possibility to express their needs and opinions by completing an online, telephone or hard copy survey. Out of 2,710 HPDC residential and small and medium business customers, 503 or 18.6% responded to the survey. The results identified 98.2% overall good or better performance which compares favorably to the previous survey results of 96%.

Safety

- **Public Safety**

- **Component A – Public Awareness of Electrical Safety**

In 2019, HPDC conducted a Safety Awareness survey amongst all its customers, which resulted in an overall score of 77.43%, which is almost the same as the previous year's survey. The survey was developed by the Electrical Safety Association to monitor the efforts and impact LDCs are having on improving public electrical safety. HPDC also continues to publish educational communiqués, which provide written information to the general public on electrical subjects via newspapers and our website. This program was developed to keep customers educated & informed on electrical safety, and to provide some background on the complex electrical sector.

- **Component B – Compliance with Ontario Regulation 22/04**

In 2019, HPDC was found to be compliant, once again, with Ontario Regulation 22/04 (Electrical Distribution Safety). This was achieved by our strong commitment to safety, and adherence to company procedures & policies. Ontario Regulation 22/04 - *Electrical Distribution Safety* establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors.

- **Component C – Serious Electrical Incident Index**

Over the past five years, HPDC did not have any serious electrical incident.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted**

In 2019, HPDC's average number of hours of power interruption to a customer was 2.48, a decrease of 0.19 over 2018 and a decrease of 1.17 over the past four year's average of 3.65. Although it decreased from the previous year, this ratio still does not compare favorably with the Adjusted Industry system reliability indicators for 2019, which is 1.48 (SAIFI) for the whole Province of Ontario. HPDC expects a status quo for next year as the Distribution General Plant will continue to be refurbished as planned.

- **Average Number of Times that Power to a Customer is Interrupted**

In 2019, HPDC's average number of times of power interruption to a customer was 1.18, which is a decent decrease compared to last's year 2.09 but slightly above the distributor's target of 1.12. The results achieved are relatively near the set target and HPDC expects the same outcome for 2020 as planned outages for the refurbishment of our outside plant will continue. However, this ratio compares favorably with the Adjusted Industry system reliability indicators for 2019, which is 2.59 (SAIDI) for the whole Province of Ontario.

The implemented Distribution System Plan, the continued asset surveys and the replacement of deteriorated assets continue to contribute in maintaining a satisfactory average.

Asset Management

- **Distribution System Plan Implementation Progress**

HPDC's Distribution System Plan (DSP) was built in 2014 for the period of 2015 to 2019. The plan, which was included with our 2014 OEB rate application, was implemented in 2015 and included a pole replacement program. The pole replacement program was built after a pole survey that identified the pole assets that were in bad condition and in need of replacement. This pole survey showed that over 100 poles were in poor or below average condition.

The main driver for the pole replacement program is the risk of plant failing in service and creating long outages for customers, and added O&M costs for the utility. This is intensified if there are simultaneous failures, and if the failures are the result of weather stressors such as high winds. Also, there are some safety benefits to doing the pole replacement project. First is the reduction of the possibility of poles falling in adverse weather and causing accidents or damage to property. Second is the safety related to the potential loss of power during extreme cold weather and the loss of heat for an extended period of time.

The 5-year Distribution System Plan was implemented in 2015, and as of the fifth year (2019), 151 poles in poor condition have been replaced.

Cost Control

- **Efficiency Assessment**

HPDC received an efficiency assessment of 2 for the year 2019. The efficiency rating remained the same compared to last year which means that actual costs continued to be 10% to 25% below predicted costs. No changes are expected in the next year.

- **Total Cost per Customer**

As shown in the 2019 Scorecard, HPDC's total cost per customer is \$539. This number is a decrease of 16\$ compared to the previous year. No significant changes are expected in the next year.

- **Total Cost per Km of Line**

In 2019, HPDC had an average of 29 customers per Km of line (includes primary and secondary circuits) which reflected a total cost of \$14,999 per Km of line (decrease of 420\$ compared to 2018). No material changes are expected in the next year.

Conservation & Demand Management

- **Net Cumulative Energy Savings**

HPDC achieved net cumulative energy savings of 196% on its 2015 - 2020 target (3.18 GWh) by the end of its 5th year. With these results, HPDC is ranked 1st out of all the LDCs in the Province for its performance on Target vs Achieved GWh.

Connection of Renewable Generation

- **Renewable Generation Connection Impact Assessments Completed on Time**

Electricity distributors are required to conduct Connection Impact Assessments (CIAs) within 60 days of receiving authorization from the Electrical Safety Authority. In 2019, HPDC did not complete any CIA since the transmission line in our area has been constrained and can't accept any new loads since 2012. Hydro One does not anticipate any expansion of that line in the near future; therefore, HPDC forecasts the same for next year.

- **New Micro-embedded Generation Facilities Connected On Time**

As discussed above, the transmission line is constrained in our area, therefore no new micro-embedded generation facilities were connected in 2019. The same is forecasted for next year.

Financial Ratios

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

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations.

HPDC's current ratio slightly decreased from 2.38 in 2018 to 2.05 in 2019. This is not indicative of a decline in financial performance but rather the result of material repayment of a Long Term Debt, increased capital spending and a slight increase of accounts payable at year end. HPDC's ratio for subsequent years is expected to remain stable around 2.0. Large capital investments are required in the distribution plant and will continue to be implemented as per the 2015-2020 Distribution System Plan.

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

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). HPDC had a debt to equity ratio of 0.28 in 2019 which is less than the 0.37 ratio of previous year due to a material repayment of the Long Term Debt. HPDC forecasts similar debt to equity ratio in the future year.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

HPDC's current distribution rates were approved by the OEB to be effective as of May 1st, 2019 and include an expected (deemed) regulatory return on equity of 9.19% for 2019.

The OEB allows a distributor to earn within +/- 3% of the expected return on equity. When a distributor performs outside of this range, the actual performance may trigger a regulatory review of the distributor's revenues and costs structure by the OEB.

- **Profitability: Regulatory Return on Equity – Achieved**

HPDC's return on equity achieved in 2019 was 13.91%, which is 1.72% above the +/-3% range allowed by the OEB. The re-alignment of amortization years for each asset and the collection of rate riders in distribution revenues accounted for \$106,346, therefore, when these are removed from the ratio, the Return on Equity falls to 2.25%, which is below the deemed ratio.

Note to Readers of 2019 Scorecard MD&A

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgment on the reporting date of the performance scorecard, and could be markedly different in the future.

Annexe A –Analyse et discussion de la gestion de la carte de pointage 2019

(“DAG de la carte de pointage 2019”)

Le lien ci-dessous donne accès à un document intitulé “Carte de pointage – Description des mesures du rendement”. Celui-ci présente les définitions techniques, des descriptions en langage clair et le mode de comparaison des mesures pour chacune des mesures de la carte de pointage dans la DAG de la carte de pointage 2019:

http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

DAG de la carte de pointage – vue d’ensemble

En 2019, la Corporation de distribution électrique de Hearst (CDEH) a dépassé tous les objectifs de rendement par rapport aux normes de l’industrie.

En 2020, CDEH s’attend à maintenir ou améliorer, dans la mesure du possible, ses résultats de rendement de la carte de pointage comparativement aux années précédentes. Ces améliorations en matière de rendement seront attribuables à la fiabilité accrue du réseau, laquelle découlera des importants investissements de l’entreprise dans l’infrastructure de son réseau de distribution, sans oublier son engagement constant à l’égard de la clientèle et sa réactivité aux commentaires des clients.

Qualité du service

- **Nouveaux services destinés aux consommateurs résidentiels ou aux petites entreprises branchés en temps voulu**
En 2019, 100% des branchements à une ligne basse tension de clients résidentiels et petites entreprises admissibles ont été effectués en temps voulu. Le branchement à temps demeure la priorité de la CDEH et la compagnie continue de surpasser les exigences de 90% prescrites par la Commission de l’Énergie de l’Ontario (CEO).
- **Date et heure de rendez-vous respectées**
La CDEH a cédulé 493 rendez-vous en 2019 pour réaliser des travaux demandés par ses clients (ex: déconnexions, reconnexions, repérage de fils électriques, etc). L’entreprise a respecté 100% de ces rendez-vous à l’heure prévue, surpassant considérablement l’objectif de 90% établi pour l’industrie.
- **Appels téléphoniques répondus à temps**
En 2019, la CDEH a reçu 916 appels de la clientèle, desquels 844 (92.14%) furent répondus à l’intérieur d’un délai de 30 secondes ou moins. Ce résultat surpasse de beaucoup l’objectif de 65% prescrit par la CEO en matière de réponse en temps voulu aux appels.

Satisfaction de la clientèle

- **Résolution dès la première communication**

99% des appels téléphoniques et des requêtes écrites furent résolus dès la première communication avec un représentant de la CDEH (aucun suivi nécessaire).

- **Précision de la facturation**

Pour la période du 1er janvier 2019 au 31 décembre 2019, la CDEH a préparé 33,327 factures et a atteint un taux de précision de la facturation dans une proportion de 99.91%. Le résultat de la CDEH au chapitre de l'exactitude des factures se compare favorablement à l'objectif de 98% prescrit par la CEO. La CDEH continue de surveiller l'exactitude de sa facturation dans le but d'identifier des occasions potentielles pour améliorer son efficacité.

- **Résultats du sondage sur la satisfaction de la clientèle**

En 2014, un sondage sur la satisfaction de la clientèle fut développé, en collaboration avec diverses utilités: La Corporation de distribution électrique de Hearst, Hydro Hawkesbury Inc., Hydro 2000 Inc., Coopérative Hydro Embrun, Renfrew, Hydro and Ottawa River Power Corporation ("Le Groupe"). Tandem Energy Services Inc. a assisté Le Groupe avec la réalisation du sondage. Le but de l'effort collaboratif du Groupe était de minimiser les coûts en partageant les données et les ressources nécessaires pour l'élaboration du sondage.

En 2019, la CDEH a effectué son sondage sur la satisfaction de la clientèle parmi toutes ses classes de clients. Ceux-ci avaient la possibilité de communiquer leurs besoins et leurs opinions en complétant le sondage en ligne, ou par écrit. Sur un total de 2,710 clients, 503 (18.6%) ont répondu au sondage et les résultats ont démontré une bonne à très bonne performance de la part de la Corporation de distribution électrique de Hearst, soit 98%, qui est une augmentation face au dernier résultat de 96%.

Sécurité

- **Sécurité publique**

- **Composante A – Sensibilisation du public concernant la sécurité électrique**

En 2017, la CDEH a effectué un sondage sur la sensibilisation du public à la sécurité en matière d'électricité auprès de tous ses clients, et a obtenu un pointage de 77.43%, ce qui représente pratiquement le même résultat que l'année précédente. Ce sondage fut créé par l'ESA afin de mesurer les efforts et l'impact que les entreprises locales de distribution ont pour améliorer la sécurité du public en matière d'électricité.

La CDEH continue aussi de publier des articles éducatifs au sujet de l'électricité, qui sont partagés à la population par l'entremise du site web de la Corporation, et des journaux locaux. Ce programme fut développé dans le but d'informer et d'éduquer les clients sur la sécurité électrique, et de fournir de l'information au sujet du domaine très complexe de l'électricité.

○ **Composante B – Niveau de conformité avec le règlement de l'Ontario 22/04**

En 2019, la CDEH était encore une fois conforme au Règlement de l'Ontario 22/04 (Sécurité de la Distribution d'Électricité). Le taux de succès constant de la CDEH s'explique par son engagement marqué à l'égard de la sécurité des employés et du public ainsi que par son respect des procédures et politiques internes. Le Règlement de l'Ontario 22/04 établit une norme relativement au rendement de la sécurité qui touche les exigences de sécurité électrique pour la conception, la construction et l'entretien des systèmes de distribution électrique dont sont propriétaires les distributeurs détenteurs d'un permis.

○ **Composante C – Indice des incidents électriques graves**

Au cours des cinq dernières années, la CDEH n'a enregistré aucun incident électrique de nature grave.

Fiabilité du réseau

• **Nombre d'heures moyen où le client est privé d'électricité**

La moyenne des heures où le client fut privé d'électricité en 2019 était 2.48, une réduction de 0.19 par rapport à l'année 2018 et une réduction de 1.17 par rapport à la moyenne des quatre dernières années (3.65). Même si ce ratio est plus bas que l'année précédente, il se compare défavorablement avec les Indicateurs ajustés de fiabilité des systèmes (SAIFI), qui se situe à 1.48 pour la Province de l'Ontario en son ensemble, en 2019. La CDEH ne prévoit aucune variation majeure pour la prochaine année basé sur le Plan du Réseau de Distribution (PRD) actuel.

• **Nombre moyen d'occurrences où le client est privé d'électricité**

En 2019, la fréquence des pannes encourues par les clients de la CDEH se chiffrait à 1.18, qui représente une baisse comparée à l'année dernière (2.09) mais qui est légèrement plus élevée que la cible établie de 1.12. Les résultats atteints sont relativement près de la cible établie et la CDEH prévoit un résultat similaire pour 2020. Cependant, ce ratio se compare favorablement avec les Indicateurs ajustés de fiabilité des systèmes (SAIDI), soit de 2.59 pour la Province de l'Ontario en son ensemble, en 2019.

Conformément au Plan du Réseau de Distribution présentement en place, l'inspection continue des actifs et le remplacement des biens détériorés contribue grandement au maintien d'une moyenne satisfaisante.

Gestion de l'actif

- **Avancement de la mise en oeuvre du plan de réseau de distribution**

Le Plan du Réseau de Distribution (PRD) de la CDEH fut créé en 2014, pour les années 2015 à 2019. Le PRD fut incorporé dans l'application des tarifs 2014 de la CDEH auprès de la Commission de l'Énergie de l'Ontario, et fut implémenté en 2015. Le plan en question inclus un programme pour le remplacement des poteaux électriques, qui fut créé suite à un sondage identifiant l'actif des poteaux en piètre état. Le sondage a déterminé que plus de 100 poteaux étaient sous les conditions moyennes.

Le programme fut mis en place dans le but de prévenir des bris de service qui privent les clients d'électricité, et afin d'éliminer les coûts associés à ces bris non-planifiés. Des bénéfices en matière de sécurité découlent également du programme de remplacement des poteaux électriques. L'implémentation du programme réduit les dangers potentiels causés par des poteaux désuets et prévient l'interruption éventuelle de courant pendant des températures extrêmes.

La CDEH a implémenté son Plan du Réseau de Distribution (PRD) en 2015, et par la fin de la cinquième année (2019), 151 poteaux en mauvaise conditions ont été changé.

Contrôle des coûts

- **Evaluation de l'efficacité**

En 2019, la Corporation de distribution électrique de Hearst a été classée dans le Groupe 2 en matière d'efficacité. Cette cote est la même que celle de l'an dernier, ce qui signifie que les coûts sont demeurés entre 10% à 25% sous les coûts prédits. La CDEH ne prévoit aucun changement pour la prochaine année.

- **Coût total par client**

Tel que souligné dans la carte de pointage 2019, Le coût total par client s'est chiffré à 539\$, une réduction de 16\$ par rapport à l'année précédente. La CDEH ne prévoit aucun changement pour la prochaine année.

- **Coût total par kilomètre de ligne de transport**

En 2019, la CDEH avait une moyenne de 29 clients par km de ligne (incluant les circuits primaires et secondaires), représentant un coût total de 14,999\$ par km de ligne, un baisse de 420\$ par rapport à l'année 2018. La CDEH ne prévoit aucun changement majeur pour la prochaine année.

Gestion de la conservation et de la demande

- **Économies d'énergies nettes annuelles découlant de la réduction de la demande en période de pointe (pourcentage des objectifs atteints)**

La CDEH a atteint 196% des objectifs fixés pour 2015 à 2020 (3.18 GWh) à la fin de sa cinquième année. Avec ces résultats atteint par rapport à l'objectif fixé, la CDEH se situe au premier rang parmi toutes les utilités en Ontario.

Branchement à des installations de production d'énergie renouvelable

- **Réalisation en temps voulu des études d'impact du branchement aux installations de production d'énergie renouvelable**
Les distributeurs d'électricité doivent effectuer des études d'impact du branchement (EIB) dans les 60 jours suivant la réception d'une soumission officielle de la part du Electrical Safety Authority. En 2019, la CDEH n'a effectué aucune EIB puisque la ligne de transmission de notre région est restreinte et n'accepte plus de nouvelle charge depuis 2012. Hydro One n'anticipe pas l'expansion de cette ligne dans un avenir rapproché, pour cette raison, la CDEH prévoit les mêmes résultats l'an prochain.
- **Branchement en temps voulu de nouvelles installations de production de petite taille intégrées**
Tel que mentionné auparavant, la ligne de transmission de notre région est restreinte, donc aucune nouvelle installation de production de petite taille intégrée fut branchée en 2019. Nous projetons la même chose l'an prochain.

Ratios financiers

- **Liquidité: Ratio de liquidité générale (actif à court terme/ passif à court terme)**
Un ratio de 1 ou plus est indicateur qu'une compagnie est en bonne situation financière et qu'elle peut acquitter ses dettes à court terme et ses obligations financières. Les entreprises avec un ratio plus grand que 1 sont souvent référées comme étant "liquides". Plus le ratio est haut, plus la marge de sécurité pour couvrir les dettes à court terme et les obligations financières est importante.

Le ratio de liquidité générale de la CDEC a diminué de 2.38 en 2018, à 2.05 en 2019. Cette baisse n'indique pas nécessairement un moins bon rendement financier, elle reflète plutôt le résultat d'un paiement significatif sur la dette à long terme ainsi qu'une petite augmentation des comptes payables en date de la fin d'année. La CDEH prévoit que son ratio se maintiendra près de 2.0 pour les prochaines années. Des investissements capitaux importants sont nécessaires et continueront d'être implantés tel qu'identifié dans le Plan du Réseau de Distribution (PRD) en place pour la période de 2015 à 2020.

- **Levier financier: Montant total de la dette (incluant endettement à court terme et à long terme)/ capitaux propres**

Lorsqu'elle établit ses tarifs, la Commission de l'Énergie de l'Ontario utilise une structure capitale de 60% dette et 40% de capitaux propres pour les distributeurs d'électricité, ce qui équivaut à un ratio dette:capitaux propres de 1.5 (60/40).

Le ratio "dette:capitaux propres" de la CDEH pour 2019 était 0.28, une baisse comparativement à l'année précédente (0.37) dû à un paiement significatif de la dette à long terme. La CDEH prévoit un ratio semblable pour la prochaine année.

- **Rentabilité: Taux de rendements des capitaux propres réglementés – présumé (inclus dans les tarifs)**

Les tarifs de distribution actuels de la CDEH furent approuvés par la Commission de l'énergie de l'Ontario et sont entrés en vigueur le 1^{er} janvier 2019. Ils incluent un rendement réglementaire des capitaux propres prévus (présumés) de 9.19% pour 2019.

La CEO permet aux distributeurs de gagner +/- 3% du rendement des capitaux propres prévus. Lorsqu'un distributeur performe en dehors de ce quota, la CEO peut exercer une révision réglementaire des revenus et des coûts de l'entreprise.

- **Rentabilité: Taux de rendements des capitaux propres réglementés - atteint**

En 2019, le rendement réglementaire des capitaux propres de la CDEH était de 13.91%, se situant 1.72% au-dessus du quota de +/- 3% permis par la CEO. La réévaluation des années d'amortissement des actifs ainsi que la collection de rajustement tarifaires pour l'année représente \$106,346, donc, lorsque ceci est enlevé du calcul du ratio, le rendements des capitaux propre se situe à 2.25%, ce qui est plus bas que le ratio approuvé.

Remarque aux lecteurs de la DAG de la carte de pointage 2019

Les renseignements fournis par les distributeurs relativement à leur rendement futur (ou ce qui peut être interprété comme étant de l'information de nature prospective) pourraient être soumis à différents risques, incertitudes et autres facteurs pouvant faire en sorte que les événements, conditions ou résultats diffèrent en réalité des résultats passés ou des résultats envisagés par le distributeur en ce qui concerne son rendement futur. Parmi les facteurs qui peuvent causer de telles différences: modifications apportées à la législation ou à la réglementation, conditions des marchés financiers, conditions économiques en général et conditions météorologiques. Pour ces raisons, les renseignements relatifs au rendement futur sont au meilleur jugement des gestionnaires à la date de publication de la carte de pointage et pourraient être sensiblement différents dans l'avenir.

Appendix J PDF of Ch2 Appendix

List of Key References

A list of key references for understanding the Filing Requirements has been embedded in the document below. To access the list of references and associated hyperlinks double-click the icon below.

Cost of Service Applications – Key References

The references listed below are key to interpreting these Filing Requirements.

- [Report of the Board on Transition to International Financial Reporting Standards \(EB-2008-0408\) - July 28, 2009](#), outlined in section 2.3.5 below;
- [Addendum to Report of the Board EB-2008-0408 - Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment - June 13, 2011](#);
- The Board's [Accounting Procedures Handbook \(APH\) and Uniform System of Accounts \(USoA\)](#), any [subsequent updates and Frequently Asked Questions](#);
- [Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative \(EDDVAR\) - July 31, 2009](#);
- [Asset Depreciation Study for Use by Electricity Distributors \(EB-2010-0178\), \(the Kinectrics Report\), July 8, 2010](#);
- [Board letter of July 17, 2012, providing regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013](#);
- [Board letter of June 25, 2013, providing accounting policy changes for Accounts 1575 and 1576 effective in the 2014 cost of service rate application and subsequent rate years](#);
- [Report of the Board - Performance Measurement for Electricity Distributors: A Scorecard Approach - March 5, 2014](#);
- [Report of the Board: Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors - corrected December 4, 2013](#);
- [Report of the Ontario Energy Board on Regulatory Treatment of Pension and Other Post-employment Benefits \(OPEBs\) Costs \(EB-2015-0040\), September 14, 2017](#);
- [Accounting Guidance related to Accounts 1588 RSVA Power, and 1589 RSVA Global Adjustment](#)

Capital Funding Options:

- [Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module \(EB-2014-0219\), September 18, 2014](#);

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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.

Hearst Power Distribution Co. Ltd. is seeking the following approvals in this application:

1	1	Approval to charge distribution rates effective May 1, 2021 to recover a service revenue requirement of \$1,233,292 which includes a revenue deficiency of \$160,126 as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.
2	2	Approval of the Distribution System Plan as outlined in Exhibit 2 Section 2.5.2
3	3	Approval of other revenues in the amount of 235,382.
4	4	Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.
5	5	Approval to continue to charge Wholesale Market and Rural Rate Protection Charges approved its 2020 board approved rates
6	6	Approval to continue the Specific Service Charges, Retail Service Charges, and Transformer Allowance approved in its 2020 board approved rates

7		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.

Appendix 2-AA
 Capital Projects Table

Reporting Basis	Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Projects	Projects	2015	2015	2016	2017	2018	2019	2020	2021
		BA	Actual	Actual	Actual	Actual	Actual	Projection	Projection
System Access	System Access								
	New construction/service	\$11,000			\$13,751	\$29,510	\$10,454	\$15,000	\$15,000
	Sub-Total System Access	\$11,000	\$0	\$0	\$13,751	\$29,510	\$10,454	\$15,000	\$15,000
Contributed Capital	Paid back by customer				-13,751	-\$29,510	-10,454	-15,000	-15,000
	Sub-Total System Access - Contributed Capital	0	0	0	-13,751	-\$29,510	-10,454	-15,000	-15,000
Total System Access		11,000	0	0	0	0	0	0	0

		MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
		2015	2015	2016	2017	2018	2019	2020	2021
System Renewal									
	1830 - Distribution Overhead - Replace Poles	\$70,000	\$110,636	\$69,251	\$96,783	\$82,842	\$91,129	\$110,000	\$100,000
	1840 - Underground Conduits		\$104						
	1845 - U/G conductors and devices	\$5,431	\$231		\$706	\$489	\$0	\$0	\$0
	1850 - Line Transformers - Replace transformer	\$6,017	\$31,144	\$9,880	\$26,128	\$11,776	\$13,909	\$25,000	\$15,000
	Sub-Total System Access	\$81,448	\$142,115	\$79,130	\$123,617	\$95,107	\$105,039	\$135,000	\$115,000
Contributed Capital				-\$27,435					
	Sub-Total System Renewal - Contributed Capital	0	0	-27,435	0	0	0	0	0
Sub-Total System Renewal		81,448	142,115	51,696	123,617	95,107	105,039	135,000	115,000

		MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
		2015	2015	2016	2017	2018	2019	2020	2021
System Service									
	1855 - Services				\$351	\$6,931	\$2,891	\$2,500	\$2,500
	1860 - Meters - New meters	\$2,625	\$792			\$24,429	\$0	\$5,000	\$0
	1835 - Overhead Conductors & Devices - OH devices, Replace porcelain surge arrestors, new solid blade switch	\$21,000	\$26,604	\$8,940	\$24,849	\$22,176	\$4,802	\$5,000	\$5,000
	Sub-Total System Service	\$23,625	\$27,396	\$8,940	\$25,201	\$53,537	\$7,692	\$12,500	\$7,500
Contributed Capital				-\$1,816			-\$2,598		
	Sub-Total System Service - Contributed Capital	0	0	-1,816	0	0	-2,598	0	0
Sub-Total System Service		23,625	27,396	7,124	25,201	53,537	5,094	12,500	7,500

		MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
		2015	2015	2016	2017	2018	2019	2020	2021
General Plant									
	1611 - Computer Software	\$5,000			\$1,116			\$0	\$0
	1908 - Building & Fixtures - New natural gas furnace + Bulding sign	\$7,500	\$10,574						
	1908 - Building & Fixtures - Warehouse interior renovations (Interior flooring, walls & doors)			\$24,635					
	1908 - Building & Fixtures - Electric Vehicle Charging Stations					\$13,879			
	1908 - Building & Fixtures					\$2,853		\$25,000	
	1915 - Office Furniture Equipment	\$2,500				\$19,288		\$2,500	
	1920 - Computer Equipment Hardware	\$10,000	\$1,440						
	1920 - Computer Hardware				\$1,363		\$7,346		
	1930 - Transportation - New Burckel truck								\$265,000
	1930 - Transportation - New Pickup					\$61,484	\$3,454		
	1940 - Tools & Equipment - New tools	\$7,000	\$7,353	\$5,467	\$1,850	\$2,499	\$5,787	\$5,000	
	1940 - Tools & Equipment - Trencher						\$23,300		
	1940 - Tools & Equipment - Wood chipper						\$16,372		
	Sub-Total System Access	\$32,000	\$19,367	\$30,102	\$4,329	\$100,003	\$56,259	\$32,500	\$265,000
Contributed Capital									
	Sub-Total General Plant - Contributed Capital	0	0	0	0	0	0	0	0
Sub-Total General Plant		32,000	19,367	30,102	4,329	100,003	56,259	32,500	265,000

	MIFRS							
	2015	2015	2016	2017	2018	2019	2020	2021
Hpdc Capital Investment Net Of Co	\$148,073	\$188,878	\$118,173	\$166,898	\$278,156	\$179,444	\$195,000	\$402,500
Total Contributed Capital	\$0	\$0	-\$29,251	-\$13,751	-\$29,510	-\$13,052	-\$15,000	-\$15,000
Total Capex	\$148,073	\$188,878	\$88,922	\$153,147	\$248,646	\$166,392	\$180,000	\$387,500

TO BE UPDATED AT THE DRAFT RATE ORDER STAGE

Appendix 2-AB

Table 2 - Capital Expenditure Summary from Chapter 5 Consolidated Distribution System Plan Filing Requirements

First year of Forecast Period:
 2021

CATEGORY	Historical Period (previous plan ¹ & actual)															Forecast Period (planned)									
	2015			2016			2017			2018			2019			2020			2021	2022	2023	2024	2025		
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var							
\$ '000			%			\$ '000			%			\$ '000			%			\$ '000			\$ '000				
System Access	11	-	-100.0%	10	-	-100.0%	13	14	7.7%	10	30	200.0%	15	13	-13.3%	15	-	-100.0%	15	15	15	15	15		
System Renewal	81	143	76.5%	86	79	-8.1%	96	136	41.7%	107	95	-11.2%	115	102	-11.3%	135	145	7.4%	115	147	150	153	158		
System Service	24	27	12.5%	18	9	-50.0%	12	26	116.7%	35	54	54.3%	33	8	-75.8%	13	15	15.4%	8	18	19	20	20		
General Plant	32	19	-40.6%	44	30	-31.8%	40	4	-90.0%	56	100	78.6%	11	56	409.1%	33	27	-18.2%	265	30	25	28	25		
TOTAL EXPENDITURE	148	189	27.7%	158	118	-25.3%	161	180	11.8%	208	279	34.1%	174	179	2.9%	196	187	-4.6%	403	210	209	216	218		
Capital Contributions	-	-	-	10	29	190.0%	13	14	7.7%	10	30	200.0%	15	13	-13.3%	15	-	-100.0%	15	15	15	15	15		
Net Capital Expenditures	148	189	27.7%	148	89	-39.9%	148	167	12.8%	198	249	25.8%	159	166	4.4%	181	187	3.3%	388	195	194	201	203		
System O&M	\$ 511	\$ 598	17.0%	\$ 443	\$ 411	-7.2%	\$ 425	\$ 438	3.1%	\$ 432	\$ 483	11.8%	\$ 435	\$ 475	9.2%	\$ 522	\$ 486	-6.9%	\$ 543	\$ 564	\$ 587	\$ 583	\$ 600		

Notes to the Table:

- Historical "previous plan" data is not required unless a plan has previously been filed. However, use the last OEB-approved, at least on a Total (Capital) Expenditure basis for the last cost of service rebasing year, and the applicant should include their planned budget in each subsequent historical year up to and including the Bridge Year.
- Indicate the number of months of 'actual' data included in the last year of the Historical Period (normally a 'bridge' year):

Explanatory Notes on Variances (complete only if applicable)
Notes on shifts in forecast vs. historical budgets by category
Notes on year over year Plan vs. Actual variances for Total Expenditures
Notes on Plan vs. Actual variance trends for individual expenditure categories

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**Appendix 2-AC
Customer Engagement Activities Summary**

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.
E-Billing - Online account services	Customer needs online access to their consumption data, invoice and details, as well as their historical data. Customers shared that they wanted a platform that was user friendly and included incremental data for current readings, not only past readings.	In 2018, HPDC implemented one of the most advanced, mobile friendly, customer portal available today for its customers which provides access to customer invoices in electronic copies and immediate incremental data reading (current unbilled and historical) of their consumption for both electricity and water. Using the portal, customer can access the Smart Meter data and the system can generate an estimated bill based on the current readings, before the invoice is actually calculated. Customers have the ability to build custom charts, to add multiple accounts, compare consumptions to their neighborhood, set alerts for their own specified custom thresholds which they would receive notifying once the threshold is reached. Customers have the opportunity to pay any amount via their portal and they can also leave feedback using links provided in their individual web accounts, which assists HPDC in enhancing its online portal.
Affordability Fund, Home Assistance Program, CDM and SaveOnEnergy programs - Inform and assist customer on Provincial conservation and demand management programs	Customers express the desire to enroll, as well as the need for consultation and assistance with these programs.	Marketing of programs online, via the local radio stations, newspaper ads, highway billboards, as well as community meetings and one-on-one consultations. Customer First, now name "Ecobility" was contracted to assist and simplify with application process for conservation programs.
Bi-annual customer survey - Identify customer needs and opinions	Customers are given a possibility to express their needs and opinions by completing an online or hard copy bi-annual survey. Fifteen percent (19%) of HPDC's residential customers responded to the 2019-2020 survey. The results identified an 98% overall good or better performance.	As the survey identified possible areas where HPDC could improve, the following actions were taken: - Build database of customers opinions and establish trends; - Promote and inform on HPDC's various services offered; - Facilitate access to customer energy data and behind the meter services.
Christmas lights and Canada Day festivities	HPDC customers seek to have lights during Christmas time, and assistance for Canada Day festivities and entertainment. Customers are looking for HPDC to participate and give back to the community.	HPDC volunteer crew sets up Christmas lights, and provides assistance during Canada Day festivities.
Financial assistance program (LEAP, CEAP, CEAP-SB)	Low-income customers need assistance to pay for higher costs of heating during winter months and HPDC recommends customers to get assistance from LEAP when in need. Covid-19 Emergency funding is also promoted and offered to residential and small business customers.	HPDC continues to promote verbally, through educational publications as well, online as well as on invoices, notices of past due balances and disconnections notices of emergency financial assistance programs that are designed to help customers having difficulty paying their balance due.
Educational publications	Younger generations need to receive electrical safety introductions and all customers need to be kept informed on the fast-changing electrical sector. Emergency first responders also are requiring training to respond to emergencies around distribution power lines.	HPDC distributes in schools publications / training workbooks called "The Shocking Truck -- About Electrical Safety", for grades 2 to 4. HPDC also provides in-person training with the "Provincial Electrical Safety Awareness for Emergency First Responders" PowerPoint presentation. Police officer, Firefighters, Emergency medical services agent and others are welcome to attend this training which present the various facets of the distribution system, including the danger identification and HPDC also provides written educational publications on various electrical subjects via newspapers and online to keep customers educated & informed, and to provide some background on the complex electrical sector.

Note: Use "ALT-ENTER" to go to the next line within a cell

General Instructions to MIFRS Appendices Types of Schedules to File

The purpose of this tab is to provide general instructions. The specific instructions to each appendix are listed in footnotes of each appendix.

The typical applicant is expected to have made capitalization and depreciation policy changes under CGAAP as permitted by the OEB on January 1, 2012 or mandated by the OEB by January 1, 2013, and adopted IFRS for reporting purposes on January 1, 2015 (transition date January 1, 2014). Most distributors filing for 2021 rates have rebased with these accounting changes reflected in a prior rebasing application. If that is the case, information relating to pre-accounting policy changes is not generally required. Most distributors may have rebased under MIFRS. If that is the case, information related to the accounting standard used prior to IFRS is not generally required. The information to be provided by applicants will depend on when the accounting policy changes were made and when they last rebased. In general, applicants should provide the following information in the appendices:

Information to be filed in 2019 CoS Application	Reflecting Accounting Policy Changes in Current Application		Reflected Accounting Policy Changes in Prior Application ³	Rebased under MIFRS in Prior Application ³
	Accounting Policy Changes in 2012 and Adopted IFRS in 2015	Accounting Policy Changes in 2013 and Adopted IFRS in 2015	Adopted IFRS in 2015	IFRS Since 2015
	2021 Test	2020 Bridge	2019 Bridge	2018 Bridge
2016 Historical	2015 Historical	2014 Historical	2013 Historical	
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS	MIFRS	MIFRS	MIFRS
	MIFRS and Revised CGAAP ¹	MIFRS and Revised CGAAP ¹	MIFRS and Revised CGAAP ¹	N/A
	Revised CGAAP	CGAAP and Revised CGAAP ²	N/A	N/A
	CGAAP and Revised CGAAP ²	N/A	N/A	N/A

1) For the transition year (2014), the applicant may file two appendices, one under Revised CGAAP and one under MIFRS, depending on the materiality of impacts. See the specific instructions under each appendix below for further details.

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

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

Appendix 2-BA - Fixed Asset Schedule

Applicants are to provide Appendix 2-BA in accordance with the years and corresponding accounting standards noted in the above table to provide a year over year continuity in fixed assets. If this is the first application where the applicant is rebasing under MIFRS, the applicant should file two appendices, one under Revised CGAAP and one under MIFRS for the transition year (2014), if the change between Revised CGAAP and MIFRS is material. If the change from the accounting standards is not material, the applicant may choose to only provide one appendix under MIFRS. However, the applicant must also indicate the fixed asset net book value balance under Revised CGAAP, the total dollar value of the change and explain why it is not material.

The applicant must establish the continuity of historical cost for gross assets and accumulated depreciation by asset class by ensuring that the opening balance in the year agrees to the closing balance in the prior year.

Appendix 2-Cx - Depreciation and Amortization

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

Appendix 2-C is to be used under all of the scenarios presented in the table above. In the appendix, the applicant will need to indicate which scenario applies. The appendix is to be duplicated for each year and for each accounting standard required as per the above table.

Depreciation accounting policy changes were mandated by the OEB by January 1, 2013. In general, no further changes to an applicant's depreciation policy (i.e. assets' service lives) are expected after the OEB mandated changes by January 1, 2013, unless a change is determined to be necessary in accordance with the depreciation review required under IFRS. If the applicant has made any changes to its depreciation policy subsequent to the OEB mandated changes, for the year of the change, applicants must quantify the change in depreciation. If there are significant changes to multiple asset classes, the applicant must complete Appendix 2-C before and after the change. Applicants must also explain the nature of the change, the reason for the change, quantify the impact of the change.

Appendix 2-E - Account 1575. IFRS-CGAAP Transitional PP&E Amounts (2-EA). Account 1576. Accounting Changes Under CGAAP (2-EB, 2-EC) CONTACT OEB STAFF IF TAB REQUIRED

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

- If an applicant changed capitalization and depreciation policies effective January 1, 2012, the applicant must complete Appendix 2-EB
- If an applicant changed capitalization and depreciation policies effective January 1, 2013, the applicant must complete Appendix 2-EC

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

- The applicant must complete 2-EA

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

Appendix 2-Y - Summary of Impacts to Revenue Requirement from Transition to MIFRS CONTACT OEB STAFF IF TAB REQUIRED

Applicants must complete Appendix 2-Y if this is the first rebasing application under MIFRS. An applicant must provide a summary of the dollar impacts of MIFRS to each component of the revenue requirement (e.g. rate base, operating costs, etc.), including the overall impact on the proposed revenue requirement. Accordingly, the applicant must identify financial differences and resulting revenue requirement impacts arising from the adoption of MIFRS as compared to CGAAP. If the applicant is reflecting the changes in capitalization and depreciation policies for the first time in a rebasing application as well, then a comparison between MIFRS and CGAAP before the change in accounting policies should be completed. If the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application, then a comparison between MIFRS and CGAAP after the change in accounting policies should be completed.

Appendix 2-BB
 Service Life Comparison
 Table F-1 from Kinetrics Report¹

Parent*	#	Asset Details		Useful Life			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?		
				MIN UL	TUL	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL	
			Overall	35	45	75	1830	Poles, Towers & Fixtures	45	2%	45	2%	No	No	
OH	1	Fully Dressed Wood Poles	Overall	35	45	75									
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	2	Fully Dressed Concrete Poles	Overall	50	60	80									
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	3	Fully Dressed Steel Poles	Overall	60	60	80									
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	4	OH Line Switch		Overall	30	45	55	1835	OH Conductor and devices	45	2%	45	2%	No	No
	5	OH Line Switch Motor		Overall	15	25	25								
6	OH Line Switch RTU		Overall	15	20	20									
7	OH Integral Switches		Overall	35	45	60									
8	OH Conductors		Overall	50	60	75									
9	OH Transformers & Voltage Regulators		Overall	30	40	60	1850	Line Transformers	40	3%	40	3%	No	No	
10	OH Shunt Capacitor Banks		Overall	25	30	40									
11	Reclosers		Overall	25	40	55									
TS & MS	12	Power Transformers	Overall	30	45	60									
			Bushing	10	20	30									
				Tap Changer	20	30	60								
	13	Station Service Transformer		Overall	30	45	55								
	14	Station Grounding Transformer		Overall	30	40	40								
	15	Station DC System	Overall	10	20	30									
			Battery Bank	10	15	15									
				Charger	20	20	30								
	16	Station Metal Clad Switchgear		Overall	30	40	60								
				Removable Breaker	25	40	60								
	17	Station Independent Breakers		Overall	35	45	65								
18	Station Switch		Overall	30	50	60									
19	Electromechanical Relays		Overall	25	35	50									
20	Solid State Relays		Overall	10	30	45									
21	Digital & Numeric Relays		Overall	15	20	20									
22	Rigid Busbars		Overall	30	55	60									
23	Steel Structure		Overall	35	50	90									
UG	24	Primary Paper Insulated Lead Covered (PILC) Cables		Overall	60	65	75								
	25	Primary Ethylene-Propylene Rubber (EPR) Cables		Overall	20	25	25	1845	UG conductor and devices	25	4%	25	4%	No	No
	26	Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried		Overall	20	25	30								
	27	Primary Non-TR XLPE Cables in Duct		Overall	20	25	30								
	30	Secondary PILC Cables		Overall	70	75	80								
	31	Secondary Cables Direct Buried		Overall	25	35	40								
	32	Secondary Cables in Duct		Overall	35	40	60								
	33	Network Transformers	Overall	20	35	50									
			Protector	20	35	40									
	34	Pad-Mounted Transformers		Overall	25	40	45								
	35	Submersible/Vault Transformers		Overall	25	35	45								
36	UG Foundation		Overall	35	55	70	1840	UG Conduit and Foundations	50	2%	50	2%	No	No	
37	UG Vaults	Overall	40	60	80										
		Roof	20	30	45										
38	UG Vault Switches		Overall	20	35	50									
39	Pad-Mounted Switchgear		Overall	20	30	45									
40	Ducts		Overall	30	50	85									
41	Concrete Encased Duct Banks		Overall	35	55	80									
42	Cable Chambers		Overall	50	60	80									
S	43	Remote SCADA		Overall	15	20	30								

Table F-2 from Kinetrics Report¹

#	Asset Details		Useful Life Range			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?	
								Years	Rate	Years	Rate	Below Min Range	Above Max Range
1	Office Equipment		5	15	1915	Office furniture / equipment	10	10%	10	10%	No	No	
2	Vehicles	Trucks & Buckets	5	15	1930	Boom Truck and Heavy trucks	10	10%	10	10%	No	No	
		Trailers	5	20	1930	Trailers	10	10%	10	10%	No	No	
		Vans	5	10	1930	Pick up	5	20%	5	20%	No	No	
3	Administrative Buildings		50	75			50	2%	50	2%	No	No	
4	Leasehold Improvements		Lease dependent										
5	Station Buildings	Station Buildings	50	75	1908	Building - Structure	70	1%	70	1%	No	No	
		Parking	25	30	1908	Building Outside / Fence	30	3%	30	3%	No	No	
		Fence	25	60	1908	Roof	25	4%	25	4%	No	No	
		Roof	20	30	1908	Interior	20	5%	20	5%	No	No	
6	Computer Equipment	Hardware	3	5	1920	Computer equipment	5	20%	5	20%	No	No	
		Software	2	5			3	33%	3	33%	No	No	
7	Equipment	Power Operated	5	10									
		Stores	5	10	1935	Store equipment	10	10%	10	10%	No	No	
		Tools, Shop, Garage Equipment	5	10	1940	Tools, Shop and Garage equipment	10	10%	10	10%	No	No	
		Measurement & Testing Equipment	5	10									
8	Communication		60	70									
		Wireless	2	10	1955	Communication Equipment	10	10%	10	10%	No	No	
9	Residential Energy Meters		25	35									
10	Industrial/Commercial Energy Meters		25	35									
11	Wholesale Energy Meters		15	30	1860	Old meters	15	7%	15	7%	No	No	
12	Current & Potential Transformer (CT & PT)		35	50									
13	Smart Meters		5	15	1860	Smart meters	15	7%	15	7%	No	No	
14	Repeaters - Smart Metering		10	15									
15	Data Collectors - Smart Metering		15	20									

* TS & MS = Transformer and Municipal Stations UG = Underground Systems S = Monitoring and Control Systems

Note 1: Tables F-1 and F-2 above are to be used as a reference in order to complete columns J, K, L and N.

See pages 17-19 of Kinetrics Report

Appendix 2-C
Depreciation and Amortization Expense

□□ Year 2015 IFRS

CGAAP
Revised CGAAP
MIFRS

Account	Description	Book Values			Service Lives							Depreciation Expense				Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance 6	
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1)	Less Fully Depreciate d 7	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change 2	Less Fully Depreciate d 4	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change 3	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change 4	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions 5			Total Current Year Depreciation Expense
		a	b	c = a-b	d	e	f = d - e	g	h	i = f/h	j	k = f/j	l = c/h	m = f/j	n = g/0.5/j			o = l+m+n
1611	Computer Software (Formally known as Account 1925)	\$10,127		\$10,127			\$0		3.50	28.57%	0.00%	\$2,893	\$0	\$0	\$2,893	\$0	-\$2,893	
1612	Land Rights (Formally known as Account 1906)			\$0			\$0			0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land			\$0			\$0			0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings			\$0			\$0			0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements			\$0			\$0			0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment >50 kV			\$0			\$0			0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment <50 kV			\$0			\$0			0.00%	0.00%	\$0	\$0	\$0	\$0	\$6,539	\$6,539	
1825	Storage Battery Equipment			\$0			\$0			0.00%	0.00%	\$0	\$0	\$0	\$0	\$19,675	\$19,675	
1830	Poles, Towers & Fixtures	\$140,321		\$140,321			\$110,558	33.81	2.96%	45.00	2.22%	\$4,151	\$0	\$1,228	\$5,379	\$287	-\$5,092	
1835	Overhead Conductors & Devices	\$163,156		\$163,156			\$26,604	6.82	14.67%	45.00	2.22%	\$23,934	\$0	\$296	\$24,229	\$2,278	-\$21,951	
1840	Underground Conduit	\$5,091		\$5,091			\$0	16.67	6.00%	0.00%	0.00%	\$305	\$0	\$0	\$305	\$3,641	\$3,335	
1845	Underground Conductors & Devices	\$52,043		\$52,043			\$0	21.24	4.71%	0.00%	0.00%	\$2,450	\$0	\$0	\$2,450	\$1,015	-\$1,435	
1850	Line Transformers	\$82,168		\$82,168			\$31,897	27.53	3.63%	40.00	2.50%	\$2,885	\$0	\$399	\$3,283	\$9,467	\$6,084	
1855	Services (Overhead & Underground)	\$20,814		\$20,814			\$0	20.47	4.89%	0.00%	0.00%	\$1,017	\$0	\$0	\$1,017	\$303,523	\$302,506	
1860	Meters	\$32,377		\$32,377			\$0	32.63	3.06%	0.00%	0.00%	\$992	\$0	\$0	\$992	\$0	-\$992	
1860	Meters (Smart Meters)	\$443,344		\$443,344			\$0	10.10	9.91%	0.00%	0.00%	\$43,915	\$0	\$0	\$43,915	\$6,094	-\$37,820	
1905	Land	\$7,600		\$7,600			\$0	-	0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$1,521	-\$1,521	
1908	Buildings & Fixtures	\$186,662		\$186,662			\$10,574	26.25	3.81%	20.98	4.77%	\$7,111	\$0	\$252	\$7,363	\$755	-\$6,608	
1910	Leasehold Improvements			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$4,852	\$4,852	
1915	Office Furniture & Equipment (10 years)	\$4,260		\$4,260			\$0	6.76	14.79%	0.00%	0.00%	\$630	\$0	\$0	\$630	\$0	-\$630	
1915	Office Furniture & Equipment (5 years)			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1920	Computer Equipment - Hardware	\$13,286		\$13,286			\$1,440	3.73	26.81%	5.00	20.00%	\$3,562	\$0	\$144	\$3,706	\$0	-\$3,706	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$34,232	\$34,232	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1930	Transportation Equipment	\$183,599		\$183,599			\$0	6.20	16.13%	0.00%	0.00%	\$29,613	\$0	\$0	\$29,613	\$1,799	-\$27,813	
1935	Stores Equipment			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1940	Tools, Shop & Garage Equipment	\$7,506		\$7,506			\$7,353	7.06	14.16%	5.00	20.00%	\$1,063	\$0	\$735	\$1,798	\$0	-\$1,798	
1945	Measurement & Testing Equipment			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1990	Other Tangible Property			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1995	Contributions & Grants			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
2005	Property Under Finance Lease			\$0			\$0		0.00%	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$1,352,354	\$ -	\$1,352,354	\$0	\$ -	\$0	\$188,426				\$124,621	\$0	\$3,054	\$127,675	\$395,676	\$268,003	

Year 2016 IFRS

Account	Description	Book Values					Service Lives					Depreciation Expense					Depreciation Expense per Appendix 2 BA Fixed Assets, Column J	Variance
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ^d	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ^d	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assumed Acquired After Policy Change ⁴	Life of Assets Acquired After Policy Change ⁵	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁶	Total Current Year Depreciation Expense		
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n		
1611	Computer Software (Formally known as Account 1925)	\$7,234		\$7,234	\$0	\$0		2.50	40.00%		0.00%	\$2,893	\$0	\$0	\$2,893	\$0	-\$2,893	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$7,237	
1825	Storage Battery Equipment	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$17,510	
1830	Poles, Towers & Fixtures	\$136,170	\$ 819	\$135,351	\$109,330	\$109,330	\$ 89,251	33.72	2.97%	45.00	2.22%	\$4,014	\$2,430	\$769	\$7,213	\$283	-\$8,930	
1835	Overhead Conductors & Devices	\$139,222		\$139,222	\$26,308	\$26,308	\$ 8,940	8.27	12.09%	45.00	2.22%	\$16,835	\$685	\$99	\$17,519	\$2,215	-\$15,304	
1840	Underground Conduit	\$4,786		\$4,786	\$0	\$0		16.92	5.91%		0.00%	\$283	\$0	\$0	\$283	\$3,785	\$3,502	
1845	Underground Conductors & Devices	\$49,593		\$49,593	\$0	\$0		22.39	4.47%		0.00%	\$2,215	\$0	\$0	\$2,215	\$1,015	-\$1,200	
1850	Line Transformers	\$79,183	\$ 13	\$79,170	\$31,498	\$31,498	\$ 9,880	27.55	3.63%	40.00	2.50%	\$2,874	\$787	\$124	\$3,785	\$7,481	\$3,696	
1855	Services (Overhead & Underground)	\$19,797		\$19,797	\$0	\$0		19.50	5.13%		0.00%	\$1,015	\$0	\$0	\$1,015	\$43,914	\$42,899	
1860	Meters	\$31,385		\$31,385	\$0	\$0		4.20	23.81%		0.00%	\$7,473	\$0	\$0	\$7,473	\$0	-\$7,473	
1860	Meters (Smart Meters)	\$399,429		\$399,429	\$0	\$0		9.10	10.99%		0.00%	\$43,913	\$0	\$0	\$43,913	\$8,232	-\$35,681	
1905	Land	\$7,600		\$7,600	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1908	Buildings & Fixtures	\$179,351		\$179,351	\$10,322	\$10,322	\$ 24,635	25.29	3.95%	20.00	5.00%	\$7,100	\$516	\$616	\$8,232	\$505	-\$7,727	
1910	Leasehold Improvements	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$3,418	
1915	Office Furniture & Equipment (10 years)	\$3,630		\$3,630	\$0	\$0		7.19	13.91%		0.00%	\$505	\$0	\$0	\$505	\$0	-\$505	
1915	Office Furniture & Equipment (5 years)	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1920	Computer Equipment - Hardware	\$9,724		\$9,724	\$1,296	\$1,296		3.08	32.47%	5.00	20.00%	\$3,157	\$299	\$0	\$3,416	\$0	-\$3,416	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$29,599	\$29,599	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1930	Transportation Equipment	\$153,986		\$153,986	\$0	\$0		5.20	19.23%		0.00%	\$29,613	\$0	\$0	\$29,613	\$2,072	-\$27,540	
1935	Stores Equipment	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1940	Tools, Shop & Garage Equipment	\$6,443		\$6,443	\$6,618	\$6,618	\$ 5,467	5.67	17.64%	10.00	10.00%	\$1,136	\$662	\$273	\$2,071	\$0	-\$2,071	
1945	Measurement & Testing Equipment	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	-\$959	
1990	Other Tangible Property	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1995	Contributions & Grants	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
2005	Property Under Finance Lease	\$0		\$0	\$0	\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
	Total	\$1,227,733	\$ 832	\$1,226,901	\$185,372	\$ -	\$185,372	\$118,173				\$123,025	\$5,239	\$1,882	\$130,145	\$126,307	-\$3,838	

Year 2017 IFRS

Account	Description	Book Values					Service Lives					Depreciation Expense					Depreciation Expense per Appendix BA Fixed Assets, Column J	Variance
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ^d	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ^d	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assumed After Policy Change ⁴	Life of Assets Acquired After Policy Change ⁵	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁶	Total Current Year Depreciation Expense		
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n		
1611	Computer Software (Formally known as Account 1925)	\$4,340		\$4,340	\$0		\$ 1,116	2.50	40.00%	5.00	20.00%	\$1,736	\$0	\$112	\$1,848	\$0	-\$1,848	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$9,174	
1825	Storage Battery Equipment	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$18,393	
1830	Poles, Towers & Fixtures	\$131,337	\$ 2,474	\$128,863	\$175,392		\$101,232	31.03	3.22%	45.00	2.22%	\$4,153	\$3,897	\$1,125	\$9,174	\$306	-\$3,869	
1835	Overhead Conductors & Devices	\$122,398	\$ 171	\$122,217	\$34,564		\$ 24,849	7.04	14.20%	45.00	2.22%	\$17,360	\$768	\$276	\$18,405	\$2,308	-\$16,096	
1840	Underground Conduit	\$4,503		\$4,503	\$0			14.72	6.79%		0.00%	\$306	\$0	\$0	\$306	\$4,410	\$4,104	
1845	Underground Conductors & Devices	\$47,378		\$47,378	\$0		\$ 706	20.60	4.85%	40.00	2.50%	\$2,300	\$0	\$9	\$2,309	\$1,044	-\$1,265	
1850	Line Transformers	\$76,297	\$ 1,851	\$74,446	\$40,467		\$40,467	25.07	3.99%	40.00	2.50%	\$2,970	\$1,012	\$429	\$4,410	\$7,481	\$3,070	
1855	Services (Overhead & Underground)	\$18,782		\$18,782	\$0		\$ 1,468	18.51	5.40%	25.00	4.00%	\$1,015	\$0	\$29	\$1,044	\$43,914	\$42,870	
1860	Meters	\$23,912		\$23,912	\$0			3.19	31.35%		0.00%	\$7,496	\$0	\$0	\$7,496	\$0	-\$7,496	
1860	Meters (Smart Meters)	\$355,517		\$355,517	\$0			8.10	12.35%		0.00%	\$43,891	\$0	\$0	\$43,891	\$8,847	-\$35,044	
1905	Land	\$7,600		\$7,600	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1908	Buildings & Fixtures	\$172,451		\$172,451	\$33,825		\$33,825	24.10	4.15%	20.00	5.00%	\$7,156	\$1,691	\$0	\$8,847	\$505	-\$8,342	
1910	Leasehold Improvements	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$3,557	\$3,557	
1915	Office Furniture & Equipment (10 years)	\$3,125		\$3,125	\$0			6.19	16.16%		0.00%	\$505	\$0	\$0	\$505	\$0	-\$505	
1915	Office Furniture & Equipment (5 years)	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1920	Computer Equipment - Hardware	\$6,567		\$6,567	\$1,037		\$1,037	1.363	2.05	48.78%	5.00	20.00%	\$3,203	\$207	\$136	\$3,547	\$0	-\$3,547
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$29,599	\$29,599	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1930	Transportation Equipment	\$124,374		\$124,374	\$0			4.20	23.81%		0.00%	\$29,613	\$0	\$0	\$29,613	\$5,155	-\$24,458	
1935	Stores Equipment	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1940	Tools, Shop & Garage Equipment	\$5,307		\$5,307	\$11,150		\$11,150	1.34	74.63%	10.00	10.00%	\$3,960	\$1,115	\$93	\$5,168	\$0	-\$5,168	
1945	Measurement & Testing Equipment	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$-2,283	-\$2,283	
1990	Other Tangible Property	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1995	Contributions & Grants	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
2005	Property Under Finance Lease	\$0		\$0	\$0				0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
	Total	\$1,163,877	\$ 4,496	\$1,099,381	\$296,426	\$ -	\$296,425	\$166,898				\$125,663	\$8,691	\$2,208	\$136,562	\$132,410	-\$4,152	

Year 2018 IFRS

Account	Description	Book Values						Service Lives					Depreciation Expense				Depreciation Expense per Appendix BA Fixed Assets, Column J	Variance
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciate d ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciate d ⁴	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assumed Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁵	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁶	Total Current Year Depreciation Expense		
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n		
1611	Computer Software (Formally known as Account 1925)	\$2,604		\$2,604	\$1,004		\$1,004		1.48	67.48%	5.00	20.00%	\$1,757	\$201	\$0	\$1,958	\$0	-\$1,958
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$11,555	\$11,555
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$9,337	\$9,337
1830	Poles, Towers & Fixtures	\$124,711	\$ 314	\$124,396	\$271,591		\$271,591	\$100,286	28.34	3.54%	45.00	2.22%	\$4,405	\$6,035	\$1,114	\$11,555	\$334	-\$11,220
1835	Overhead Conductors & Devices	\$104,856		\$104,856	\$58,369		\$58,369	\$ 22,176	13.45	7.43%	45.00	2.22%	\$7,796	\$1,297	\$246	\$9,340	\$2,155	-\$7,184
1840	Underground Conduit	\$4,197		\$4,197	\$0		\$0		12.55	7.97%		0.00%	\$334	\$0	\$0	\$334	\$5,220	\$4,886
1845	Underground Conductors & Devices	\$45,078		\$45,078	\$697		\$697	\$ 489	21.15	4.73%	40.00	2.50%	\$2,131	\$17	\$6	\$2,155	\$1,348	-\$807
1850	Line Transformers	\$71,476	\$ 19	\$71,457	\$73,341		\$73,341	\$ 17,030	22.51	4.44%	40.00	2.50%	\$3,174	\$1,634	\$213	\$5,221	\$7,481	\$3,260
1855	Services (Overhead & Underground)	\$17,767		\$17,767	\$1,438		\$1,438	\$ 13,743	17.49	5.72%	25.00	4.00%	\$1,016	\$58	\$275	\$1,348	\$44,728	\$43,381
1860	Meters	\$16,416		\$16,416	\$0		\$0		2.19	45.57%		0.00%	\$7,481	\$0	\$0	\$7,481	\$0	-\$7,481
1860	Meters (Smart Meters)	\$311,626		\$311,626	\$0		\$0	\$ 24,428	7.10	14.09%	15.00	6.67%	\$43,916	\$0	\$814	\$44,730	\$7,731	-\$36,999
1905	Land	\$7,600		\$7,600	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$165,296		\$165,296	\$32,134		\$32,134	\$ 16,732	28.97	3.45%	20.00	5.00%	\$5,706	\$1,607	\$418	\$7,731	\$1,394	-\$6,337
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$2,993	\$2,993
1915	Office Furniture & Equipment (10 years)	\$2,620		\$2,620	\$0		\$0	\$ 19,288	6.09	16.42%	10.00	10.00%	\$430	\$0	\$964	\$1,395	\$0	-\$1,395
1915	Office Furniture & Equipment (5 years)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$3,364		\$3,364	\$2,056		\$2,056		1.30	76.76%	5.00	20.00%	\$2,582	\$411	\$0	\$2,993	\$0	-\$2,993
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$24,545	\$24,545
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1930	Transportation Equipment	\$94,761	\$ 2,820	\$91,941	\$0		\$0	\$ 61,484	5.00	20.01%	5.00	20.00%	\$18,397	\$0	\$6,148	\$24,545	\$1,960	-\$22,586
1935	Stores Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$1,346		\$1,346	\$11,793		\$11,793	\$ 2,499	2.05	48.76%	10.00	10.00%	\$656	\$1,179	\$125	\$1,961	\$0	-\$1,961
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$-2,046	-\$2,046
1990	Other Tangible Property	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
2005	Property Under Finance Lease	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$973,718	\$ 3,153	\$970,565	\$452,424	\$ -	\$452,424	\$278,156					\$99,782	\$12,635	\$10,325	\$122,746	\$118,736	-\$4,010

Account	Description	Book Values						Service Lives				Depreciation Expense				Depreciation Expense per Appendix BA Fixed Assets, Column J	Variance	
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciate d ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciate d ⁴	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assumed Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁵	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁶			Total Current Year Depreciation Expense
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j			o = l+m+n
1611	Computer Software (Formally known as Account 1925)	\$847		\$847	\$804		\$804		1.00	100.00%	2.99	33.46%	\$847	\$269	\$0	\$1,116	\$0	-\$1,116
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$13,855	\$13,855
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$6,857	\$6,857
1830	Poles, Towers & Fixtures	\$119,091	\$ 33	\$119,058	\$364,728		\$364,728	\$ 91,120	25.32	3.95%	45.00	2.22%	\$4,738	\$8,105	\$1,013	\$13,855	\$370	-\$13,485
1835	Overhead Conductors & Devices	\$97,060		\$97,060	\$79,002		\$79,002	\$ 4,802	19.23	5.20%	45.00	2.22%	\$5,047	\$1,756	\$53	\$6,856	\$2,271	-\$4,585
1840	Underground Conduit	\$3,862		\$3,862	\$0		\$0		10.43	9.59%		0.00%	\$370	\$0	\$0	\$370	\$5,819	\$5,449
1845	Underground Conductors & Devices	\$42,947		\$42,947	\$1,163		\$1,163		19.16	5.22%	40.00	2.50%	\$2,242	\$29	\$0	\$2,271	\$1,860	-\$411
1850	Line Transformers	\$68,263	\$ 8	\$68,275	\$88,324		\$88,324	\$ 13,909	19.86	5.04%	40.00	2.50%	\$3,438	\$2,208	\$174	\$5,820	\$1,010	-\$4,810
1855	Services (Overhead & Underground)	\$16,731		\$16,731	\$14,848	\$ 696	\$14,152	\$ 13,345	16.30	6.13%	25.00	4.00%	\$1,028	\$566	\$267	\$1,861	\$45,543	\$43,682
1860	Meters	\$8,935		\$8,935	\$0		\$0		8.85	11.30%		0.00%	\$1,010	\$0	\$0	\$1,010	\$0	-\$1,010
1860	Meters (Smart Meters)	\$267,710		\$267,710	\$23,615		\$23,615		6.09	16.42%	15.00	6.67%	\$43,869	\$1,574	\$0	\$45,443	\$8,570	-\$36,873
1905	Land	\$7,600		\$7,600	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$159,590		\$159,590	\$46,841		\$46,841		25.62	3.90%	20.00	5.00%	\$6,229	\$2,342	\$0	\$8,571	\$2,358	-\$6,213
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$2,325	-\$2,325
1915	Office Furniture & Equipment (10 years)	\$2,190		\$2,190	\$18,324		\$18,324		4.16	24.02%	10.00	10.00%	\$526	\$1,832	\$0	\$2,358	\$0	-\$2,358
1915	Office Furniture & Equipment (5 years)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$792		\$792	\$1,645		\$1,645	\$ 7,346	1.00	100.00%	3.45	28.99%	\$792	\$477	\$1,065	\$2,323	\$0	-\$2,323
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$20,001	\$20,001
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1930	Transportation Equipment	\$73,544		\$73,544	\$55,336		\$55,336	\$ 3,454	8.56	11.88%	5.00	20.00%	\$8,588	\$11,067	\$345	\$20,001	\$1,368	-\$18,633
1935	Stores Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$690		\$690	\$12,987		\$12,987	\$ 45,459	0.31	-319.59%	10.00	10.00%	-\$2,205	\$1,299	\$2,273	\$1,367	\$0	-\$1,367
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	-\$2,682	-\$2,682
1990	Other Tangible Property	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
2005	Property Under Finance Lease	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$870,783	\$ 41	\$870,741	\$707,616	\$ 696	\$706,920	\$179,444					\$76,609	\$31,524	\$5,190	\$113,323	\$109,525	-\$3,797

Year 2020 IFRS

Account	Description	Book Values						Service Lives					Depreciation Expense				Depreciation Expense per Appendix 2 BA Fixed Assets, Column J	Variance
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciate d ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciate d ⁴	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assumed Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁵	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁶	Total Current Year Depreciation Expense		
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n		
1611	Computer Software (Formally known as Account 1925)	\$0		\$0	\$535		\$535		0.00%	2.40	41.67%	\$0	\$223	\$0	\$223	\$0	-\$223	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$16,269	\$16,269	
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$9,555	\$9,555	
1830	Poles, Towers & Fixtures	\$115,220		\$115,220	\$446,740		\$446,740	\$110,000	23.63	4.23%	45.00	2.22%	\$4,876	\$9,928	\$1,222	\$16,028	\$334	-\$15,691
1835	Overhead Conductors & Devices	\$92,013		\$92,013	\$81,995		\$81,995	\$ 5,000	11.99	8.34%	45.00	2.22%	\$7,677	\$1,622	\$96	\$9,555	\$2,155	-\$7,400
1840	Underground Conduit	\$3,492		\$3,492	\$0		\$0		10.46	9.56%		0.00%	\$334	\$0	\$0	\$334	\$6,193	\$6,859
1845	Underground Conductors & Devices	\$40,705		\$40,705	\$1,134		\$1,134		19.14	5.23%	40.00	2.50%	\$2,127	\$28	\$0	\$2,155	\$2,142	-\$13
1850	Line Transformers	\$64,837		\$64,837	\$99,851		\$99,851	\$ 25,000	19.16	5.22%	40.00	2.50%	\$3,384	\$2,496	\$313	\$6,193	\$7,481	\$1,288
1855	Services (Overhead & Underground)	\$15,724		\$15,724	\$26,664		\$26,664	\$ 2,500	18.18	5.50%	25.00	4.00%	\$865	\$1,067	\$50	\$1,981	\$45,062	\$43,081
1860	Meters	\$7,925		\$7,925	\$0		\$0		1.06	94.40%		0.00%	\$7,481	\$0	\$0	\$7,481	\$0	-\$7,481
1860	Meters (Smart Meters)	\$223,741		\$223,741	\$22,040		\$22,040	\$ 5,000	5.15	19.41%	15.00	6.67%	\$43,426	\$1,469	\$167	\$45,062	\$8,981	-\$36,081
1905	Land	\$7,600		\$7,600	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$153,361		\$153,361	\$44,499		\$44,499	\$ 25,000	25.01	4.00%	20.00	5.00%	\$6,132	\$2,225	\$625	\$8,982	\$2,301	-\$6,681
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$1,862	\$1,862
1915	Office Furniture & Equipment (10 years)	\$1,664		\$1,664	\$16,491		\$16,491	\$ 2,500	3.16	31.65%	10.00	10.00%	\$527	\$1,649	\$125	\$2,301	\$0	-\$2,301
1915	Office Furniture & Equipment (5 years)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0	\$7,449		\$7,449		-	0.00%	4.00	25.00%	\$0	\$1,862	\$0	\$1,862	\$0	-\$1,862
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$25,241	\$25,241
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1930	Transportation Equipment	\$64,956		\$64,956	\$47,377		\$47,377		4.12	24.27%	5.00	20.00%	\$15,766	\$9,478	\$0	\$25,241	\$7,006	-\$18,236
1935	Stores Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$2,895		\$2,895	\$54,875		\$54,875	\$ 5,000	2.28	43.86%	10.00	10.00%	\$1,270	\$5,487	\$250	\$7,007	\$0	-\$7,007
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	-\$3,055	-\$3,055
1990	Other Tangible Property	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
2005	Property Under Finance Lease	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$794,133	\$ -	\$794,133	\$849,650	\$ -	\$849,650	\$180,000					\$93,864	\$37,732	\$2,807	\$134,403	\$131,527	-\$2,876

Year 2021 IFRS

Account	Description	Book Values						Service Lives					Depreciation Expense				Depreciation Expense per Appendix 21 BA Fixed Assets, Column J	Variance
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciate d ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciate d ⁴	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁵	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁶	Total Current Year Depreciation Expense		
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n		
1611	Computer Software (Formally known as Account 1925)	\$0		\$0	\$312		\$312		0.00%	1.40	71.43%	\$0	\$223	\$0	\$223	\$0	-\$223	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$16,000	\$16,000	
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0		0.00%		0.00%	\$0	\$0	\$0	\$0	\$7,000	\$7,000	
1830	Poles, Towers & Fixtures	\$110,345		\$110,345	\$435,590		\$435,590	\$ 100,000	21.18	4.72%	45.00	2.22%	\$5,210	\$9,880	\$1,111	\$16,001	\$370	-\$15,630
1835	Overhead Conductors & Devices	\$84,336		\$84,336	\$80,117		\$80,117	\$ 5,000	16.33	6.12%	45.00	2.22%	\$5,164	\$1,780	\$56	\$7,000	\$2,000	-\$5,000
1840	Underground Conduit	\$3,158		\$3,158	\$0		\$0		8.54	11.71%		0.00%	\$370	\$0	\$0	\$370	\$6,530	\$6,160
1845	Underground Conductors & Devices	\$38,578		\$38,578	\$1,105		\$1,105		19.56	5.11%	40.00	2.50%	\$1,972	\$28	\$0	\$2,000	\$2,000	\$0
1850	Line Transformers	\$61,453		\$61,453	\$97,043		\$97,043	\$ 15,000	15.89	6.37%	40.00	2.50%	\$3,917	\$2,428	\$188	\$6,530	\$100	-\$6,430
1855	Services (Overhead & Underground)	\$14,859		\$14,859	\$25,548		\$25,548	\$ 2,500	18.01	6.25%	25.00	4.00%	\$828	\$1,025	\$50	\$2,000	\$45,900	\$43,900
1860	Meters	\$444		\$444	\$0		\$0		4.44	22.52%		0.00%	\$100	\$0	\$0	\$100	\$0	-\$100
1860	Meters (Smart Meters)	\$180,315		\$180,315	\$20,404		\$20,404		4.05	24.70%	15.00	6.67%	\$44,544	\$1,360	\$0	\$45,904	\$9,000	-\$36,904
1905	Land	\$7,600		\$7,600	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$147,229		\$147,229	\$41,649		\$41,649		21.28	4.70%	20.00	5.00%	\$6,919	\$2,882	\$0	\$9,001	\$2,600	-\$6,401
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$1,100	\$1,100
1915	Office Furniture & Equipment (10 years)	\$1,137		\$1,137	\$14,717		\$14,717		0.99	100.89%	10.00	10.00%	\$1,147	\$1,472	\$0	\$2,619	\$0	-\$2,619
1915	Office Furniture & Equipment (5 years)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$0		\$0	\$5,587		\$5,587			0.00%	5.00	20.00%	\$0	\$1,117	\$0	\$1,117	\$0	-\$1,117
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$46,200	\$46,200
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1930	Transportation Equipment	\$49,190		\$49,190	\$37,902		\$37,902	\$265,000	4.06	24.83%	5.00	20.00%	\$12,116	\$7,580	\$26,500	\$46,196	\$4,900	-\$41,296
1935	Stores Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$1,625		\$1,625	\$49,137		\$49,137			0.00%	10.00	10.00%	\$0	\$4,914	\$0	\$4,914	\$0	-\$4,914
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	-\$3,485	-\$3,485
1990	Other Tangible Property	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
2005	Property Under Finance Lease	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$700,269	\$ -	\$700,269	\$809,111	\$ -	\$809,111	\$387,500					\$82,387	\$33,684	\$27,904	\$143,976	\$140,215	-\$3,760

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**Appendix 2-D
Overhead Expense**

Applicants are to provide a breakdown of OM&A before capitalization in the below table. OM&A before capitalization may be broken down by cost center, program, drivers or another format best suited to focus on capitalized vs. uncapitalized OM&A.

OM&A Before Capitalization	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Bridge Year	2021 Test Year
Total OM&A Before Capitalization (B)	\$ -	\$ -	\$ -	\$ -	\$ -

Applicants are to provide a breakdown of capitalized OM&A in the below table. Capitalized OM&A may be broken down using the categories listed in the table below if possible. Otherwise, applicants are to provide its own break down of capitalized OM&A.

Capitalized OM&A	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Bridge Year	2021 Test Year	Directly Attributable? (Yes/No)	Explanation for Change in Overhead Capitalized
employee benefits							
costs of site preparation							
initial delivery and handling costs							
costs of testing whether the asset is functioning properly							
professional fees							
costs of opening a new facility							
costs of introducing a new product or service (including costs of advertising and promotional activities)							
costs of conducting business in a new location or with a new class of customer (including costs of staff training)							
administration and other general overhead costs							
Insert description of additional item(s) and new rows if needed							
Total Capitalized OM&A (A)	\$ -	\$ -	\$ -	\$ -	\$ -		
% of Capitalized OM&A (=A/B)	0%	0%	0%	0%	0%		

TO BE UPDATED AT DRAFT RATE ORDER STAGE

Appendix 2-FA
Renewable Generation Connection Investment Summary (past investments or over the future rate setting period)

Enter the details of the Renewable Generation Connection projects as described in the appropriate section of the Filing Requirements.
All costs entered on this page will be transferred to the appropriate cells in the appendices that follow.

For Part A, Renewable Enabling Improvements (REI), these amounts will be transferred to Appendix 2 - FB
For Part B, Expansions, these amounts will be transferred to Appendix 2 - FC

If there are more than five projects proposed to be in-service in a certain year, please amend the tables below and ensure that the formulae for the Total Amounts in any given rate year are updated.
Based on the current methodology and allocation, amounts allocated represent 6% for REI Connection Investments and 17% for Expansion Investments. (EB-2009-0349, 6-10-2010, p. 15, note 9)

Ensure that OM&A costs below are not included in Recoverable OM&A (App. 2-JA)

There are two scenarios described below. Separate sets of spreadsheets (2-FA, 2-FB, 2-FC) should be submitted for each scenario as required.

Scenario 1: Past investments with No Recovery. The distributor has made investments in the past (during the IRM Years), but has not received approval for these projects and therefore did not receive revenue from the IESO under Regulation 330/09 and did not receive ratepayer revenue for the direct benefit portion of the investment. The WCA percentage, debt percentages, interest rates, kWh, tax rates, amortization period, CCA Class and percentage should correspond to the distributor's last Cost of Service approval. The Direct Benefit portion of the calculated Revenue Requirement for each year should be summed and can be applied for recovery from the distributor's ratepayers through a rate rider. The Provincial Recovery portion of the calculated Revenue Requirement for each year should be summed and can be applied for recovery from the IESO through a separate order.

Scenario 2: Investments in the Test Year and Beyond. Distributor plans to make investments in 2021 and/or beyond. These investments should be added to 2-FA in the appropriate year. The WCA percentage, debt percentages, interest rates, kWh, tax rates, amortization period, CCA Class and percentage should correspond to the distributor's current application.

Part A

REI Investments (Direct Benefit at 6%)

Table with columns: 2016, 2017, 2018, 2019, 2020, Test Year (2021, 2022, 2023, 2024). Rows include Project 1-5 (Capital Costs, Incremental OM&A) and Total Capital Costs, Total Incremental OM&A (Start-Up), Total Incremental OM&A (Ongoing).

0

2025

\$0
\$0
\$0

\$0
\$0
\$0

\$0
\$0
\$0

\$0
\$0
\$0

\$0
\$0
\$0

\$	-
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2025

\$0
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**Appendix 2-FC
 Calculation of Renewable Generation Connection Direct Benefits/Provincial Amount: Renewable Expansion Investments**

This table will calculate the distributor/provincial shares of the investments entered in Part B of Appendix 2-FA.
 Enter values in green shaded cells: WCA percentage, debt percentages, interest rates, kWh, tax rates, amortization period, CCA Class and percentage.
 For historical investments, enter these variables that were approved in your last cost of service test year. For 2021 and beyond, enter variables as in the application.
 Rate Riders related to the direct benefit portion of the renewable investments are not calculated for the Test Year as these assets and costs are already in the distributor's rate base/revenue requirement.

	2016		2017		2018		2019		2020		Total
	Total	Direct Benefit 17%	Provincial 83%	Total	Direct Benefit 17%	Provincial 83%	Total	Direct Benefit 17%	Provincial 83%	Total	
Net Fixed Assets (average)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Incremental O&M&A (on-going, N/A for Provincial Recovery)	\$0	\$ -	\$ -	\$0	\$ -	\$ -	\$0	\$ -	\$ -	\$0	\$0
Incremental O&M&A (start-up, applicable for Provincial Recovery)	\$0	\$ -	\$ -	\$0	\$ -	\$ -	\$0	\$ -	\$ -	\$0	\$0
Rebasing Year vs. Test Year	2015	2021									
Allowance for Working Capital (enter rate)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deemed ST Debt	4.00%	4.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deemed LT Debt	56.00%	56.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deemed Equity	40.00%	40.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ST Interest (enter rate)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LT Interest (enter rate)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Return on Equity (enter rate)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Capital Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
O&M&A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grossed-up PILs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Requirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provincial Rate Protection			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Amount Paid by IESO			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: The distributor should follow the regulatory accounting set out in the Accounting Procedure Handbook Guidance FAQs issued in March 2015. Q10 of the APH FAQs states that: "For approved eligible investments as defined under O.Reg. 330/09 under the OEB Act, a variance account will continue to be used for the purpose of recording variances between the revenue requirement based on actual costs of approved eligible investments and the revenue received from the IESO." The answer for Q10 provides the accounting guidance for this variance account: "Distributors that have included eligible investments to connect qualifying facilities in their DS plans are to establish the variance account 1533 Renewable Generation Connection Funding Deferral Account, Sub-account Provincial Rate Protection Payment Variances following OEB approval for investments forecast to enter service beyond the test year for purposes of implementing rate protection pursuant to O.Reg. 330/09. The purpose of this variance account is to track the variance between the distributor's revenue requirement associated with the portion of the actual capital and/or operating costs that are eligible for rate protection, as incurred by the distributor for eligible renewable enabling and expansion investments, and the rate protection payments collected from the IESO." The answer further provides the journal entries to record the variances. Distributors should follow the instructions in the answer for recording the journal entries in the variance account 1533.

Note 2: For the Test Year, Costs and Revenues of the Direct Benefit are to be included in the test year applicant Rate Base and Revenues.

PILs Calculation

	2016		2017		2018		2019		2020	
	Direct Benefit	Provincial								
Income Tax										
Net Income - ROE on Rate Base	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization (6% DB and 94% P)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA (6% DB and 94% P)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxable Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Rate (to be entered)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income Taxes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Up										
Income Taxes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grossed Up PILs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Test Year										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net Fixed Assets											
Enter applicable amortization in years:	40										
Opening Gross Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Gross Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Opening Accumulated Amortization	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Year Amortization (before additions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions Amortization (half year)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

UCC for PILs Calculation

Test Year

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Appendix 2-G Service Reliability and Quality Indicators

Service Reliability

Index	Including outages caused by loss of supply					Excluding outages caused by loss of supply					Excluding Major Event Days				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
SAIDI	44.980	3.280	13.390	4.580	11.000	2.000	2.190	4.330	2.670	2.480	2.000	2.190	4.330	2.670	2.480
SAIFI	6.880	1.730	4.860	4.240	4.310	0.710	1.270	1.770	2.090	1.180	0.710	1.270	1.770	2.090	1.180

5 Year Historical Average

SAIDI		15.446		2.734	
SAIFI		4.404		1.404	

SAIDI = System Average Interruption Duration Index

SAIFI = System Average Interruption Frequency Index

Service Quality

Indicator	OEB Minimum Standard	2015	2016	2017	2018	2019
Low Voltage Connections	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%
High Voltage Connections	90.0%	100.0%	100.0%	N/A	100.0%	100.0%
Telephone Accessibility	65.0%	N/A	N/A	N/A	N/A	N/A
Appointments Met	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Written Response to Enquires	80.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Emergency Urban Response	80.0%	100.0%	100.0%	N/A	100.0%	100.0%
Emergency Rural Response	80.0%	N/A	N/A	N/A	N/A	N/A
Telephone Call Abandon Rate	10.0%	N/A	N/A	N/A	N/A	N/A
Appointment Scheduling	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rescheduling a Missed Appointment	100.0%	N/A	N/A	N/A	N/A	N/A
Reconnection Performance Standard	85.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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**Appendix 2-1
 Load Forecast CDM Adjustment Work Form**

Appendix 2-1 was initially developed to help determine what would be the amount of CDM savings needed in each year to cumulatively achieve the four year 2011-2014 CDM target. This determined the amount of kWh (and with translation, kW of demand) savings that were converted into dollar balances for the LRAMVA, and also to determine the related adjustment to the load forecast to account for OPA-reported savings. Beginning in the 2015 year, it was adjusted because the persistence of 2011-2014 CDM programs will be an adjustment to the load forecast in addition to the estimated savings for the first year (2015) for the new 2015-2020 CDM plan. This appendix has been updated for 2021 rate applications to acknowledge that in accordance with the Minister of Energy's March 20, 2019 Directive to the IESO, the Conservation First Framework (CFF) is no longer in effect. As distributors are no longer working towards the former 2015-2020 CDM targets, for 2019 and 2020 CDM activity, distributors may propose a CDM manual adjustment to the load forecast. If a distributor elects to propose a CDM manual adjustment to the load forecast, only CDM projects that are subject to a contractual agreement entered into between the distributor and a customer by April 30, 2019 under a former CFF program should be included in the proposed CDM manual adjustment to the load forecast. Distributors should provide relevant documentation to support the manual adjustments for 2019 and 2020 CDM projects, including the corresponding CFF program, project timelines and projected savings.

2019-2020 CDM Activities (and beyond, if applicable)

For the first year of the new 2015-2020 CDM plan, for simplicity, it was assumed that each year's program will achieve an equal amount of new CDM savings. This resulted in each year's program being about 1/6 (or 16.67%) of the cumulative 2015-2020 CDM target for kWh savings.

For 2021 rate applications, distributors should ensure that the sum of the results for the 2015 to 2019 program years is consistent with the results provided by the IESO. For the 2020 and 2021 program year (as applicable), distributors that elect to propose a CDM manual adjustment, should only include the projected CDM savings from projects that are subject to contractual agreements between the distributor and customer made on or before April 30, 2019 under the former CFF.

Former CFF 6 Year (2015-2020) kWh Target*								
	2015	2016	2017	2018	2019	2020	2021**	Total
	%							
2015 CDM Programs						#DIV/0!		#DIV/0!
2016 CDM Programs						#DIV/0!		#DIV/0!
2017 CDM Programs						#DIV/0!		#DIV/0!
2018 CDM Programs						#DIV/0!		#DIV/0!
2019 CDM Programs						#DIV/0!		#DIV/0!
2020 CDM Programs						#DIV/0!		#DIV/0!
Total in Year						#DIV/0!		#DIV/0!
	kWh							
2015 CDM Programs								0.00
2016 CDM Programs								0.00
2017 CDM Programs								0.00
2018 CDM Programs								0.00
2019 CDM Programs								0.00
2020 CDM Programs								0.00
2021 CDM Programs (if applicable)***								0.00
Total in Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*This total will not equal the distributor's former CFF CDM target. Rather, for 2019 and 2020, if the distributor elects to propose a CDM manual adjustment, it should only include the projected savings from projects that are subject to contractual agreements made between the LDC and a customer on or before April 30, 2019 under the former CFF.

** If a distributor wishes to include projected savings that persist from former Conservation First programs into the 2021 test year, you may do so. Please provide relevant supporting documentation to show the savings persistence into 2021.

*** If a distributor expects impacts from any CFF-related projects not deployed by April 2019, but for which a distributor is contractually obligated to complete (or for other programs delivered by the distributor after April 2019), a distributor may include these amounts as part of a CDM manual adjustment to the 2021 load forecast, but must ensure that sufficient supporting evidence is provided in support of all estimated CDM savings.

Note: The default formulae in the above table assume that the 2015-2020 kWh CDM target is achieved through persistence of CDM savings to the end of 2020. Distributors should rely on the Participant and Cost monthly reports provided by the IESO for 2018 and 2019 CDM savings.

Determination of 2021 Load Forecast Adjustment

The OEB determined that the "net" number should be used in its Decision and Order with respect to Centre Wellington Hydro Ltd.'s 2013 Cost of Service rates (EB-2012-0113). This approach has also been used in Settlement Agreements accepted by the OEB in other 2013 and 2014 applications. The distributor should select whether the adjustment is done on a "net" or "gross" basis, but must support a proposal for the adjustment being done on a "gross" basis. Sheet 2-1 defaults to the adjustment being done on a "net" basis consistent with OEB policy and practice.

Manual Adjustment for 2021 Load Forecast (billed basis)	-	-	-	-	-
Manual Adjustment for 2021 LDC-only CDM programs (billed basis)					
Total Manual Forecast to Load Forecast				-	-
Proposed Loss Factor (TLF)		Format: X.XX%			
Manual Adjustment for 2021 Load Forecast (system purchased basis)	-	-	-	-	-

Manual adjustment uses "gross" versus "net" (i.e. numbers multiplied by (1 + g). The Weight factor is also used to calculate the impact of each year's program on the CDM adjustment to the 2021 load forecast.

Appendix 2-IA

Instructions on Customer, Connections, Load Forecast and Revenues Data and Analysis

This sheet requires no inputs, but serves as a summary of the historical and forecasted data to be provided with respect to:

- 1) Customers and connections
- 2) Consumption (kWh)
- 3) Demand (kW or kCA) for applicable demand-billed customer classes
- 4) Revenues

The spreadsheet summarizes the data provided and the analyses (variance or year-over-year) that are required. Data are required to be provided on a customer class level. Consumption (kWh) must also be provided on a total distribution system level.

Appendix 2-IB (formerly 2-IA) is the appendix spreadsheet that the distributor populates, and the spreadsheet is laid out for inputting the necessary data. The spreadsheet also calculates necessary statistics such as average consumption per customer/connection per year, and variances and % annual changes, as necessary.

The distributor is required to provide suitable documentation in Exhibit 3 of its Application, in accordance with section 2.3.2 of Chapter 2 of the Filing Requirements. This would include explanations for material variations or of trends in the data.

The distributor is also required to input its test year customer/connection and load forecast in Sheet 10 - Load Forecast of the Revenue Requirement Work Form. This sheet should also be updated to reflect changes in the load forecast made through the stages of processing of the rates application.

The applicant must demonstrate the historical accuracy of its load forecast approach for at least the past 5 years. Such analysis will cover both customer/connections and consumption (kWh) and demand (kW or kVA) by providing the following, as shown in the following table:

	Calendar Year (for 2021 Cost of Service)	Customers / Connections		Consumption (kWh) ⁽³⁾			Demand (kW or kVA)			Revenues	
				Weather-actual	Weather-normalized		Weather-actual	Weather-normalized		Weather-actual	Weather-normalized
Historical	2015	Actual		Actual	Actual ⁽¹⁾		Actual	Actual ⁽¹⁾		Actual	
Historical	2016	Actual		Actual	Actual ⁽¹⁾		Actual	Actual ⁽¹⁾		Actual	
Historical	2017	Actual	OEB-approved (2)	Actual	Actual ⁽¹⁾	OEB-approved (2)	Actual	Actual ⁽¹⁾	OEB-approved (2)	Actual	
Historical	2018	Actual		Actual	Actual ⁽¹⁾		Actual	Actual ⁽¹⁾		Actual	
Historical	2019	Actual		Actual	Actual ⁽¹⁾		Actual	Actual ⁽¹⁾		Actual	
Bridge Year (Forecast)	2020	Forecast		Forecast	Forecast		Forecast	Forecast			Forecast
Test Year (Forecast)	2021	Forecast		Forecast	Forecast		Forecast	Forecast			Forecast

Notes:

- (1) "Weather-normalized actuals" are estimated by replacing the actual weather-related values (typically Heating Degree Days (HDD) and Cooling Degree Days (CDD)) by the "typical" or "weather-normalized" values. These "weather-normalized HDD and CDD values would be the same as used to estimate the Bridge Year and Test Year forecasts.
- (2) For 2021 Cost of Service rebasers, the typical situation is that 2017 would have been the most recent cost of service rebasing application. If the most recent rebasing application was for a rate year other than 2017, that year should be used. An applicant must provide historical information back to the greater of: a) at least five (5) historical actual years; or b) to its last cost of service application.
- (3) Consumption must be provided on a total distribution system basis as well as at a customer class level.
- (4) Revenues exclude commodity charges.

Appendix 2-IB Customer, Connections, Load Forecast and Revenues Data and Analysis

This sheet is to be filled in accordance with the instructions documented in section 2.3.2 of Chapter 2 of the Filing Requirements for Distribution Rate Applications, in terms of one set of tables per customer class.

Color coding for Cells: Data input Drop-down List
 No data entry required Blank or calculated value

Distribution System (Total)

	Calendar Year (for 2021 Cost of Service)		Consumption (kWh) ⁽³⁾				
				Actual (Weather actual)	Weather- normalized	Weather- normalized	
Historical	2015		Actual	83,274,732.19	81,661,639.12	OEB-approved	
Historical	2016		Actual	81,558,942.07	81,104,493.90		
Historical	2017		Actual	80,226,696.75	81,519,242.63		
Historical	2018		Actual	80,616,208.80	82,445,516.54		
Historical	2019		Actual	80,828,722.60	82,760,074.36		
Bridge Year	2020		Forecast		81,781,523.28		
Test Year	2021		Forecast		81,781,523.28		

Variance Analysis	Year	Year-over-year		Versus OEB- approved
		2015		
	2016	-2.1%	-0.7%	
	2017	-1.6%	0.5%	
	2018	0.5%	1.1%	
	2019	0.3%	0.4%	
	2020		-1.2%	
	2021		0.0%	
	Geometric Mean	-1.0%	0.0%	

Customer Class Analysis (one for each Customer Class, excluding MicroFIT and Standby)

1 Customer Class: Residential

Is the customer class billed on consumption (kWh) or demand (kW or kVA)? kWh

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kWh) ⁽³⁾				Consumption (kWh) per Customer			
		Actual			Actual (Weather actual)	Weather- normalized	Weather- normalized	Actual (Weather actual)	Weather- normalized	Weather- normalized		
Historical	2015	Actual	2,261	OEB-approved	Actual	23,678,804.00	23,678,804.00	OEB-approved	Actual	10,473.87	10,473.87	OEB-approved
Historical	2016	Actual	2,257		Actual	22,546,128.10	22,546,128.10		Actual	9,991.64	9,991.64	
Historical	2017	Actual	2,257		Actual	21,777,280.87	21,777,280.87		Actual	9,649.49	9,649.49	
Historical	2018	Actual	2,253		Actual	22,434,635.27	22,434,635.27		Actual	9,958.04	9,958.04	
Historical	2019	Actual	2,255		Actual	22,186,869.01	22,186,869.01		Actual	9,840.42	9,840.42	
Bridge Year	2020	Forecast	2,250		Forecast	23,652,428.88	23,652,428.88		Forecast	0.00	10,513.24	
Test Year	2021	Forecast	2,250		Forecast	23,652,428.88	23,652,428.88		Forecast	0.00	10,512.68	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB- approved
		2015			2015			2015	
	2016	-0.2%		2016	-4.8%	-4.8%	2016	-4.6%	-4.6%
	2017	0.0%		2017	-3.4%	-3.4%	2017	-3.4%	-3.4%
	2018	-0.2%		2018	3.0%	3.0%	2018	3.2%	3.2%
	2019	0.1%		2019	-1.1%	-1.1%	2019	-1.2%	-1.2%
	2020	-0.2%		2020		6.6%	2020		6.8%
	2021	0.0%		2021		0.0%	2021		0.0%
	Geometric Mean	-0.1%		Geometric Mean	-2.1%	0.0%	Geometric Mean	-2.1%	0.1%

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual		
Historical	2015	Actual	\$ 636,588	OEB-approved
Historical	2016	Actual	\$ 607,122	
Historical	2017	Actual	\$ 618,690	
Historical	2018	Actual	\$ 639,061	
Historical	2019	Actual	\$ 656,324	
Bridge Year (Forecast)	2020	Forecast	\$ 781,054	
Test Year (Forecast)	2021	Forecast	\$ 781,054	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved
		2015	
	2016	-4.6%	
	2017	1.9%	
	2018	3.3%	
	2019	2.7%	
	2020	19.0%	
	2021	0.0%	
	Geometric Mean	4.2%	

2 Customer Class: GS< 50kW

Is the customer class billed on consumption (kWh) or demand (kW or kVA)? kWh

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kWh) ⁽⁹⁾			Consumption (kWh) per Customer				
		Actual			Actual (Weather actual)	Weather- normalized	Weather- normalized	Actual (Weather actual)	Weather- normalized	Weather- normalized		
Historical	2015	Actual	453	OEB-approved	Actual	10,713,015.00	10,713,015.00	OEB-approved	Actual	23,644.69	23,644.69	OEB-approved
Historical	2016	Actual	453		Actual	10,266,744.69	10,266,744.69		Actual	22,680.58	22,680.58	
Historical	2017	Actual	450		Actual	10,334,459.25	10,334,459.25		Actual	22,944.22	22,944.22	
Historical	2018	Actual	457		Actual	11,004,124.85	11,004,124.85		Actual	24,074.66	24,074.66	
Historical	2019	Actual	462		Actual	10,694,020.57	10,694,020.57		Actual	23,155.58	23,155.58	
Bridge Year	2020	Forecast	470		Forecast		10,991,463.15		Forecast	0.00	23,385.44	
Test Year	2021	Forecast	478		Forecast		10,991,463.15		Forecast	0.00	22,978.46	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB- approved
		2015			2015			2015	
	2016	-0.1%		2016	-4.2%	-4.2%	2016	-4.1%	-4.1%
	2017	-0.5%		2017	0.7%	0.7%	2017	1.2%	1.2%
	2018	1.5%		2018	6.5%	6.5%	2018	4.9%	4.9%
	2019	1.0%		2019	-2.8%	-2.8%	2019	-3.8%	-3.8%
	2020	1.8%		2020	2.8%	2.8%	2020	1.0%	1.0%
	2021	1.8%		2021	0.0%	0.0%	2021	-1.7%	-1.7%
	Geometric Mean	1.1%		Geometric Mean	-0.1%	0.5%	Geometric Mean	-0.7%	-0.6%

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual		
Historical	2015	Actual	\$ 172,010	OEB-approved
Historical	2016	Actual	\$ 163,059	
Historical	2017	Actual	\$ 165,748	
Historical	2018	Actual	\$ 173,654	
Historical	2019	Actual	\$ 175,197	
Bridge Year (Forecast)	2020	Forecast	\$ 209,236	
Test Year (Forecast)	2021	Forecast	\$ 209,236	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved
		2015	
	2016	-5.2%	
	2017	1.6%	
	2018	4.8%	
	2019	0.9%	
	2020	19.4%	
	2021	0.0%	
	Geometric Mean	4.0%	

3 Customer Class: GS 50-1499kW

Is the customer class billed on consumption (kWh) or demand (kW or kVA)? kW

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kW) ⁽³⁾			Consumption (kWh) per Customer				
		Actual			Actual (Weather actual)	Weather- normalized	Weather- normalized	Actual (Weather actual)	Weather- normalized	Weather- normalized		
Historical	2015	Actual	42	OEB-approved	Actual	71,584.33	71,584.33	OEB-approved	Actual	1,697.65	1,697.65	OEB-approved
Historical	2016	Actual	43		Actual	69,687.00	69,687.00		Actual	1,620.63	1,620.63	
Historical	2017	Actual	42		Actual	69,073.19	69,073.19		Actual	1,647.87	1,647.87	
Historical	2018	Actual	36		Actual	66,209.04	66,209.04		Actual	1,839.14	1,839.14	
Historical	2019	Actual	36		Actual	66,925.14	66,925.14		Actual	1,863.34	1,863.34	
Bridge Year	2020	Forecast	36		Forecast		65,171.77		Forecast	0.00	1,829.02	
Test Year	2021	Forecast	35		Forecast		65,171.77		Forecast	0.00	1,843.64	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB- approved
		2015			2015			2015	
	2016	2.0%		2016	-2.7%	-2.7%	2016	-4.5%	-4.5%
	2017	-2.5%		2017	-0.9%	-0.9%	2017	1.7%	1.7%
	2018	-14.1%		2018	-4.1%	-4.1%	2018	11.6%	11.6%
	2019	-0.2%		2019	1.1%	1.1%	2019	1.3%	1.3%
	2020	-0.8%		2020		-2.6%	2020		-1.8%
	2021	-0.8%		2021		0.0%	2021		0.8%
	Geometric Mean	-3.5%		Geometric Mean	-2.2%	-1.9%	Geometric Mean	3.2%	1.7%

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual		
Historical	2015	Actual	\$ 140,419	OEB-approved
Historical	2016	Actual	\$ 148,511	
Historical	2017	Actual	\$ 149,308	
Historical	2018	Actual	\$ 141,793	
Historical	2019	Actual	\$ 144,934	
Bridge Year (Forecast)	2020	Forecast	\$ 144,211	
Test Year (Forecast)	2021	Forecast	\$ 161,015	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved
		2015	
	2016	5.8%	
	2017	0.5%	
	2018	-5.0%	
	2019	2.2%	
	2020	-0.5%	
	2021	11.7%	
	Geometric Mean	2.8%	

4 Customer Class: Intermediate

Is the customer class billed on consumption (kWh) or demand (kW or kVA)? kW

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kW) ⁽³⁾			Consumption (kWh) per Customer				
		Actual			Actual (Weather actual)	Weather- normalized	Weather- normalized	Actual (Weather actual)	Weather- normalized	Weather- normalized		
Historical	2015	Actual	2	OEB-approved	Actual	58,405.14	58,405.14	OEB-approved	Actual	29,202.57	29,202.57	OEB-approved
Historical	2016	Actual	2		Actual	56,342.98	56,342.98		Actual	28,171.49	28,171.49	
Historical	2017	Actual	2		Actual	56,199.82	56,199.82		Actual	28,099.91	28,099.91	
Historical	2018	Actual	2		Actual	56,066.54	56,066.54		Actual	28,033.27	28,033.27	
Historical	2019	Actual	2		Actual	60,137.31	60,137.31		Actual	30,068.66	30,068.66	
Bridge Year	2020	Forecast	2		Forecast		57,467.89		Forecast	0.00	28,733.95	
Test Year	2021	Forecast	2		Forecast		57,467.89		Forecast	0.00	28,733.95	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB- approved
		2015			2015			2015	
	2016	0.0%		2016	-3.5%	-3.5%	2016	-3.5%	-3.5%
	2017	0.0%		2017	-0.3%	-0.3%	2017	-0.3%	-0.3%
	2018	0.0%		2018	-0.2%	-0.2%	2018	-0.2%	-0.2%
	2019	0.0%		2019	7.3%	7.3%	2019	7.3%	7.3%
	2020	0.0%		2020		-4.4%	2020		-4.4%
	2021	0.0%		2021		0.0%	2021		0.0%
	Geometric Mean	0.0%		Geometric Mean	1.0%	-0.3%	Geometric Mean	1.0%	-0.3%

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual		
Historical	2015	Actual	\$ 76,204	OEB-approved
Historical	2016	Actual	\$ 69,927	
Historical	2017	Actual	\$ 70,986	
Historical	2018	Actual	\$ 71,572	
Historical	2019	Actual	\$ 77,399	
Bridge Year (Forecast)	2020	Forecast	\$ 75,334	
Test Year (Forecast)	2021	Forecast	\$ 82,298	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved
		2015	
	2016	-8.2%	
	2017	1.5%	
	2018	0.8%	
	2019	8.1%	
	2020	-2.7%	
	2021	9.2%	
	Geometric Mean	1.6%	

5 Customer Class:

Is the customer class billed on consumption (kWh) or demand (kW or kVA)?

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kW) ^(B)			Consumption (kWh) per Customer				
		Actual			Actual (Weather actual)	Weather- normalized	Weather- normalized	Actual (Weather actual)	Weather- normalized	Weather- normalized		
Historical	2015	Actual	13	OEB-approved	Actual	45.99	45.99	OEB-approved	Actual	3.58	3.58	OEB-approved
Historical	2016	Actual	10		Actual	35.73	35.73		Actual	3.51	3.51	
Historical	2017	Actual	11		Actual	24.78	24.78		Actual	2.20	2.20	
Historical	2018	Actual	12		Actual	26.26	26.26		Actual	2.19	2.19	
Historical	2019	Actual	12		Actual	26.26	26.26		Actual	2.19	2.19	
Bridge Year	2020	Forecast	12		Forecast	26.66	26.66		Forecast	0.00	2.19	
Test Year	2021	Forecast	12		Forecast	27.01	27.01		Forecast	0.00	2.19	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB- approved
		2015			2015			2015	
	2016	-20.8%		2016	-22.3%	-22.3%	2016	-1.9%	-1.9%
	2017	10.7%		2017	-30.7%	-30.7%	2017	-37.3%	-37.3%
	2018	6.7%		2018	6.0%	6.0%	2018	-0.7%	-0.7%
	2019	0.0%		2019	0.0%	0.0%	2019	0.0%	0.0%
	2020	1.3%		2020	1.5%	1.5%	2020	0.2%	0.2%
	2021	1.3%		2021	1.3%	1.3%	2021	0.0%	0.0%
	Geometric Mean	-0.8%		Geometric Mean	-17.0%	-10.1%	Geometric Mean	-15.2%	-9.4%

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual		
Historical	2015	Actual	\$ 1,911	OEB-approved
Historical	2016	Actual	\$ 1,201	
Historical	2017	Actual	\$ 1,232	
Historical	2018	Actual	\$ 1,326	
Historical	2019	Actual	\$ 1,344	
Bridge Year (Forecast)	2020	Forecast	\$ 1,386	
Test Year (Forecast)	2021	Forecast	\$ 2,022	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved
		2015	
	2016	-37.2%	
	2017	2.6%	
	2018	7.6%	
	2019	1.4%	
	2020	3.1%	
	2021	45.9%	
	Geometric Mean	1.1%	

6 Customer Class: Street Lighting

Is the customer class billed on consumption (kWh) or demand (kW or kVA)? kW

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kW) ^(B)			Consumption (kWh) per Customer			
		Actual			Actual (Weather actual)	Weather- normalized	Weather- normalized	Actual (Weather actual)	Weather- normalized	Weather- normalized	
Historical	2015	Actual	942	OEB-approved	Actual	3,158.52	3,158.52	OEB-approved	Actual	3.35	3.35 OEB-approved
Historical	2016	Actual	953		Actual	2,105.05	2,105.05		Actual	2.21	2.21
Historical	2017	Actual	961		Actual	1,356.13	1,356.13		Actual	1.41	1.41
Historical	2018	Actual	962		Actual	1,358.56	1,358.56		Actual	1.41	1.41
Historical	2019	Actual	962		Actual	1,358.56	1,358.56		Actual	1.41	1.41
Bridge Year	2020	Forecast	967		Forecast		1,365.83		Forecast	0.00	1.41
Test Year	2021	Forecast	973		Forecast		1,373.29		Forecast	0.00	1.41

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB- approved
		2015			2015			2015	
	2016	1.2%		2016	-33.4%	-33.4%	2016	-34.1%	-34.1%
	2017	0.8%		2017	-35.6%	-35.6%	2017	-36.1%	-36.1%
	2018	0.1%		2018	0.2%	0.2%	2018	0.0%	0.0%
	2019	0.0%		2019	0.0%	0.0%	2019	0.0%	0.0%
	2020	0.5%		2020	0.5%	0.5%	2020	0.0%	0.0%
	2021	0.5%		2021	0.5%	0.5%	2021	0.0%	0.0%
	Geometric Mean	0.6%		Geometric Mean	-24.5%	-15.3%	Geometric Mean	-25.0%	-15.9%

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual		
Historical	2015	Actual	\$ 63,953	OEB-approved
Historical	2016	Actual	\$ 57,470	
Historical	2017	Actual	\$ 56,971	
Historical	2018	Actual	\$ 57,544	
Historical	2019	Actual	\$ 58,410	
Bridge Year (Forecast)	2020	Forecast	\$ 59,840	
Test Year (Forecast)	2021	Forecast	\$ 54,869	

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved
		2015	
	2016	-10.1%	
	2017	-0.9%	
	2018	1.0%	
	2019	1.5%	
	2020	2.4%	
	2021	-8.3%	
	Geometric Mean	-3.0%	

7 Customer Class:

Is the customer class billed on consumption (kWh) or demand (kW or kVA)?

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kWh) ⁽⁹⁾			Consumption (kWh) per Customer		
		Actual	Weather-normalized	OEB-approved	Actual (Weather actual)	Weather- normalized	Weather- normalized	Actual (Weather actual)	Weather- normalized	Weather- normalized
Historical	2015	Actual		OEB-approved	Actual		OEB-approved	Actual		OEB-approved
Historical	2016	Actual			Actual			Actual		
Historical	2017	Actual			Actual			Actual		
Historical	2018	Actual			Actual			Actual		
Historical	2019	Actual			Actual			Actual		
Bridge Year	2020	Forecast			Forecast			Forecast		
Test Year	2021	Forecast			Forecast			Forecast		

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB- approved
		2015			2015			2015	
	2016			2016			2016		
	2017			2017			2017		
	2018			2018			2018		
	2019			2019			2019		
	2020			2020			2020		
	2021			2021			2021		
	Geometric Mean			Geometric Mean			Geometric Mean		

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual	Weather-normalized	OEB-approved
Historical	2015	Actual		OEB-approved
Historical	2016	Actual		
Historical	2017	Actual		
Historical	2018	Actual		
Historical	2019	Actual		
Bridge Year (Forecast)	2020	Forecast		
Test Year (Forecast)	2021	Forecast		

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved
		2015	
	2016		
	2017		
	2018		
	2019		
	2020		
	2021		
	Geometric Mean		

8 Customer Class:

Is the customer class billed on consumption (kWh) or demand (kW or kVA)?

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kWh) ⁽⁹⁾			Consumption (kWh) per Customer			
		Actual	Weather-normalized	Weather-normalized	Actual (Weather actual)	Weather-normalized	Weather-normalized	Actual (Weather actual)	Weather-normalized	Weather-normalized	
Historical	2015	Actual	OEB-approved		Actual		OEB-approved		Actual		OEB-approved
Historical	2016	Actual			Actual				Actual		
Historical	2017	Actual			Actual				Actual		
Historical	2018	Actual			Actual				Actual		
Historical	2019	Actual			Actual				Actual		
Bridge Year	2020	Forecast			Forecast				Forecast		
Test Year	2021	Forecast			Forecast				Forecast		

Variance Analysis	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB-approved
		2015			2015			2015	
	2016			2016			2016		
	2017			2017			2017		
	2018			2018			2018		
	2019			2019			2019		
	2020			2020			2020		
	2021			2021			2021		
	Geometric Mean			Geometric Mean			Geometric Mean		

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual	Weather-normalized	Weather-normalized
Historical	2015	Actual	OEB-approved	
Historical	2016	Actual		
Historical	2017	Actual		
Historical	2018	Actual		
Historical	2019	Actual		
Bridge Year (Forecast)	2020	Forecast		
Test Year (Forecast)	2021	Forecast		

Variance Analysis	Year	Year-over-year	Test Year Versus OEB-approved
		2015	
	2016		
	2017		
	2018		
	2019		
	2020		
	2021		
	Geometric Mean		

9 Customer Class:

Is the customer class billed on consumption (kWh) or demand (kW or kVA)?

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kWh) ⁽⁹⁾			Consumption (kWh) per Customer		
		Actual	OEB-approved		Actual (Weather actual)	Weather- normalized	Weather- normalized	Actual (Weather actual)	Weather- normalized	Weather- normalized
Historical	2015	Actual			Actual			Actual		
Historical	2016	Actual			Actual			Actual		
Historical	2017	Actual			Actual			Actual		
Historical	2018	Actual			Actual			Actual		
Historical	2019	Actual			Actual			Actual		
Bridge Year	2020	Forecast			Forecast			Forecast		
Test Year	2021	Forecast			Forecast			Forecast		

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB- approved
		2015			2015			2015	
	2016			2016			2016		
	2017			2017			2017		
	2018			2018			2018		
	2019			2019			2019		
	2020			2020			2020		
	2021			2021			2021		
	Geometric Mean			Geometric Mean			Geometric Mean		

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual	OEB-approved	
Historical	2015	Actual		
Historical	2016	Actual		
Historical	2017	Actual		
Historical	2018	Actual		
Historical	2019	Actual		
Bridge Year (Forecast)	2020	Forecast		
Test Year (Forecast)	2021	Forecast		

Variance Analysis	Year	Year-over-year	Test Year Versus OEB- approved
		2015	
	2016		
	2017		
	2018		
	2019		
	2020		
	2021		
	Geometric Mean		

10 Customer Class:

Is the customer class billed on consumption (kWh) or demand (kW or kVA)?

	Calendar Year (for 2021 Cost of Service)	Customers			Consumption (kWh) ⁽⁹⁾			Consumption (kWh) per Customer		
		Actual	Weather-normalized	OEB-approved	Actual (Weather actual)	Weather-normalized	Weather-normalized	Actual (Weather actual)	Weather-normalized	Weather-normalized
Historical	2015	Actual		OEB-approved	Actual		OEB-approved	Actual		OEB-approved
Historical	2016	Actual			Actual			Actual		
Historical	2017	Actual			Actual			Actual		
Historical	2018	Actual			Actual			Actual		
Historical	2019	Actual			Actual			Actual		
Bridge Year	2020	Forecast			Forecast			Forecast		
Test Year	2021	Forecast			Forecast			Forecast		

Variance Analysis	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB-approved	Year	Year-over-year	Test Year Versus OEB-approved
		2015			2015			2015	
	2016			2016			2016		
	2017			2017			2017		
	2018			2018			2018		
	2019			2019			2019		
	2020			2020			2020		
	2021			2021			2021		
	Geometric Mean			Geometric Mean			Geometric Mean		

	Calendar Year (for 2021 Cost of Service)	Revenues		
		Actual	Weather-normalized	OEB-approved
Historical	2015	Actual		OEB-approved
Historical	2016	Actual		
Historical	2017	Actual		
Historical	2018	Actual		
Historical	2019	Actual		
Bridge Year (Forecast)	2020	Forecast		
Test Year (Forecast)	2021	Forecast		

Variance Analysis	Year	Year-over-year	Test Year Versus OEB-approved
		2015	
	2016		
	2017		
	2018		
	2019		
	2020		
	2021		
	Geometric Mean		

Note: If there are more than ten (10) customer classes, please contact OEB Staff to add tables for additional customer classes.

	A	J	K	O	R	U	X	Y	Z
1								File Number:	EB-2020-0027
2								Exhibit:	
3								Tab:	
4	TO BE UPDATED AT THE DRAFT RATE ORDER STAGE							Schedule:	
5								Page:	
6									
7								Date:	
8									
9	Appendix 2-K								
10	Employee Costs								
11									
12		Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actuals)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
13	Number of Employees (FTEs including Part-Time)¹								
14	Management (including executive)	1	1	1	1	1	1	1	1
15	Non-Management (union and non-union)	6	6	6	6	6	6	6	6
16	Total	7	7	7	7	7	7	7	7
17	Total Salary and Wages including overtime and incentive pay								
18	Management (including executive)		\$ 80,771	\$ 85,573	\$ 86,312	\$ 87,843	\$ 89,981	\$ 91,000	\$ 91,425
19	Non-Management (union and non-union)		\$ 313,141	\$ 325,304	\$ 367,873	\$ 354,333	\$ 344,797	\$ 392,000	\$ 407,800
20	Total	\$ -	\$ 393,911	\$ 410,878	\$ 454,185	\$ 442,176	\$ 434,778	\$ 483,000	\$ 499,225
21	Total Benefits (Current + Accrued)								
22	Management (including executive)		\$ 13,335	\$ 14,650	\$ 14,239	\$ 12,812	\$ 14,696	\$ 14,500	\$ 15,000
23	Non-Management (union and non-union)		\$ 160,098	\$ 135,017	\$ 152,307	\$ 185,026	\$ 165,303	\$ 156,800	\$ 163,120
24	Total	\$ -	\$ 173,433	\$ 149,667	\$ 166,546	\$ 197,838	\$ 179,999	\$ 171,300	\$ 178,120
25	Total Compensation (Salary, Wages, & Benefits)								
26	Management (including executive)	\$ -	\$ 94,105	\$ 100,223	\$ 100,551	\$ 100,655	\$ 104,677	\$ 105,500	\$ 106,425
27	Non-Management (union and non-union)	\$ -	\$ 473,239	\$ 460,322	\$ 520,180	\$ 539,359	\$ 510,100	\$ 548,800	\$ 570,920
28	Total	\$ -	\$ 567,344	\$ 560,544	\$ 620,731	\$ 640,014	\$ 614,777	\$ 654,300	\$ 677,345
29									
30	Note:								
31	1. If an applicant wishes to use headcount, it must also file the same schedule on an FTE basis.								

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Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE ¹

	Last Rebasing Year 2015 - OEB Approved	Last Rebasing Year 2015 - Actual	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Reporting Basis								
OM&A Costs								
O&M	\$ 468,560	\$ 597,853	\$ 411,467	\$ 438,157	\$ 482,950	\$ 474,760	\$ 486,350	\$ 492,241
Admin Expenses	\$ 550,664	\$ 618,126	\$ 636,359	\$ 654,440	\$ 638,766	\$ 626,987	\$ 718,500	\$ 715,206
Total Recoverable OM&A from Appendix 2-JB⁵								
Number of Customers ^{2,4}	2,781	2,760	2,756	2,753	2,750	2,756	2,759	2,759
Number of FTEs ^{3,4}	7	7	7	7	7	7	7	7
Customers/FTEs	397	394	394	393	393	394	394	394
OM&A cost per customer								
O&M per customer	\$168	\$217	\$149	\$159	\$176	\$172	\$176	\$178
Admin per customer	\$198	\$224	\$231	\$238	\$232	\$227	\$260	\$259
Total OM&A per customer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OM&A cost per FTE								
O&M per FTE	\$66,937	\$85,408	\$58,781	\$62,594	\$68,993	\$67,823	\$69,479	\$70,320
Admin per FTE	\$78,666	\$88,304	\$90,908	\$93,491	\$91,252	\$89,570	\$102,643	\$102,172
Total OM&A per FTE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

- 1 If it has been more than four years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than four years ago, a minimum of three years of actual
- 2 The method of calculating the number of customers must be identified. Should correspond with data provided in Appendix 2-IB.
- 3 The method of calculating the number of FTEs must be identified. See also Appendix 2-K.
- 4 The number of customers and the number of FTEs should correspond to mid-year or average of January 1 and December 31 figures.
- 5 For the test year, the applicant should take into account the system O&M (line 22 of Appendix 2-AB) in developing its forecasted OM&A.

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TO BE UPDATED AT THE DRAFT RATE ORDER STAGE

Appendix 2-M
 Regulatory Cost Schedule

Regulatory Cost Category	USoA Account	USoA Account Balance	Last Rebasing Year (2015 OEB Approved)	Last Rebasing Year (2015 Actual)	Most Current Actuals Year 2019	2020 Bridge Year	Annual % Change	2021 Test Year	Annual % Change
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)=[(G-F)]/F	(I)	(J)=[(I-H)]/H
Regulatory Costs (Ongoing)									
1 OEB Annual Assessment	5655	12,438	7,000		13,733	12,438	-9.43%	13,000	4.52%
2 OEB Section 30 Costs (OEB-initiated)	5655		800						
3 Expert Witness costs for regulatory matters	5655								
4 Legal costs for regulatory matters	5655								
5 Consultants' costs for regulatory matters	5655	32,208	30,000		32,177	32,208	0.10%	33,250	3.24%
6 Operating expenses associated with staff resources allocated to regulatory matters	5655				968		-100.00%		
7 Operating expenses associated with other resources allocated to regulatory matters ¹	5655								
8 Other regulatory agency fees or assessments	5655		3,300						
9 Any other costs for regulatory matters (please define)	5655		18,200					18,400	
10 Interenor costs	5655								
11 Include other items in green cells, as applicable	5655								
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
Regulatory Costs (One-Time)									
1 Expert Witness costs									
2 Legal costs									
3 Consultants' costs									
4 Incremental operating expenses associated with staff resources allocated to this application.									
5 Incremental operating expenses associated with other resources allocated to this application. ¹									
6 Interenor costs									
7 OEB Section 30 Costs (application-related)									
8 AESS								36,000	
9 Legal Fees								15,000	
10 Accounting Fees								15,000	
11 External Costs								0	
12 External Costs								0	
13 External Costs								0	
14 Production & Submission								500	
15 Public Notice								500	
16 Interrogatories (Accounting/Legal)								0	
17 Settlement/Oral hearing								0	
18 Reply submission								0	
19 Interenor costs								25,000	
20 Rate Order								0	
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
1 Sub-total - Ongoing Costs ²		\$ 44,646	\$ 59,300	\$ -	\$ 46,878	\$ 44,646	-4.76%	\$ 64,850	44.81%
2 Sub-total - One-time Costs ³		\$ -	\$ -	\$ -	\$ -	\$ -		\$ 92,000	
3 Total		\$ 44,646	\$ 59,300	\$ -	\$ 46,878	\$ 44,646	-4.76%	\$ 83,050	86.02%

Application-Related One-Time Costs	Total
Total One-Time Costs Related to Application to be Amortized over IRM Period	\$ 92,000
1/3 of Total One-Time Costs	\$ 18,400

Notes:
¹ Please identify the resources involved.
² Sum of all ongoing costs.
³ Sum of all one-time costs related to this application.

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Appendix 2-N
Shared Services and Corporate Cost Allocation ¹

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Appendix 2-OA Capital Structure and Cost of Capital

This table must be completed for the last OEB-approved year and the test year.

Test Year: 2021

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$1,352,320	2.85%	\$38,541
2	Short-term Debt	4.00% (1)	\$96,594	1.75%	\$1,690
3	Total Debt	60.0%	\$1,448,914	2.78%	\$40,232
Equity					
4	Common Equity	40.00%	\$965,943	8.34%	\$80,560
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$965,943	8.34%	\$80,560
7	Total	100.0%	\$2,414,857	5.00%	\$120,791

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

Last OEB-approved year: 2015

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$1,352,320	4.54%	\$61,395
2	Short-term Debt	4.00% (1)	\$96,594	1.65%	\$1,594
3	Total Debt	60.0%	\$1,448,914	4.35%	\$62,989
Equity					
4	Common Equity	40.00%	\$965,943	9.19%	\$88,770
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$965,943	9.19%	\$88,770
7	Total	100.0%		6.28%	\$151,759

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

**Appendix 2-OB
Debt Instruments**

This table must be completed for all required historical years, the bridge year and the test year.

NOT APPLICABLE

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**Appendix 2-Q
 Cost of Serving Embedded Distributor(s)**

To be completed by Host Distributors ONLY

(Not required if Host Distributor has an Embedded Distributor rate class, i.e. a separate row on Sheet 11 of the RRWF.)

Proposed Rate Class for Billing Embedded Distributor(s)

Host's Distribution Facilities used by Embedded Distributor(s)

(1)	(2)	(3)	(4)	(5)	(6) = (3) + (4)
Asset Class	Total OM&A costs associated with asset class	Original cost of asset class	Accumulated amortization of asset class	Annual amortization of asset class	Net Book Value of asset class
Totals for Host Distributor:	(\$)	(\$)	(\$)	(\$)	
Distribution Stations					\$ -
Low Voltage Line					\$ -
LV Line category # 2 (if applicable)					\$ -
TS (owned by host)					\$ -
add rows if necessary...					\$ -
					\$ -
					\$ -

(1)	(7)	(8)	(9)	(10)	(11)
Asset Class	Total line length or station capacity in asset class	Line length or capacity required to provide LV service to Embedded Distributor(s)	Annual total demand on station/line providing LV services (sum of 12 monthly peaks)	Annual billed Embedded Distributor demand on station/line providing LV services	Embedded Distributor(s)' Responsibility Share
Embedded Distributor's share:	kW or kVa; km	kW or kVA; km	kW or kVA	kW or kVA	percent
Distribution Stations					0.00%
Low Voltage Line					0.00%
LV Line # 2 (if applicable)					0.00%
TS (owned by host)					0.00%

add rows if necessary					0.00%
-----------------------	--	--	--	--	-------

(1)	(12)	(12a)	(13)	(14)	(15)	(16)
Asset Class	Return on Assets used to Provide LV services	Taxes/PILs	Annual amortization on assets used to provide LV services	OM&A costs with burden associated with assets used to provide LV services	Total annual cost associated with assets used to provide LV services	Monthly cost associated with the delivery of LV services
	(\$)	(\$)	(\$)	(\$)	(\$)	\$/kW or \$/kVA
Distribution Stations	\$ -	\$ -	\$ -	\$ -	\$ -	0.00
Low Voltage Line	\$ -	\$ -	\$ -	\$ -	\$ -	0.00
LV Line # 2 (if applicable)	\$ -	\$ -	\$ -	\$ -	\$ -	0.00
TS (owned by host)	\$ -	\$ -	\$ -	\$ -	\$ -	0.00
add rows if necessary	\$ -	\$ -	\$ -	\$ -	\$ -	0.00
Total					\$ -	0.00

(17)	(18)	(19)	(20)	(21)
	Capital Structure (%)	Cost Rate (%)		(%)
Long-Term Debt			Weighted Average Cost of Capital	0.00%
Short-term Debt				
Common Equity			Tax/PILs Rate	
Preferred Shares				
Total	0.00%		Working Capital Allowance Factor	

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Appendix 2-R Loss Factors

		Historical Years					5-Year Average
		2015	2016	2017	2018	2019	
Losses Within Distributor's System							
A(1)	"Wholesale" kWh delivered to distributor (higher value)	83,274,732	81,558,942	80,226,697	80,616,209	80,828,723	81,301,061
A(2)	"Wholesale" kWh delivered to distributor (lower value)	83,156,963	81,449,344	80,151,361	80,509,366	80,714,683	81,196,343
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)						-
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	83,156,963	81,449,344	80,151,361	80,509,366	80,714,683	81,196,343
D	"Retail" kWh delivered by distributor	81,153,613	79,493,037	77,311,226	78,301,997	77,770,163	78,806,007
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)						-
F	Net "Retail" kWh delivered by distributor = D - E	81,153,613	79,493,037	77,311,226	78,301,997	77,770,163	78,806,007
G	Loss Factor in Distributor's system = C / F	1.0247	1.0246	1.0367	1.0282	1.0379	1.0303
Losses Upstream of Distributor's System							
H	Supply Facilities Loss Factor	1.0227	1.0227	1.0227	1.0227	1.0227	1.0227
Total Losses							
I	Total Loss Factor = G x H	1.0480	1.0479	1.0603	1.0516	1.0615	1.0538

Notes:

- A(1)** If directly connected to the IESO-controlled grid, kWh pertains to the virtual meter on the primary or high voltage side of the transformer at the interface with the transmission grid. This corresponds to the "With Losses" kWh value provided by the IESO's MV-WEB. It is the higher of the two values provided by MV-WEB.

If fully embedded within a host distributor, kWh pertains to the virtual meter on the primary or high voltage side of the transformer, at the interface between the host distributor and the transmission grid. For example, if the host distributor is Hydro One Networks Inc., kWh from the Hydro One Networks' invoice corresponding to "Total kWh w Losses" should be reported. This corresponds to the higher of the two kWh values provided in Hydro One Networks' invoice.

If partially embedded, kWh pertains to the sum of the above.
- A(2)** If directly connected to the IESO-controlled grid, kWh pertains to a metering installation on the secondary or low voltage side of the transformer at the interface with the transmission grid. This corresponds to the "Without Losses" kWh value provided by the IESO's MV-WEB. It is the lower of the two kWh values provided by MV-WEB.

If fully embedded with the host distributor, kWh pertains to a metering installation on the secondary or low voltage side of the transformer at the interface between the embedded distributor and the host distributor. For example, if the host distributor is Hydro One Networks Inc., kWh from the Hydro One Networks' invoice corresponding to "Total kWh" should be reported. This corresponds to the lower of the two kWh values provided in Hydro One Networks' invoice.

If partially embedded, kWh pertains to the sum of the above.

Additionally, kWh pertaining to distributed generation directly connected to the distributor's own distribution network should be included in **A(2)**.
- B** If a Large Use Customer is metered on the secondary or low voltage side of the transformer, the default loss is 1% (i.e., **B** = 1.01 X **E**). This value should not include supply facility losses. However, the total loss factor on the tariff of rate and charges and applied to customers consumption should include the supply facility loss factor.
- D** kWh corresponding to D should equal metered or estimated kWh at the customer's delivery point.
- E** Metered consumption of Large Use customers.
- G and I** These loss factors pertain to secondary-metered customers with demand less than 5,000 kW.
- H** Actual Supply Facility Loss Factor as calculated by dividing A(1) by A(2).

Commodity Expense

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Step 1: 2021 Forecasted Commodity Prices

<u>Forecasted Commodity Prices</u>		Table 1: Average RPP Supply Cost Summary*		non-RPP	RPP
HOEP (\$/MWh)	Load-Weighted Price for RPP Consumers			\$20.09	\$20.09
Global Adjustment (\$/MWh)	Impact of the Global Adjustment			\$106.94	\$106.94
Adjustments (\$/MWh)					\$1.00
TOTAL (\$/MWh)	Average Supply Cost for RPP Consumers				\$128.03

Step 2: Commodity Expense

(volumes for the bridge and test year are loss adjusted)

Commodity				2021 Test Year						
Customer		Revenue	Expense							
Class Name	UoM	USA #	USA #	Class A Non-RPP Volume**		Class B Non-RPP Volume**	Class B RPP Volume**	Average HOEP	Average RPP Rate	Amount
Residential	kWh	4006	4705				22,772,959	\$ 0.02009	\$ 0.12803	\$2,915,622
General Service < 50 kW	kWh	4010	4705				10,422,624	\$ 0.02009	\$ 0.12803	\$1,334,409
General Service > 50 to 4999 kW	kWh	4035	4705	8,291,438		12,403,985	3,791,897	\$ 0.02009	\$ 0.12803	\$901,248
Intermediate	kWh	4010	4705	20,767,073				\$ 0.02009	\$ 0.12803	\$417,210
Sentinel	kWh	4025	4705				9,744	\$ 0.02009	\$ 0.12803	\$1,248
Street Lighting	kWh	4025	4705			15,063		\$ 0.02009	\$ 0.12803	\$303
	kWh	4025	4705					\$ 0.02009	\$ 0.12803	\$0
	kWh	4025	4705					\$ 0.02009	\$ 0.12803	\$0
	kWh	4025	4705					\$ 0.02009	\$ 0.12803	\$0
TOTAL										\$5,570,039

Class A - non-RPP Global Adjustment				2021 Test Year			
Customer		Revenue	Expense	kWh Volume		Hist. Avg GA/kWh ***	Amount

General Service > 50 to 4999 kW		4035	4707		8,291,438		\$	0.0864	\$716,334
Intermediate		4010	4707		20,767,073			0.072574853	\$1,507,167
		4010	4707						\$0
					29,058,511				\$2,223,501

Class B - non-RPP Global Adjustment

				2021 Test Year						
Customer		Revenue	Expense						Amount	
Class Name	UoM	USA #	USA #			Class B Non-RPP Volume			GA Rate/kWh	
Residential	kWh	4006	4707			0			\$ 0.10694	\$0
General Service < 50 kW	kWh	4010	4707			0			\$ 0.10694	\$0
General Service > 50 to 4999 kW	kWh	4035	4707			12,403,985			\$ 0.10694	\$1,326,482
Intermediate	kWh	4010	4707			0			\$ 0.10694	\$0
Sentinel	kWh	4025	4707			0			\$ 0.10694	\$0
Street Lighting	kWh	4025	4707			15,063			\$ 0.10694	\$1,611
	kWh	4025	4707			0			\$ 0.10694	\$0
	kWh	4025	4707			0			\$ 0.10694	\$0
Total Volume						12,419,048				
TOTAL										\$1,328,093

*Regulated Price Plan Prices for the Period November 1, 2019 – October 31, 2020

** Enter 2021 load forecast data by class based on the most recent 12-month historic Class A and Class B RPP/Non-RPP proportions

*** Based on average \$ GA per kWh billed to class A customers for most recent 12-month historical year.

Cost of Power Calculation

1. Volumns for Electricity Commodity and Global Adjustment non-RPP in kWh
2. All Volume should be loss adjusted with the exception of:
 - Volume for Electricity Commodity, Wholesale Market Services, Class A and B should loss adjusted less WMP
 - Low Voltage Charges - No loss adjustment for kWh

		2021 Test Year		RPP	
		Volume	Rate	\$	
<i>Electricity Commodity</i>					
Class per Load Forecast	Units				-
Residential		22,772,959			2,916,037
General Service < 50 kW		10,422,624			1,334,599
General Service > 50 to 4999 kW		3,791,897			485,546
Intermediate		-			-
Sentinel		9,744			1,248
Street Lighting		-			-
		-			-
		-			-
		-			-
SUB-TOTAL		36,997,224			4,737,429

		2021 Test Year		RPP	
		Volume	Rate	\$	
<i>Global Adjustment non-RPP</i>					
Class per Load Forecast	Units				
Residential					0
General Service < 50 kW					0
General Service > 50 to 4999 kW					0
Intermediate					0
Sentinel					0
Street Lighting					0
					0
					0
					0
SUB-TOTAL		0			0

		2021 Test Year		RPP	
		Volume	Rate	\$	
<i>Transmission - Network</i>					
Class per Load Forecast	Units				
Residential	kWh	24,924,065	0.0062		154,006
General Service < 50 kW	kWh	11,582,402	0.0058		67,164
General Service > 50 to 4999 kW	kW	65,172	2.3665		154,227
Intermediate	kW	57,468	2.6468		152,106
Sentinel	kW	27	1.7938		48
Street Lighting	kW	1,373	2		2,451
					-
					-
					-
					-

SUB-TOTAL				530,002
<i>Transmission - Connection</i>	Units	Volume	Rate	\$
Class per Load Forecast				
Residential	kWh	24,924,065	0.0056	140,320
General Service < 50 kW	kWh	11,582,402	0.0050	57,471
General Service > 50 to 4999 kW	kW	65,172	2.0099	130,987
Intermediate	kW	57,468	2.3707	136,237
Sentinel	kW	27	1.5720	42
Street Lighting	kW	1,373	2	2,114
				-
				-
				-
SUB-TOTAL				467,172

<i>Wholesale Market Service</i>	Units	Volume	Rate	\$
Class per Load Forecast				
Residential	kWh	24,924,065	0.0030	74,772
General Service < 50 kW	kWh	11,582,402	0.0030	34,747
General Service > 50 to 4999 kW	kWh	24,656,344	0.0030	73,969
Intermediate	kWh	21,042,708	0.0030	63,128
Sentinel	kWh	10,247	0.0030	31
Street Lighting	kWh	478,092	0	1,434
				-
				-
				-
SUB-TOTAL				248,082

<i>Class A CBR</i>	Units	Volume	Rate	\$
Class per Load Forecast				
Residential				-
General Service < 50 kW				-
General Service > 50 to 4999 kW				-
Intermediate				-
Sentinel				-
Street Lighting				-
				-
				-
				-
SUB-TOTAL				-

<i>Class B CBR</i>	Units	Volume	Rate	\$
Class per Load Forecast				
Residential	kWh	24,924,065	0.0004	9,970
General Service < 50 kW	kWh	11,582,402	0.0004	4,633
General Service > 50 to 4999 kW	kWh	24,656,344	0.0004	9,863
Intermediate	kWh	21,042,708	0.0004	8,417
Sentinel	kWh	10,247	0.0004	4
Street Lighting	kWh	478,092	0	191

				-
				-
				-
SUB-TOTAL				33,078
<i>RRRP</i>				
Class per Load Forecast	Units	Volume	Rate	\$
Residential	kWh	24,924,065	0.0005	12,462
General Service < 50 kW	kWh	11,582,402	0.0005	5,791
General Service > 50 to 4999 kW	kWh	24,656,344	0.0005	12,328
Intermediate	kWh	21,042,708	0.0005	10,521
Sentinel	kWh	10,247	0.0005	5
Street Lighting	kWh	478,092	0	239
				-
				-
				-
SUB-TOTAL				41,347

<i>Low Voltage - No TLF adjustment</i>				
Class per Load Forecast	Units	Volume	Rate	\$
Residential	kWh	24,924,065	0	44,863
General Service < 50 kW	kWh	11,582,402	0	18,532
General Service > 50 to 4999 kW	kW	65,172	1	39,853
Intermediate	kW	57,468	1	41,452
Sentinel	kW	27	0	13
Street Lighting	kW	1,373	0	643
				-
				-
				-
SUB-TOTAL				145,356

<i>Smart Meter Entity Charge</i>				
Class per Load Forecast		Customers	Rate	\$
Residential		2,250	0.57	15,388
General Service < 50 kW		470	0.57	3,215
				-
SUB-TOTAL				18,603
SUB- TOTAL				6,221,068
OER CREDIT³	31.80%			(1,978,300)
TOTAL				4,242,768

3. The OER Credit of 31.8% will only apply to RPP proportion of the listed components. Impacts on distribution c

4. Class A CBR: use the average CBR per kWh, similar to how the Class A GA cost is calculated. A Class A custom

2021 Test Year - Cop	
4705 -Power Purchased	\$ 4,986,964

4707- Global Adjustment	\$ 3,549,983
4708-Charges-WMS	\$ 281,159
4714-Charges-NW	\$ 530,002
4716-Charges-CN	\$ 467,172
4730-RRRP	\$ 41,347
4750-Charges-LV	\$ 145,356
4751-IESO SME	\$ 18,603
Misc A/R or A/P	\$ (1,978,300)
TOTAL	\$ 8,042,287

		-	530,002
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Volume	Rate	\$	Total
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	467,172

Volume	Rate	\$	Total
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	248,082

Volume	Rate ⁴	\$	Total
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	-

Volume	Rate	\$	Total
		-	
		-	
		-	
		-	
		-	
		-	

		-	
		-	
		-	
		-	33,078

Volume	Rate	\$	Total
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	41,347

Volume	Rate	\$	Total
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	
		-	145,356

Customers	Rate	\$	Total
		-	
		-	
		-	
		-	18,603
		3,799,518	10,020,586
		0	(1,978,300)
		3,799,518	8,042,287

charges are excluded for the purpose of calculating the cost of power.
 er is a customer who participate in the ICI, pays global adjustment (GA) based on their percentage contribution to