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**Appendix A Financial Statements 2014 / 2015**

**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,<br>2015 | December 31,<br>2014<br>(note 25) | January 1,<br>2014<br>(note 25) |
|--|----------------------|-----------------------------------|---------------------------------|
| <b>ASSETS</b>  |                      |                                   |                                 |
| <b>CURRENT ASSETS</b>                                |                      |                                   |                                 |
| 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>                |
| <br>FUTURE PAYMENT IN LIEU OF TAXES (note 8)         | <br>24,200           | <br>10,400                        | <br>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>                  |
| <br><b>TOTAL ASSETS</b>                              | <br>6,687,136        | <br>6,429,870                     | <br>7,277,252                   |
| <br>REGULATORY DEFERRALS (note 11)                   | <br>229,948          | <br>1,019,730                     | <br>830,986                     |
| <br><b>TOTAL ASSETS AND REGULATORY<br/>DEFERRALS</b> | <br>\$ 6,917,084     | <br>\$ 7,449,600                  | <br>\$ 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,<br>2015 | December 31,<br>2014<br>(note 25) | January 1,<br>2014<br>(note 25) |
|---|----------------------|-----------------------------------|---------------------------------|
| <b>LIABILITIES</b>  |                      |                                   |                                 |
| <b>CURRENT LIABILITIES</b>                                |                      |                                   |                                 |
| 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                         |
|   | 3,651,519            | 3,738,980                         | 4,276,422                       |
| <b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b><br>(note 15)  | 19,489               | 14,610                            | -                               |
| <b>TOTAL LIABILITIES</b>                                  | 3,671,008            | 3,753,590                         | 4,276,422                       |
| <b>SHAREHOLDER'S EQUITY</b>                               |                      |                                   |                                 |
| SHARE CAPITAL (note 16)                                   | 10,000               | 10,000                            | 10,000                          |
| RETAINED EARNINGS   | 3,086,947            | 3,300,389                         | 3,204,124                       |
| <b>TOTAL SHAREHOLDER'S EQUITY</b>                         | 3,096,947            | 3,310,389                         | 3,214,124                       |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>         | 6,767,955            | 7,063,979                         | 7,490,546                       |
| REGULATORY DEFERRALS (note 11)                            | 149,129              | 385,621                           | 617,692                         |
| <b>TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS</b> | \$ 6,917,084         | \$ 7,449,600                      | \$ 8,108,238                    |

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**

|  | <b>2015<br/>Budget<br/>(unaudited)</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|--|--|------------------------|------------------------|
| <b>SERVICE REVENUE</b>                                 |  |                        |                        |
| 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>9,920,837</u>       |
| <b>COST OF SALES</b>                                   |  |                        |                        |
| 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>       |
| <b>GROSS MARGIN</b>                                    | <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>       |
| <b>EXPENSES (note 24)</b>                              |  |                        |                        |
| DISTRIBUTION, OPERATION AND MAINTENANCE                | 511,368                                | 597,853                | 469,173                |
| <b>ADMINISTRATION AND FINANCE</b>                      |  |                        |                        |
| 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>       |
| <b>INCOME (LOSS) FROM OPERATIONS</b>                   | <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**

|   | <b>2015<br/>Budget<br/>(unaudited)</b> | <b>2015<br/>Actual</b> | <b>2014<br/>Actual</b> |
|---|--|------------------------|------------------------|
| <b>OTHER EXPENSES</b>   |  |                        |                        |
| 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                 | -                      |
| <b>INCOME (LOSS) BEFORE INCOME TAXES AND<br/>REGULATORY ITEMS</b> | 105,424                                | 330,705                | (276,363)              |
| Net movement on regulatory deferral accounts (note 11)            | -                                      | (553,290)              | 420,813                |
| <b>INCOME (LOSS) BEFORE PAYMENTS IN LIEU<br/>OF TAXES</b>         | 105,424                                | (222,585)              | 144,450                |
| <b>PAYMENTS IN LIEU OF TAXES</b>                                  |  |                        |                        |
| Current (note 8)  | 10,000                                 | 4,657                  | 11,135                 |
| Future (note 8)   | 4,500                                  | (13,800)               | 37,050                 |
|   | 14,500                                 | (9,143)                | 48,185                 |
| <b>TOTAL INCOME (LOSS) AND OTHER<br/>COMPREHENSIVE INCOME</b>     | \$ 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<br>Other<br>Comprehen-<br>sive Income | Retained<br>Earnings | Total        |
|---|---------------|---|----------------------|--------------|
| <b>January 1, 2014</b>                      | \$ 10,000     | \$ -  | \$ 3,204,124         | \$ 3,214,124 |
| Total income and other comprehensive income | -             | -   | 96,265               | 96,265       |
| <b>December 31, 2014</b>                    | 10,000        | -   | 3,300,389            | 3,310,389    |
| Total loss and other comprehensive income   | -             | -   | (213,442)            | (213,442)    |
| <b>December 31, 2015</b>                    | \$ 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                |
|--|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>  |                     |                     |
| 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>    |
| <b>INVESTING ACTIVITIES</b>  |                     |                     |
| 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>    |
| <b>FINANCING ACTIVITIES</b>  |                     |                     |
| 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>    |
| <b>DECREASE IN CASH DURING THE YEAR</b>                              | <u>(1,768,616)</u>  | <u>(848,167)</u>    |
| <b>CASH, BEGINNING OF YEAR</b>                                       | <u>3,398,605</u>    | <u>4,246,772</u>    |
| <b>CASH, END OF YEAR</b>   | <u>\$ 1,629,989</u> | <u>\$ 3,398,605</u> |

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 receivables 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/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

## 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**

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

|                               | <b>December 31,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>January 1,<br/>2014</b> |
|-------------------------------|------------------------------|------------------------------|----------------------------|
| 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) | <u>28,486</u>                | <u>-</u>                     | <u>-</u>                   |
|                               | 893,946                      | 864,455                      | 780,666                    |
| Less: Allowance for bad debts | <u>-</u>                     | <u>-</u>                     | <u>15,621</u>              |
|                               | <u><b>\$ 893,946</b></u>     | <u><b>\$ 864,455</b></u>     | <u><b>\$ 765,045</b></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, 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             |
|---|-------------------|------------------|
| <b>Current tax</b>                              |                   |                  |
| 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>    |
| <b>Deferred tax</b>                             |                   |                  |
| 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             |
|--|-----------------|------------------|
| <b>Income before provision for PILs</b>  | \$ (222,585)    | \$ 144,450       |
| Statutory Canadian federal and provincial tax rate                                   | 39.5%           | 39.5%            |
| <b>Provision for PILs at statutory rate</b>  | \$ (87,921)     | \$ 57,058        |
| <b>Increase (decrease) in income tax resulting from:</b>                             |                 |                  |
| 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)          |
| <b>Provision for payments in lieu of taxes</b>                                       | <u>\$ 4,657</u> | <u>\$ 11,135</u> |
| <b>Effective tax rate</b>  | - %             | 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<br>buildings | Distribution<br>equipment | Automotive<br>equipment | Other<br>equipment | Work-in-<br>progress | Total        |
|---------------------------------|-----------------------|---------------------------|-------------------------|--------------------|----------------------|--------------|
| <b>COST</b>                     |                       |                           |                         |                    |                      |              |
| 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 |
| <b>ACCUMULATED AMORTIZATION</b> |                       |                           |                         |                    |                      |              |
| 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**

|                                 | <b>Computer<br/>software</b> | <b>Land<br/>rights</b> | <b>Organization<br/>costs</b> | <b>Total</b> |
|---------------------------------|------------------------------|------------------------|-------------------------------|--------------|
| <b>COST</b>                     |                              |                        |                               |              |
| 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   |
| <b>ACCUMULATED AMORTIZATION</b> |                              |                        |                               |              |
| 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   |
| <b>CARRYING AMOUNTS</b>         |                              |                        |                               |              |
| 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<br>2015 | Balances<br>arising in<br>the period | Recovery | 2015    |
|---|-----------|---------------------|--------------------------------------|----------|---------|
| <b>Regulatory deferral debits</b>             |           |                     |                                      |          |         |
| 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<br>2015 | Balances<br>arising in<br>the period | Recovery         | 2015             |
|---|-------------------|---------------------|--------------------------------------|------------------|------------------|
| <b>Regulatory deferral credits</b>          |                   |                     |                                      |                  |                  |
| 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)        |
| <b>Net regulatory asset</b>                 | <b>\$ 634,109</b> | <b>\$ (748,630)</b> | <b>\$ 97,210</b>                     | <b>\$ 98,130</b> | <b>\$ 80,819</b> |

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:

|  | Q1    | Q2    | Q3    | Q4    |
|--|-------|-------|-------|-------|
| 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/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

## 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.

# 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)

#### **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/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

### **12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                               | December 31,<br>2015 | December 31,<br>2014 | January 1,<br>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,<br>2015 | December 31,<br>2014 | January 1,<br>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/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

### **15. CONTRIBUTIONS IN AID OF CONSTRUCTION**

|   | December 31,<br>2015 | December 31,<br>2014 | January 1,<br>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,<br>2015 | December 31,<br>2014 | January 1,<br>2014 |
|---|----------------------|----------------------|--------------------|
| <b>Authorized</b>   |                      |                      |                    |
| Unlimited number of preference shares, dividends at the discretion of the directors, non voting |                      |                      |                    |
| Unlimited number of common shares   |                      |                      |                    |
| <b>Issued</b>   |                      |                      |                    |
| 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.

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

## **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/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

## 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 |

#### *Year-end balances were as follows:*

|                                 |                |                |
|---------------------------------|----------------|----------------|
| 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<br>amount | Fair<br>value | Carrying<br>amount | Fair<br>value |
| <b>ASSETS</b>                            |                    |               |                    |               |
| 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  |
| <b>LIABILITIES</b>                       |                    |               |                    |               |
| 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

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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.

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# 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/ CORPORATION DE DISTRIBUTION ÉLECTRIQUE DE HEARST

## 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 portfolio of the company is 80% in securities and 20% in equity market.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2015 AND 2014**

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**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.

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# 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                |
|--|---------------------|---------------------|
| <b>DISTRIBUTION, OPERATION AND MAINTENANCE</b> |                     |                     |
| 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>      |
| <b>ADMINISTRATION AND FINANCE</b>              |                     |                     |
| 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>      |
| <b>AMORTIZATION</b>                            | <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.

|   | <b>Canadian<br/>GAAP<br/>January 1,<br/>2014</b> | <b>IFRS<br/>Adjustments</b> | <b>IFRS<br/>January 1,<br/>2014</b> |
|---|--|-----------------------------|-------------------------------------|
| <b>Opening, prior period reconciliation</b> |  |                             |                                     |
| 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) | \$ -         |

|  | <b>Canadian<br/>GAAP<br/>December<br/>31, 2014</b> | <b>IFRS<br/>Adjustments</b> | <b>IFRS<br/>December<br/>31, 2014</b> |
|--|--|-----------------------------|---------------------------------------|
| <b>Ending, prior period reconciliation</b> |  |                             |                                       |
| 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**

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**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**

2



**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**

|  | <b>2017</b>      | <b>2016</b>      |
|--|------------------|------------------|
| <b>ASSETS</b>                                    |                  |                  |
| <b>CURRENT ASSETS</b>                            |                  |                  |
| 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> |
| <br>FUTURE PAYMENT IN LIEU OF TAXES (note 8)     | <br>16,000       | <br>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> |
| <br><b>TOTAL ASSETS</b>                          | <br>6,481,786    | <br>7,014,908    |
| <br>REGULATORY DEFERRALS (note 11)               | <br>335,553      | <br>276,599      |
| <br><b>TOTAL ASSETS AND REGULATORY DEFERRALS</b> | <br>\$ 6,817,339 | <br>\$ 7,291,507 |
| <br><b>CONTINGENCY (note 23)</b>                 |                  |                  |

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**

|   | <b>2017</b>      | <b>2016</b>      |
|---|------------------|------------------|
| <b>LIABILITIES</b>  |                  |                  |
| <b>CURRENT LIABILITIES</b>                                |                  |                  |
| 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> |
| <b>TOTAL LIABILITIES</b>                                  |                  |                  |
| <b>SHAREHOLDER'S EQUITY</b>                               |                  |                  |
| 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> |
| <b>TOTAL SHAREHOLDER'S EQUITY</b>                         |                  |                  |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>         | 6,771,474        | 7,138,327        |
| REGULATORY DEFERRALS (note 11)                            | 45,865           | 153,180          |
|   | <u>45,865</u>    | <u>153,180</u>   |
| <b>TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS</b> | \$ 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**

|  | <b>2017<br/>Budget<br/>(Unaudited)</b> | <b>2017<br/>Actual</b> | <b>2016<br/>Actual</b> |
|--|--|------------------------|------------------------|
| <b>SERVICE REVENUE</b>                                 |  |                        |                        |
| 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>      |
| <b>COST OF SALES</b>                                   |  |                        |                        |
| 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>      |
| <b>GROSS MARGIN</b>                                    | <u>-</u>                               | <u>(166,269)</u>       | <u>(42,600)</u>        |
| 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>       |
| <b>EXPENSES (note 25)</b>                              |  |                        |                        |
| DISTRIBUTION, OPERATION AND MAINTENANCE                | <u>425,000</u>                         | <u>438,157</u>         | <u>411,467</u>         |
| 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   | <u>133,272</u>                         | <u>100,725</u>         | <u>94,346</u>          |
|  | <u>1,206,722</u>                       | <u>1,292,715</u>       | <u>1,249,886</u>       |
| <b>INCOME (LOSS) FROM OPERATIONS</b>                   | <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**

|   | <b>2017<br/>Budget<br/>(Unaudited)</b> | <b>2017<br/>Actual</b> | <b>2016<br/>Actual</b> |
|---|--|------------------------|------------------------|
| <b>OTHER (INCOME) EXPENSES</b>                                    |  |                        |                        |
| 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>          |
| <b>INCOME (LOSS) BEFORE INCOME TAXES AND<br/>REGULATORY ITEMS</b> | <u>33,754</u>                          | <u>(91,538)</u>        | <u>49,729</u>          |
| Net movement on regulatory deferral accounts (note 11)            | <u>-</u>                               | <u>166,269</u>         | <u>42,600</u>          |
| <b>INCOME BEFORE PAYMENTS IN LIEU OF<br/>TAXES</b>                | <u>33,754</u>                          | <u>74,731</u>          | <u>92,329</u>          |
| <b>PAYMENTS IN LIEU OF TAXES</b>                                  |  |                        |                        |
| 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>          |
| <b>TOTAL INCOME AND OTHER<br/>COMPREHENSIVE INCOME</b>            | <u>\$ 25,754</u>                       | <u>\$ 72,070</u>       | <u>\$ 80,206</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**

**YEAR ENDED DECEMBER 31, 2017**

|   | Share capital | Accumulated<br>Other<br>Comprehen-<br>sive Income | Retained<br>Earnings | Total        |
|---|---------------|---|----------------------|--------------|
| <b>January 1, 2016</b>                      | \$ 10,000     | \$ -  | \$ 3,086,947         | \$ 3,096,947 |
| Total income and other comprehensive income | -             | -   | 80,206               | 80,206       |
| <b>December 31, 2016</b>                    | 10,000        | -   | 3,167,153            | 3,177,153    |
| Total income and other comprehensive income | -             | -   | 72,070               | 72,070       |
| <b>December 31, 2017</b>                    | \$ 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**

|   | <b>2017</b>  | <b>2016</b>  |
|---|--------------|--------------|
| <b>OPERATING ACTIVITIES</b>                                       |              |              |
| 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       |
|   | 173,281      | 200,077      |
| 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       |
|   | (26,232)     | 192,739      |
| <b>INVESTING ACTIVITY</b>   |              |              |
| 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)      | -            |
|   | (194,503)    | (328,290)    |
| <b>FINANCING ACTIVITIES</b>                                       |              |              |
| Contributions in aid of construction received                     | 13,751       | 29,251       |
| <b>DECREASE IN CASH DURING THE YEAR</b>                           | (206,984)    | (106,300)    |
| <b>CASH, BEGINNING OF YEAR</b>                                    | 1,523,689    | 1,629,989    |
| <b>CASH, END OF YEAR</b>  | \$ 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.

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### 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.

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### 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

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### 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

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### 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**

|                               | <b>2017</b>       | <b>2016</b>         |
|-------------------------------|-------------------|---------------------|
| 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:

|  | <b>2017</b>     | <b>2016</b>      |
|--|-----------------|------------------|
| <b>Current tax</b>                       |                 |                  |
| Based on current year taxable income     | \$ 2,661        | \$ 3,923         |
| <b>Future tax</b>                        |                 |                  |
| 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:

|  | <b>2017</b>     | <b>2016</b>     |
|--|-----------------|-----------------|
| <b>Income before PILs</b>  | \$ 74,731       | \$ 92,329       |
| Statutory Canadian federal and provincial tax rate                                   | 39.5%           | 39.5%           |
| <b>Provision for PILs at statutory rate</b>  | \$ 29,519       | \$ 36,470       |
| <b>Increase (decrease) in income tax resulting from:</b>                             |                 |                 |
| 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)         |
| <b>Provision for payments in lieu of taxes</b>                                       | <u>\$ 2,661</u> | <u>\$ 3,923</u> |
| <b>Effective tax rate</b>  | 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:

|                        | <b>2017</b> | <b>2016</b> |
|------------------------|-------------|-------------|
| Property and equipment | \$ 16,000   | \$ 16,000   |

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**9. PROPERTY AND EQUIPMENT**

|                                 | <b>Land and<br/>buildings</b> | <b>Distribution<br/>equipment</b> | <b>Automotive<br/>equipment</b> | <b>Other<br/>equipment</b> | <b>Work-in-<br/>progress</b> | <b>Total</b>        |
|---------------------------------|-------------------------------|-----------------------------------|---------------------------------|----------------------------|------------------------------|---------------------|
| <b>COST</b>                     |                               |                                   |                                 |                            |                              |                     |
| 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> |
| <b>ACCUMULATED AMORTIZATION</b> |                               |                                   |                                 |                            |                              |                     |
| 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>   |
| <b>CARRYING AMOUNTS</b>         |                               |                                   |                                 |                            |                              |                     |
| 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> |

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**10. INTANGIBLE ASSETS**

|                                 | <b>Computer<br/>software</b> | <b>Land<br/>rights</b> | <b>Organization<br/>costs</b> | <b>Total</b>      |
|---------------------------------|------------------------------|------------------------|-------------------------------|-------------------|
| <b>COST</b>                     |                              |                        |                               |                   |
| 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> |
| <b>ACCUMULATED AMORTIZATION</b> |                              |                        |                               |                   |
| 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> |
| <b>CARRYING AMOUNTS</b>         |                              |                        |                               |                   |
| 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>   |

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

### **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<br>2017 | Balances<br>arising in<br>the period | Recovery | 2017    |
|---|---------|---------------------|--------------------------------------|----------|---------|
| <b>Regulatory deferral debits</b>             |         |                     |                                      |          |         |
| 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 |

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

### **11. REGULATORY DEFERRALS, (CONT'D)**

|   | 2016        | Disposition<br>2017 | Balances<br>arising in<br>the period | Recovery  | 2017       |
|---|-------------|---------------------|--------------------------------------|-----------|------------|
| <b>Regulatory deferral credits</b>          |             |                     |                                      |           |            |
| 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)   |
| <b>Net regulatory asset</b>                 |             |                     |                                      |           |            |
|   | \$ 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:

|  | Q1    | Q2    | Q3    | Q4    |
|--|-------|-------|-------|-------|
| 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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                          | <b>2017</b>         | <b>2016</b>         |
|--------------------------|---------------------|---------------------|
| 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**

|   | <b>2017</b>         | <b>2016</b>         |
|---|---------------------|---------------------|
| 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).



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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**15. CONTRIBUTIONS IN AID OF CONSTRUCTION**

|   | <b>2017</b>      | <b>2016</b>      |
|---|------------------|------------------|
| 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 | (1,474)          | (958)            |
|   | <u>\$ 60,059</u> | <u>\$ 47,782</u> |

**16. SHARE CAPITAL**

|   | <b>2017</b>      | <b>2016</b>      |
|---|------------------|------------------|
| <b>Authorized</b>   |                  |                  |
| Unlimited number of preference shares, dividends at the discretion of the directors, non voting |                  |                  |
| Unlimited number of common shares   |                  |                  |
| <b>Issued</b>   |                  |                  |
| 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 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>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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

### **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:

|   | <b>2017</b> | <b>2016</b> |
|---|-------------|-------------|
| <b><i>Corporation of the Town of Hearst</i></b>               |             |             |
| 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    |
| <b><i>Hearst Power Sales and Services Company Limited</i></b> |             |             |
| Service revenue   | \$ 1,335    | -           |
| <b><i>Hearst Wi-Fibe Corporation</i></b>                      |             |             |
| 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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

### **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<br>amount | Fair<br>value | Carrying<br>amount | Fair<br>value |
| <b>ASSETS</b>                                |                    |               |                    |               |
| 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  |
| <b>LIABILITIES</b>                           |                    |               |                    |               |
| 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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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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.

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### **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.

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

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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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.

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### 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.

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### 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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

### **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> |

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

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 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.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**25. EXPENSES BY NATURE**

|  | <b>2017</b>         | <b>2016</b>         |
|--|---------------------|---------------------|
| <b>DISTRIBUTION, OPERATION AND MAINTENANCE</b> |                     |                     |
| 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>      |
| <b>ADMINISTRATION AND FINANCE</b>              |                     |                     |
| 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>      |
| <b>AMORTIZATION</b>                            |                     |                     |
| 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.

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## 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**

|   | <b>2019</b>         | <b>2018</b>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>                                 |                     |                     |
| <b>CURRENT ASSETS</b>                         |                     |                     |
| 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>    |
| <br>FUTURE PAYMENTS IN LIEU OF TAXES (Note 8) | <br>2,000           | <br>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>    |
| <b>TOTAL ASSETS</b>                           | <b>7,235,094</b>    | <b>6,571,440</b>    |
| <br>REGULATORY DEFERRALS (Note 11)            | <br>293,391         | <br>293,116         |
| <b>TOTAL ASSETS AND REGULATORY DEFERRALS</b>  | <b>\$ 7,528,485</b> | <b>\$ 6,864,556</b> |

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**

|  | <b>2019</b>         | <b>2018</b>         |
|--|---------------------|---------------------|
| <b>LIABILITIES</b>   |                     |                     |
| <b>CURRENT LIABILITIES</b>   |                     |                     |
| 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              |
| <b>TOTAL LIABILITIES</b>   | <u>3,878,016</u>    | <u>3,498,596</u>    |
| <b>SHAREHOLDER'S EQUITY</b>  |                     |                     |
| SHARE CAPITAL (Note 16)  | 10,000              | 10,000              |
| RETAINED EARNINGS  | 3,582,494           | 3,338,157           |
| <b>TOTAL SHAREHOLDER'S EQUITY</b>                                  | <u>3,592,494</u>    | <u>3,348,157</u>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>                  | 7,470,510           | 6,846,753           |
| REGULATORY DEFERRALS (Note 11)                                     | 57,975              | 17,803              |
| <b>TOTAL LIABILITIES, EQUITY AND REGULATORY DEFERRALS</b>          | <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**

|  | <b>Budget<br/>(Unaudited)</b> | <b>2019<br/>Actual</b> | <b>2018<br/>Actual</b> |
|--|-------------------------------|------------------------|------------------------|
| <b>SERVICE REVENUE</b>                                 |                               |                        |                        |
| 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>       |
| <b>COST OF SALES</b>                                   |                               |                        |                        |
| 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>       |
| <b>GROSS MARGIN</b>                                    | <u>-</u>                      | <u>39,897</u>          | <u>(41,503)</u>        |
| 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>       |
| <b>EXPENSES (Note 28)</b>                              |                               |                        |                        |
| DISTRIBUTION, OPERATION AND<br>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>       |
| <b>INCOME FROM OPERATIONS</b>                          | <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**

|   | <b>Budget<br/>(Unaudited)</b> | <b>2019<br/>Actual</b> | <b>2018<br/>Actual</b> |
|---|-------------------------------|------------------------|------------------------|
| <b>OTHER (INCOME) EXPENSES</b>                                    |                               |                        |                        |
| 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>         |
| <b>INCOME (LOSS) BEFORE INCOME TAXES AND<br/>REGULATORY ITEMS</b> |                               |                        |                        |
|   | 130,778                       | 319,155                | 87,559                 |
| Net movement on regulatory deferral accounts (Note 11)            | <u>-</u>                      | <u>(39,897)</u>        | <u>41,503</u>          |
| <b>INCOME BEFORE PAYMENTS IN LIEU OF<br/>TAXES</b>                |                               |                        |                        |
|   | <u>130,778</u>                | <u>279,258</u>         | <u>129,062</u>         |
| <b>PAYMENTS IN LIEU OF TAXES</b>                                  |                               |                        |                        |
| Current (Note 8)  | 8,000                         | 28,921                 | 22,128                 |
| Future (Note 8)   | <u>8,000</u>                  | <u>6,000</u>           | <u>8,000</u>           |
|   | <u>16,000</u>                 | <u>34,921</u>          | <u>30,128</u>          |
| <b>TOTAL INCOME AND OTHER<br/>COMPREHENSIVE INCOME</b>            |                               |                        |                        |
|   | <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<br>other<br>comprehen-<br>sive income | Retained<br>earnings | Total        |
|---|---------------|---|----------------------|--------------|
| <b>DECEMBER 31, 2017</b>                    | \$ 10,000     | \$ -  | \$ 3,239,223         | \$ 3,249,223 |
| Total income and other comprehensive income | -             | -   | 98,934               | 98,934       |
| <b>DECEMBER 31, 2018</b>                    | 10,000        | -   | 3,338,157            | 3,348,157    |
| Total income and other comprehensive income | -             | -   | 244,337              | 244,337      |
| <b>DECEMBER 31, 2019</b>                    | \$ 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**

|   | <b>2019</b>         | <b>2018</b>         |
|---|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                                       |                     |                     |
| 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>      |
| <b>INVESTING ACTIVITIES</b>                                       |                     |                     |
| 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>    |
| <b>FINANCING ACTIVITY</b>   |                     |                     |
| Repayment of demand loan  | (250,000)           | -                   |
| <b>INCREASE (DECREASE) IN CASH</b>                                | <b>129,343</b>      | <b>(28,268)</b>     |
| <b>CASH, BEGINNING OF YEAR</b>                                    | <b>1,288,437</b>    | <b>1,316,705</b>    |
| <b>CASH, END OF YEAR</b>  | <b>\$ 1,417,780</b> | <b>\$ 1,288,437</b> |

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**

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### **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.

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### **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.

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### **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

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### 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**

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### **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

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### 3. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### PROPERTY AND EQUIPMENT, (CONT'D)

##### 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 |
|-------------------|---------------|

##### *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

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### 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

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### 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**

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### **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

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### 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

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### 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.

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### 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

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### 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.

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### 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.

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

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

### **6. INVESTMENTS**

|                         | <b>2019</b>         | <b>2018</b>         |
|-------------------------|---------------------|---------------------|
| 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**

|                                      | <b>2019</b>         | <b>2018</b>       |
|--------------------------------------|---------------------|-------------------|
| 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:

|  | <b>2019</b>      | <b>2018</b>      |
|--|------------------|------------------|
| <b>Current PIL</b>                       |                  |                  |
| Current year PIL                         | \$ 28,921        | \$ 22,128        |
| <b>Future PIL</b>                        |                  |                  |
| 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:

|  | <b>2019</b>      | <b>2018</b>      |
|--|------------------|------------------|
| <b>Income before PILs</b>  | \$ 279,258       | \$ 129,062       |
| Statutory Canadian federal and provincial tax rate                                   | 39.5 %           | 39.5 %           |
| <b>Provision for PILs at statutory rate</b>  | \$ 110,307       | \$ 50,979        |
| <b>Increase (decrease) in PIL resulting from:</b>                                    |                  |                  |
| 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)            |
| <b>Provision for payments in lieu of taxes</b>                                       | <u>\$ 28,921</u> | <u>\$ 22,128</u> |
| <b>Effective tax rate</b>  | <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:

|                        | <b>2019</b> | <b>2018</b> |
|------------------------|-------------|-------------|
| 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**

| <b>COST</b>            | <b>2018</b>         | <b>Additions</b>  | <b>Disposals</b>  | <b>2019</b>         |
|------------------------|---------------------|-------------------|-------------------|---------------------|
| 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> |

| <b>ACCUMULATED<br/>AMORTIZATION</b> | <b>2018</b>       | <b>Amortization</b> | <b>Disposals</b>  | <b>2019</b>       |
|-------------------------------------|-------------------|---------------------|-------------------|-------------------|
| 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> |

| <b>CARRYING AMOUNTS</b> | <b>2019</b>         | <b>2018</b>         |
|-------------------------|---------------------|---------------------|
| 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**

| <b>COST</b>        | <b>2018</b>       | <b>Additions</b> | <b>Disposals</b> | <b>2019</b>       |
|--------------------|-------------------|------------------|------------------|-------------------|
| 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> |

| <b>ACCUMULATED<br/>AMORTIZATION</b> | <b>2018</b>       | <b>Amortization</b> | <b>Disposals</b> | <b>2019</b>       |
|-------------------------------------|-------------------|---------------------|------------------|-------------------|
| 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> |

| <b>CARRYING AMOUNTS</b> | <b>2019</b>   | <b>2018</b>     |
|-------------------------|---------------|-----------------|
| 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**

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

|   | <b>2018</b>       | <b>Disposition</b> | <b>Balances<br/>arising in<br/>the period</b> | <b>Recovery</b>     | <b>2019</b>       |
|---|-------------------|--------------------|---|---------------------|-------------------|
| <b>Regulatory deferral credits</b>            |                   |                    |   |                     |                   |
| 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)          |
| <b>Net regulatory asset</b>                   | <b>\$ 275,313</b> | <b>\$ -</b>        | <b>\$ 72,086</b>                              | <b>\$ (111,983)</b> | <b>\$ 235,416</b> |

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:

|  | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
|--|-----------|-----------|-----------|-----------|
| 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**

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### **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**

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### **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.

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

**DECEMBER 31, 2019**

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                          | <b>2019</b>         | <b>2018</b>         |
|--------------------------|---------------------|---------------------|
| 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**

|   | <b>2019</b>  | <b>2018</b>  |
|---|--------------|--------------|
| 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**

|   | <b>2019</b>      | <b>2018</b>      |
|---|------------------|------------------|
| 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**

|   | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|
| <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:

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| 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:

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| 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

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### 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 |

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### 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.

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# 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>               |            |            |
| <b>Service revenue</b>                                 | \$ 702,320 | \$ 642,256 |
| <b>Expenses</b>  |            |            |
| 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> |            |            |
| <b>Service revenue</b>                                 | \$ 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)**

|                                   | <b>2019</b> | <b>2018</b> |
|-----------------------------------|-------------|-------------|
| <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:

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| 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 :

|                                | <b>2019</b> | <b>2018</b> |
|--------------------------------|-------------|-------------|
| 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 :

|  |                            | <b>2019</b>           |                            | <b>2018</b>           |  |
|--|----------------------------|-----------------------|----------------------------|-----------------------|--|
|  | <b>Carrying<br/>amount</b> | <b>Fair<br/>value</b> | <b>Carrying<br/>amount</b> | <b>Fair<br/>value</b> |  |
| <b>ASSETS</b>                                |                            |                       |                            |                       |  |
| 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            |  |
| <b>LIABILITIES</b>                           |                            |                       |                            |                       |  |
| 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**

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### **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.

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### **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.

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# **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

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### 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)**

|               | <b>2019</b>         | <b>2018</b>       |
|---------------|---------------------|-------------------|
| 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            |
|               | <b>\$ 1,237,800</b> | <b>\$ 884,014</b> |

*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:

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

*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

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### 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).

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**28. EXPENSES BY NATURE**

|  | <b>2019</b>         | <b>2018</b>         |
|--|---------------------|---------------------|
| <b>DISTRIBUTION, OPERATION AND MAINTENANCE</b> |                     |                     |
| 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>      |
| <b>ADMINISTRATION AND FINANCE</b>              |                     |                     |
| 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>      |
| <b>AMORTIZATION</b>                            |                     |                     |
| 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                |
|---|---------|---------------------|
| <b>SERVICE REVENUE</b>  |         |                     |
| <b>ELECTRICITY</b>  |         |                     |
| 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          |
|   |         | <b>\$ 8,477,427</b> |
| <b>WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION</b> |         |                     |
| 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           |
|   |         | <b>\$ 1,402,396</b> |
|   |         | <b>\$ 9,879,823</b> |
| <b>COST OF SALES</b>  |         |                     |
| <b>ELECTRICITY</b>  |         |                     |
| Power Purchased   | 4705    | \$ 4,932,143        |
| Power Purchased - Global Adjustment                           | 4707    | \$ 3,545,284        |
|   |         | <b>\$ 8,477,427</b> |
| <b>WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION</b> |         |                     |
| 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           |
|   |         | <b>\$ 1,402,396</b> |
|   |         | <b>\$ 9,879,823</b> |
| <b>GROSS MARGIN</b>   |         | <b>\$ -</b>         |
| <b>DISTRIBUTION REVENUE</b>                                   |         |                     |

|   |      |     |           |
|---|------|-----|-----------|
| Dist Service Revenue                                  | 4080 | \$  | 1,337,221 |
| <b>NON-UTILITY NET INCOME</b>                         |      |     |           |
| Revenues from non-utility                             | 4375 | \$  | 121,923   |
| Expenses from non-utility                             | 4380 | \$  | 91,015    |
|   |      | \$  | 30,908    |
| <b>INVESTMENT INCOME</b>                              |      |     |           |
| Interest & Dividend Income - Interest                 | 4405 | \$  | 50,359    |
| Interest Rev.-Carrying Charges                        | 4406 | -\$ | 38,904    |
|   |      | \$  | 11,454    |
| <b>OTHER REVENUE</b>                                  |      |     |           |
| 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,JOBGING 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         |
|   |      | \$  | 111,455   |
|   |      | \$  | 1,491,039 |
| <b>EXPENSES</b>                                       |      |     |           |
| <b>DISTRIBUTION, OPERATION &amp; MAINTENANCE</b>      |      |     |           |
| <b>TRANSFORMERS</b>                                   |      |     |           |
| Overhead Distribution Transformers- Operation         | 5035 | \$  | 120       |
| Underground Distribution Transformers - Operation     | 5055 | \$  | 302       |
| Mtce of Line Transformers                             | 5160 | \$  | 61,057    |
|   |      | \$  | 61,479    |
| <b>METERS</b>   |      |     |           |
| Meter Expense - Materials & Expenses (all meters)     | 5065 | \$  | 6,673     |
| Maintenance of Meters                                 | 5175 | \$  | 225,227   |
|   |      | \$  | 231,900   |
| <b>LINES AND FEEDERS</b>                              |      |     |           |
| 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          |
|  |      | <b>\$</b> | <b>304,473</b> |
|  |      |           |                |
|  |      | <b>\$</b> | <b>597,853</b> |

## 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          |
|   |      | <b>\$</b> | <b>313,682</b> |

### 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          |
|  |                 | <b>\$</b> | <b>301,149</b> |

**INTEREST ON LONG-TERM DEBT**

|                            |      |           |
|----------------------------|------|-----------|
| Interest on long-term debt | 6005 | \$ 79,300 |
|----------------------------|------|-----------|

**INTEREST ON LONG-TERM DEBT**

|                  |      |            |
|------------------|------|------------|
| Regulatory Debit | 4305 |            |
|                  |      | \$ 694,132 |

**AMORTIZATION**

|                              |      |            |
|------------------------------|------|------------|
| Depreciation general plant   | 5705 | \$ 340,141 |
| Amort. Of Intangible & Other | 5715 | \$ 4,167   |
|                              |      | \$ 344,309 |

\$ 1,636,293

**INCOME (LOSS) FROM OPERATIONS**

-\$ 145,254

**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 |
|  |         | \$ 77,331 |

**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 |
|                             |      | -\$ 9,143  |

**NET INCOME**

-\$ 213,442

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

|  | ACCOUNT | 2015             |
|--|---------|------------------|
| <b>BALANCE SHEET</b>                   |         |                  |
| <b>CURRENT ASSETS</b>                  |         |                  |
| <b>CASH</b>                            |         |                  |
| 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> |
| <b>INVESTMENTS</b>                     |         |                  |
| Sun-Life Financial Investments         | 1011    | 494,021          |
| Quadrus Investments                    | 1012    | 484,102          |
| Desjardins Mutual Funds                | 1013    | 499,281          |
|  |         | <u>1,477,404</u> |
| <b>ACCOUNTS RECEIVABLE</b>             |         |                  |
| 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>   |
| <b>UNBILLED SERVICE REVENUE</b>        |         |                  |
| Accrued Utility Revenues (Unbilled Re  | 1120    | <u>1,092,790</u> |
| <b>INVENTORY</b>                       |         |                  |
| Plant Materials & Operating Supplies   | 1330    | <u>73,833</u>    |
| <b>PREPAID EXPENSES</b>                |         |                  |
| Prepayments                            | 1180    | <u>22,294</u>    |
|  |         | <u>5,190,256</u> |
| <b>PAYMENT-IN-LIEU OF FUTURE TAXES</b> |         |                  |
| Future Income Tax - Non Current        | 2350    | <u>24,200</u>    |
| <b>PROPERTY AND EQUIPMENT</b>          |         |                  |
| 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           |
|   |      | <b>1,882,468</b> |

|   |          |   |                  |
|---|----------|---|------------------|
| 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          |
|   |          | - | <b>422,384</b>   |
|   |          |   | <b>1,460,084</b> |

## 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       |
|  |          |   | <u>12,596</u> |

\$ 1,496,879.82

## TOTAL ASSETS

\$ 6,687,135.98

## REGULATORY DEFERRALS

|                                       |      |     |
|---------------------------------------|------|-----|
| Other Regulatory Assets - Pension Con | 1508 | 194 |
|---------------------------------------|------|-----|

|   |            |   |         |
|---|------------|---|---------|
| 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  |   |         |

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**229,948**

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**TOTAL ASSETS AND REGULATORY DEFERRALS**

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**6,917,084**

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

|  | ACCOUNT | 2015             |
|--|---------|------------------|
| <b>LIABILITIES</b>                           |         |                  |
| <b>CURRENT LIABILITIES</b>                   |         |                  |
| <b>ACCOUNTS PAYABLE AND ACCRUED CHARGES</b>  |         |                  |
| 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           |
|  |         | <b>1,890,140</b> |
| <b>PAYMENT-IN-LIEU OF TAXES</b>              |         |                  |
| Accrual for Taxes, Payment in Lieu of Taxes  | 2294    | <b>3,444</b>     |
| <b>DEMAND LOAN</b>                           |         |                  |
| Other Long Term Debt                         | 2520    | <b>1,250,000</b> |
| <b>CUSTOMERS' DEPOSITS</b>                   |         |                  |
| Long Term Customer Deposits                  | 2335    | <b>64,191</b>    |
| <b>DUE TO TOWN OF HEARST</b>                 |         |                  |
| A/P Town Int. Long Term Debt                 | 2209    | 79,300           |
| Accounts Payable - Town                      | 2240    | 364,443          |
|  |         | <b>443,743</b>   |
|  |         | <b>3,651,519</b> |
| <b>CONTRIBUTIONS IN AID OF CONSTRUCTIONS</b> |         |                  |
| Deferred Revenues                            | 2440    | <b>19,489</b>    |
| <b>TOTAL LIABILITIES</b>                     |         | <b>3,671,008</b> |
| <b>SHAREHOLDER'S EQUITY</b>                  |         |                  |
| <b>SHARE CAPITAL</b>                         |         |                  |

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



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

|   | ACCOUNT | 2016                 |
|---|---------|----------------------|
| <b>SERVICE REVENUE</b>  |         |                      |
| <b>ELECTRICITY</b>  |         |                      |
| 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           |
|   |         | <b>\$ 9,274,635</b>  |
| <b>WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION</b> |         |                      |
| 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            |
|   |         | <b>\$ 1,444,380</b>  |
|   |         | <b>\$ 10,719,015</b> |
| <b>COST OF SALES</b>  |         |                      |
| <b>ELECTRICITY</b>  |         |                      |
| Power Purchased   | 4705    | \$ 4,726,664         |
| Power Purchased - Global Adjustment                           | 4707    | \$ 4,547,972         |
|   |         | <b>\$ 9,274,635</b>  |
| <b>WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION</b> |         |                      |
| 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            |
|   |         | <b>\$ 1,444,380</b>  |
|   |         | <b>\$ 10,719,015</b> |
| <b>GROSS MARGIN</b>   |         | <b>\$ -</b>          |
| <b>DISTRIBUTION REVENUE</b>                                   |         |                      |

|   |      |                     |
|---|------|---------------------|
| Dist Service Revenue                                  | 4080 | \$ 1,112,750        |
| <b>NON-UTILITY NET INCOME</b>                         |      |                     |
| Revenues from non-utility                             | 4375 | \$ 104,479          |
| Expenses from non-utility                             | 4380 | \$ 95,941           |
|   |      | <b>\$ 8,539</b>     |
| <b>INVESTMENT INCOME</b>                              |      |                     |
| Profit and loss from financial instrument investments | 4340 | -\$ 2,287           |
| Interest & Dividend Income - Interest                 | 4405 | \$ 77,267           |
| Interest Rev.-Carrying Charges                        | 4406 | \$ 5,711            |
|   |      | <b>\$ 80,691</b>    |
| <b>OTHER REVENUE</b>                                  |      |                     |
| 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,JOBGING ETC.                | 4325 | \$ 77,764           |
| OTHER MISC. REVENUE                                   | 4326 | \$ 49,177           |
| TRUCK RENTAL  | 4327 |                     |
| MISC. INCOME  | 4390 |                     |
| Unusual Income  | 6305 | \$ 46               |
|   |      | <b>\$ 197,972</b>   |
|   |      | <b>\$ 1,399,952</b> |
| <b>EXPENSES</b>                                       |      |                     |
| <b>DISTRIBUTION, OPERATION &amp; MAINTENANCE</b>      |      |                     |
| <b>TRANSFORMERS</b>                                   |      |                     |
| Overhead Distribution Transformers- Operation         | 5035 | \$ -                |
| Underground Distribution Transformers - Operation     | 5055 | \$ 115              |
| Mtce of Line Transformers                             | 5160 | \$ 59,271           |
|   |      | <b>\$ 59,386</b>    |
| <b>METERS</b>   |      |                     |
| Meter Expense - Materials & Expenses (all meters)     | 5065 | \$ 2,017            |
| Maintenance of Meters                                 | 5175 | \$ 6,599            |
|   |      | <b>\$ 8,617</b>     |
| <b>LINES AND FEEDERS</b>                              |      |                     |
| 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          |
|  |      | <b>\$</b> | <b>343,465</b> |
|  |      | <b>\$</b> | <b>411,467</b> |

## 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          |
|   |      | <b>\$</b> | <b>293,956</b> |

### 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>   |
| <b>INTEREST ON LONG-TERM DEBT</b>                     |      |                     |
| Interest on long-term debt                            | 6005 | <u>\$ 77,097</u>    |
| <b>INTEREST ON LONG-TERM DEBT</b>                     |      |                     |
| Regulatory Debit                                      | 4305 | <u>\$ 37,088</u>    |
|   |      | <u>\$ 744,074</u>   |
| <b>AMORTIZATION</b>                                   |      |                     |
| 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> |
| <b>INCOME (LOSS) FROM OPERATIONS</b>                  |      | <u>\$ 150,066</u>   |
| <b>OTHER EXPENSES</b>                                 |      |                     |
| 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>    |
| <b>INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES</b> |      | \$ 92,329           |
| <b>PAYMENT IN LIEU OF TAXES</b>                       |      |                     |
| Income Taxes  | 6110 | \$ 3,923            |
| Future income taxes expense                           | 6115 | \$ 8,200            |
|   |      | <u>\$ 12,123</u>    |
| <b>NET INCOME</b>                                     |      | <u>\$ 80,206</u>    |

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

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



**PAYMENT-IN-LIEU OF FUTURE TAXES**

Future Income Tax - Non Current

2350

16,000**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        |
| <b>TOTAL ASSETS</b> | \$ | <b>7,014,909</b> |

## REGULATORY DEFERRALS

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

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**276,599**

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## TOTAL ASSETS AND REGULATORY DEFERRALS

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**7,291,508**

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

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

Common Shares Issued

**3005**

**10,000**

**RETAINED EARNINGS**

|   |             |                  |
|---|-------------|------------------|
| Adjustment to Retained Earnings           | <b>3055</b> | 3,086,947        |
| Total loss and other comprehensive income |             | 80,206           |
|   |             | <b>3,167,152</b> |

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

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

**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                   |
|---|---------|------------------------|
| <b>SERVICE REVENUE</b>  |         |                        |
| <b>ELECTRICITY</b>  |         |                        |
| 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          |
|   |         | <b>\$ 8,275,790.10</b> |
| <b>WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION</b> |         |                        |
| 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           |
|   |         | <b>\$ 1,363,829.57</b> |
|   |         | <b>\$ 9,639,619.67</b> |
| <b>COST OF SALES</b>  |         |                        |
| <b>ELECTRICITY</b>  |         |                        |
| Power Purchased   | 4705    | \$ 4,174,712.46        |
| Power Purchased - Global Adjustment                           | 4707    | \$ 4,101,077.65        |
|   |         | <b>\$ 8,275,790.11</b> |
| <b>WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION</b> |         |                        |
| 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           |
|   |         | <b>\$ 1,363,829.56</b> |
|   |         | <b>\$ 9,639,619.67</b> |
| <b>GROSS MARGIN</b>   |         | <b>\$ -</b>            |
| <b>DISTRIBUTION REVENUE</b>                                   |         |                        |

|   |      |                        |
|---|------|------------------------|
| Dist Service Revenue                                  | 4080 | <u>\$ 1,155,060.29</u> |
| <b>NON-UTILITY NET INCOME</b>                         |      |                        |
| Revenues from non-utility                             | 4375 | \$ 97,121.64           |
| Expenses from non-utility                             | 4380 | <u>\$ 91,079.79</u>    |
|   |      | <u>\$ 6,041.85</u>     |
| <b>INVESTMENT INCOME</b>                              |      |                        |
| Profit and loss from financial instrument investments | 4340 | -\$ 13,219.80          |
| Interest & Dividend Income - Interest                 | 4405 | \$ 76,940.85           |
| Interest Rev.-Carrying Charges                        | 4406 | <u>\$ 6,524.29</u>     |
|   |      | <u>\$ 70,245.34</u>    |
| <b>OTHER REVENUE</b>                                  |      |                        |
| 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>\$ -</u>            |
|   |      | <u>\$ 192,968.92</u>   |
|   |      | <u>\$ 1,424,316.40</u> |
| <b>EXPENSES</b>                                       |      |                        |
| <b>DISTRIBUTION, OPERATION &amp; MAINTENANCE</b>      |      |                        |
| <b>TRANSFORMERS</b>                                   |      |                        |
| Overhead Distribution Transformers- Operation         | 5035 | \$ 7,319.71            |
| Underground Distribution Transformers - Operation     | 5055 | \$ 7,017.20            |
| Mtce of Line Transformers                             | 5160 | <u>\$ 55,833.18</u>    |
|   |      | <u>\$ 70,170.09</u>    |
| <b>METERS</b>   |      |                        |
| Meter Expense - Materials & Expenses (all meters)     | 5065 | \$ 3,849.28            |
| Maintenance of Meters                                 | 5175 | <u>\$ 5,608.24</u>     |
|   |      | <u>\$ 9,457.52</u>     |
| <b>LINES AND FEEDERS</b>                              |      |                        |
| 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          |
|  |            | <b>\$</b> | <b>358,529.65</b> |
|  |            | <b>\$</b> | <b>438,157.26</b> |

## 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            |
|   |      | <b>\$</b> | <b>315,130.01</b> |

### 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>   |
| <b>INTEREST ON LONG-TERM DEBT</b>                     |      |                        |
| Interest on long-term debt                            | 6005 | <u>\$ 74,731.00</u>    |
| <b>INTEREST ON LONG-TERM DEBT</b>                     |      |                        |
| Regulatory Debit                                      | 4305 | <u>\$ 37,087.99</u>    |
|   |      | <u>\$ 753,831.87</u>   |
| <b>AMORTIZATION</b>                                   |      |                        |
| 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> |
| <b>INCOME (LOSS) FROM OPERATIONS</b>                  |      | <u>\$ 131,602.45</u>   |
| <b>OTHER EXPENSES</b>                                 |      |                        |
| 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>    |
| <b>INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES</b> |      | \$ 74,731.16           |
| <b>PAYMENT IN LIEU OF TAXES</b>                       |      |                        |
| Income Taxes  | 6110 | \$ 2,661.00            |
| Future income taxes expense                           | 6115 | \$ -                   |
|   |      | <u>\$ 2,661.00</u>     |
| <b>NET INCOME</b>                                     |      | <u>\$ 72,070.16</u>    |

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

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

**PAYMENT-IN-LIEU OF FUTURE TAXES**

Future Income Tax - Non Current

2350

**16,000.00****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><b>2,163,078.36</b></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><b>682,975.03</b></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       | <b>1508</b>       | 193.94            |
| RCVA Retail                                 | <b>1518</b>       | 2,248.69          |
| Miscellaneous Deferred Debits               | <b>1525</b>       | 4.20              |
| RSVA - Shared LV Line                       | <b>1550</b>       | 167,728.04        |
| Smart Metering Entity Charge Variance       | <b>1551</b>       | 30.26             |
| Smart Meter Cap & Rec Offset Variance       | <b>1555</b>       | 25,998.15         |
| Smart Meter OM&A Variance Account           | <b>1556</b>       | -                 |
| LRAM Variance account                       | <b>1568</b>       | 27.38             |
| RSVA WMS                                    | <b>1580</b>       | -                 |
| RSVA NW                                     | <b>1584</b>       | -                 |
| RSVA CN                                     | <b>1586</b>       | -                 |
| RSVA Power                                  | <b>1588</b>       | -                 |
| RSVA Power - Global Adjustment              | <b>1589</b>       | -                 |
| RSVA - RPP Settlement                       | <b>1592</b>       |                   |
|   | <b>1595-1515,</b> |                   |
| Disposition and Recovery of Regulatory 2012 | <b>1595-1516,</b> | 100,350.57        |
|   | <b>1595-1517</b>  |                   |
|   | <b>1595-1520,</b> |                   |
| Disposition and Recovery of Regulatory 2013 | <b>1595-1521,</b> | 156.50            |
|   | <b>1595-1522</b>  |                   |
|   | <b>1595-1535,</b> |                   |
| Disposition and Recovery of Regulatory 2017 | <b>1595-1536,</b> | 38,815.30         |
|   | <b>1595-1537</b>  |                   |
|   |                   | <b>335,553.03</b> |

**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**

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

**RETAINED EARNINGS**

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

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

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

**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**

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

|   |      |                        |
|---|------|------------------------|
| Dist Service Revenue                                  | 4080 | <u>\$ 1,199,384.70</u> |
| <b>NON-UTILITY NET INCOME</b>                         |      |                        |
| Revenues from non-utility                             | 4375 | \$ 489,411.30          |
| Expenses from non-utility                             | 4380 | <u>\$ 380,889.72</u>   |
|   |      | <u>\$ 108,521.58</u>   |
| <b>INVESTMENT INCOME</b>                              |      |                        |
| Profit and loss from financial instrument investments | 4340 | -\$ 56,168.65          |
| Interest & Dividend Income - Interest                 | 4405 | \$ 59,338.42           |
| Interest Rev.-Carrying Charges                        | 4406 | <u>\$ 11,024.91</u>    |
|   |      | <u>\$ 14,194.68</u>    |
| <b>OTHER REVENUE</b>                                  |      |                        |
| 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>\$ -</u>            |
|   |      | <u>\$ 214,351.61</u>   |
|   |      | <u>\$ 1,536,452.57</u> |
| <b>EXPENSES</b>                                       |      |                        |
| <b>DISTRIBUTION, OPERATION &amp; MAINTENANCE</b>      |      |                        |
| <b>TRANSFORMERS</b>                                   |      |                        |
| Overhead Distribution Transformers- Operation         | 5035 | \$ -                   |
| Underground Distribution Transformers - Operation     | 5055 | \$ 967.32              |
| Mtce of Line Transformers                             | 5160 | <u>\$ 63,866.48</u>    |
|   |      | <u>\$ 64,833.80</u>    |
| <b>METERS</b>   |      |                        |
| Meter Expense - Materials & Expenses (all meters)     | 5065 | \$ 1,934.18            |
| Maintenance of Meters                                 | 5175 | <u>\$ 18,214.21</u>    |
|   |      | <u>\$ 20,148.39</u>    |
| <b>LINES AND FEEDERS</b>                              |      |                        |
| 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          |
|  |            | <b>\$</b> | <b>397,967.60</b> |
|  |            | <b>\$</b> | <b>482,949.79</b> |

## 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          |
|   |      | <b>\$</b> | <b>295,347.16</b> |

### 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>   |
| <b>INTEREST ON LONG-TERM DEBT</b>                     |      |                        |
| Interest on long-term debt                            | 6005 | <u>\$ 92,863.00</u>    |
| <b>REGULATORY</b>                                     |      |                        |
| Regulatory Debit                                      | 4305 | <u>\$ -</u>            |
|   |      | <u>\$ 720,003.28</u>   |
| <b>AMORTIZATION</b>                                   |      |                        |
| 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> |
| <b>INCOME (LOSS) FROM OPERATIONS</b>                  |      | <u>\$ 209,485.48</u>   |
| <b>OTHER EXPENSES</b>                                 |      |                        |
| 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>    |
| <b>INCOME (LOSS) BEFORE PAYMENTS IN LIEU OF TAXES</b> |      | \$ 129,062.33          |
| <b>PAYMENT IN LIEU OF TAXES</b>                       |      |                        |
| Income Taxes  | 6110 | \$ 22,128.00           |
| Future income taxes expense                           | 6115 | \$ 8,000.00            |
|   |      | <u>\$ 30,128.00</u>    |
| <b>NET INCOME</b>                                     |      | <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                |
|---|---------|---------------------|
| <b>BALANCE SHEET</b>                        |         |                     |
| <b>CURRENT ASSETS</b>                       |         |                     |
| <b>CASH</b>                                 |         |                     |
| 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> |
| <b>INVESTMENTS</b>                          |         |                     |
| 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> |
| <b>ACCOUNTS RECEIVABLE</b>                  |         |                     |
| 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>   |
| <b>UNBILLED SERVICE REVENUE</b>             |         |                     |
| Accrued Utility Revenues (Unbilled Re       | 1120    | <u>841,260.41</u>   |
| <b>INVENTORY</b>                            |         |                     |
| Plant Materials & Operating Supplies        | 1330    | <u>113,254.61</u>   |
| <b>PAYMENTS IN LIEU OF TAXES</b>            |         |                     |
| Accrual for Taxes, Payment in Lieu of Taxes | 2294    | <u>-</u>            |
| <b>PREPAID EXPENSES</b>                     |         |                     |
| Prepayments                                 | 1180    | <u>79,883.88</u>    |

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**4,921,852.52**

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**PAYMENT-IN-LIEU OF FUTURE TAXES**

Future Income Tax - Non Current

**2350**

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**8,000.00**

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**PROPERTY AND EQUIPMENT**

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

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

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**1,638,394.69**

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**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               |
| <b>TOTAL ASSETS</b>                          |             |                   | 6,571,439.69               |
| <b>REGULATORY DEFERRALS</b>                  |             |                   |                            |
| 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> |                            |
| <b>TOTAL ASSETS AND REGULATORY DEFERRALS</b> |             |                   | <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                   |
|---|---------|------------------------|
| <b>SERVICE REVENUE</b>  |         |                        |
| <b>ELECTRICITY</b>  |         |                        |
| 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          |
|   |         | <b>\$ 7,712,277.02</b> |
| <b>WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION</b> |         |                        |
| 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           |
|   |         | <b>\$ 1,330,272.37</b> |
|   |         | <b>\$ 9,042,549.39</b> |
| <b>COST OF SALES</b>  |         |                        |
| <b>ELECTRICITY</b>  |         |                        |
| Power Purchased   | 4705    | \$ 4,277,988.51        |
| Power Purchased - Global Adjustment                           | 4707    | \$ 3,434,288.51        |
|   |         | <b>\$ 7,712,277.02</b> |
| <b>WHOLESALE MARKET SERVICES, TRANSMISSION AND CONNECTION</b> |         |                        |
| 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           |
|   |         | <b>\$ 1,330,272.37</b> |
|   |         | <b>\$ 9,042,549.39</b> |
| <b>GROSS MARGIN</b>   |         | <b>\$ -</b>            |
| <b>DISTRIBUTION REVENUE</b>                                   |         |                        |



|  |      |                        |
|--|------|------------------------|
| Dist Service Revenue                               | 4080 | <u>\$ 1,226,450.29</u> |
| <b>NON-UTILITY NET INCOME</b>                      |      |                        |
| Revenues from non-utility                          | 4375 | \$ 832,845.79          |
| Expenses from non-utility                          | 4380 | <u>\$ 741,367.15</u>   |
|  |      | <u>\$ 91,478.64</u>    |
| <b>OTHER REVENUE</b>                               |      |                        |
| 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> |
| <b>EXPENSES</b>                                    |      |                        |
| <b>DISTRIBUTION, OPERATION &amp; MAINTENANCE</b>   |      |                        |
| <b>TRANSFORMERS</b>                                |      |                        |
| 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>    |
| <b>METERS</b>                                      |      |                        |
| Meter Expense - Materials & Expenses (all meters)  | 5065 | \$ 715.25              |
| Maintenance of Meters                              | 5175 | \$ 17,069.40           |
|  |      | <u>\$ 17,784.65</u>    |
| <b>LINES AND FEEDERS</b>                           |      |                        |
| 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         |
|  |            | <b>\$</b> | <b>391,482.02</b> |
|  |            | <b>\$</b> | <b>474,760.00</b> |

## 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 | \$        | -                 |
|   |      | <b>\$</b> | <b>304,864.09</b> |

### 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          |
|  |      | <b>\$</b> | <b>314,829.24</b> |
|  |      | <b>\$</b> | <b>619,693.33</b> |

### AMORTIZATION

|                            |      |    |            |
|----------------------------|------|----|------------|
| Depreciation general plant | 5705 | \$ | 112,207.15 |
|----------------------------|------|----|------------|

|   |      |           |                   |
|---|------|-----------|-------------------|
| Amortization of the refund of Account 1575/1576 | 5705 | \$        | -                 |
| Amort. Of Intangible & Other                    | 5715 | \$        | 2,364.22          |
|   |      | <b>\$</b> | <b>114,571.37</b> |

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**\$ 1,209,024.70**

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## **INCOME (LOSS) FROM OPERATIONS**

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**\$ 268,057.37**

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## **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        |
|  |         | <b>-\$</b> | <b>11,200.98</b> |

## **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         |
|                             |      | <b>\$</b> | <b>34,921.00</b> |

## **NET INCOME**

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**\$ 244,337.35**

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

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

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**5,516,462.19**

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**PAYMENT-IN-LIEU OF FUTURE TAXES**

Future Income Tax - Non Current

**2350**

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**2,000.00**

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**PROPERTY AND EQUIPMENT**

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

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

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**1,715,802.75**

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**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               |
| <b>TOTAL ASSETS</b>                          |             |                   | 7,235,093.20               |
| <b>REGULATORY DEFERRALS</b>                  |             |                   |                            |
| 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> |                            |
| <b>TOTAL ASSETS AND REGULATORY DEFERRALS</b> |             |                   | <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                |
|--|---------|---------------------|
| <b>LIABILITIES</b>                           |         |                     |
| <b>CURRENT LIABILITIES</b>                   |         |                     |
| <b>ACCOUNTS PAYABLE AND ACCRUED CHARGES</b>  |         |                     |
| 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> |
| <b>PAYMENT-IN-LIEU OF TAXES</b>              |         |                     |
| Accrual for Taxes, Payment in Lieu of Taxes  | 2294    | <u>23,784.00</u>    |
| <b>DEMAND LOAN</b>                           |         |                     |
| Other Long Term Debt                         | 2520    | <u>1,000,000.00</u> |
| <b>CUSTOMERS' DEPOSITS</b>                   |         |                     |
| Long Term Customer Deposits                  | 2335    | <u>80,040.18</u>    |
| <b>DUE TO TOWN OF HEARST</b>                 |         |                     |
| 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> |
| <b>CONTRIBUTIONS IN AID OF CONSTRUCTIONS</b> |         |                     |
| Deferred Revenues                            | 2440    | <u>97,892.26</u>    |
| <b>TOTAL LIABILITIES</b>                     |         | <u>3,878,014.76</u> |
| <b>SHAREHOLDER'S EQUITY</b>                  |         |                     |
| <b>SHARE CAPITAL</b>                         |         |                     |



Common Shares Issued

**3005**

**10,000.00**

**RETAINED EARNINGS**

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

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

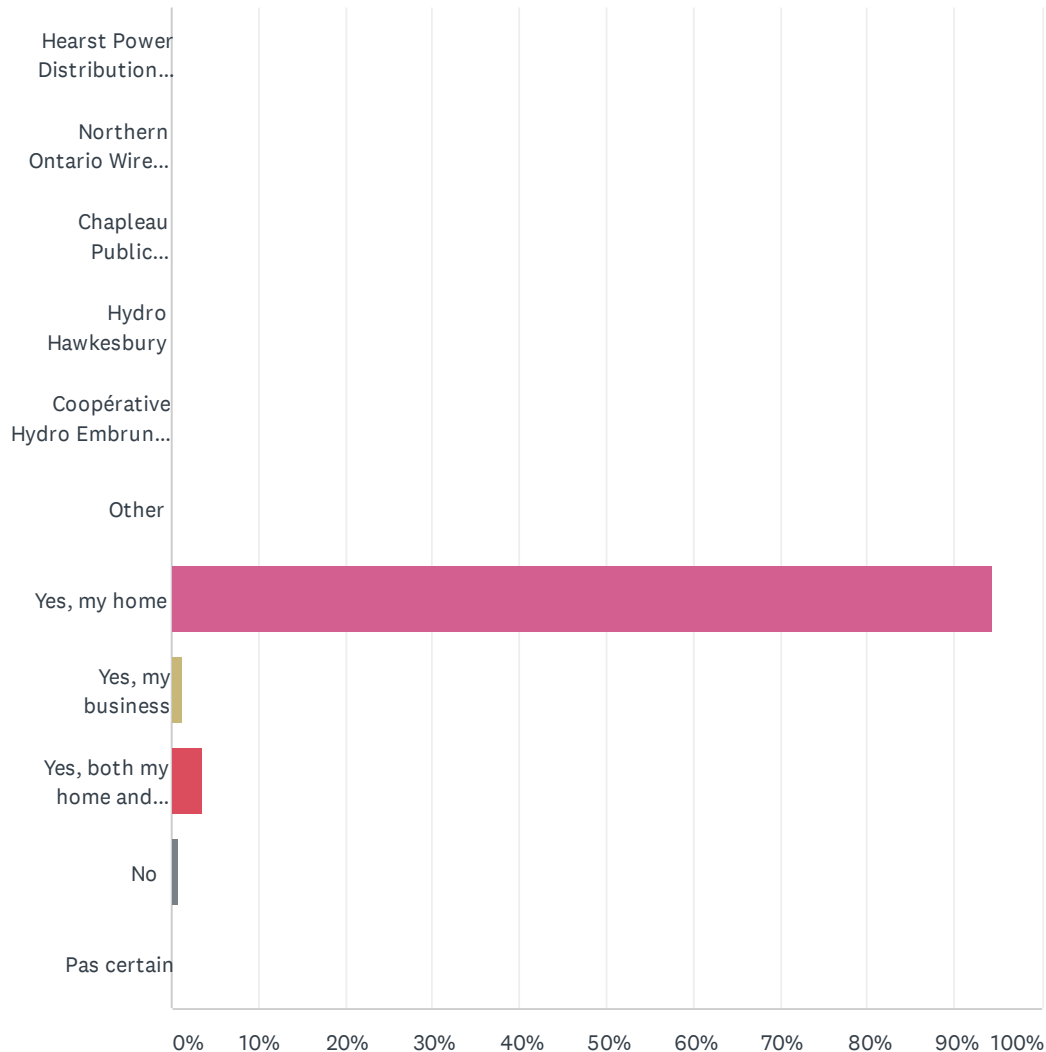
|   |                    |                  |
|---|--------------------|------------------|
| Other Regulatory Assets                     | <b>1508</b>        | 38,556.41        |
|   | <b>1580, 1584,</b> |                  |
| RSVA - all categories                       | <b>1586, 1588,</b> |      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

**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

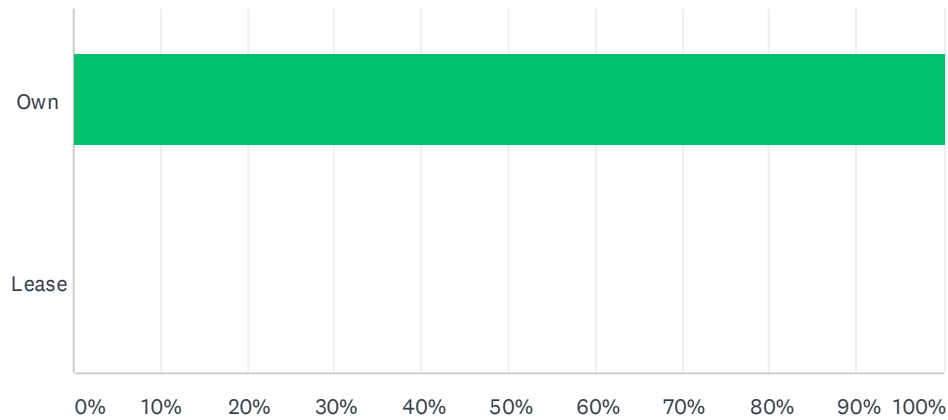


## 2019 Customer Satisfaction Survey - Hearst Power Distribution

| 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?

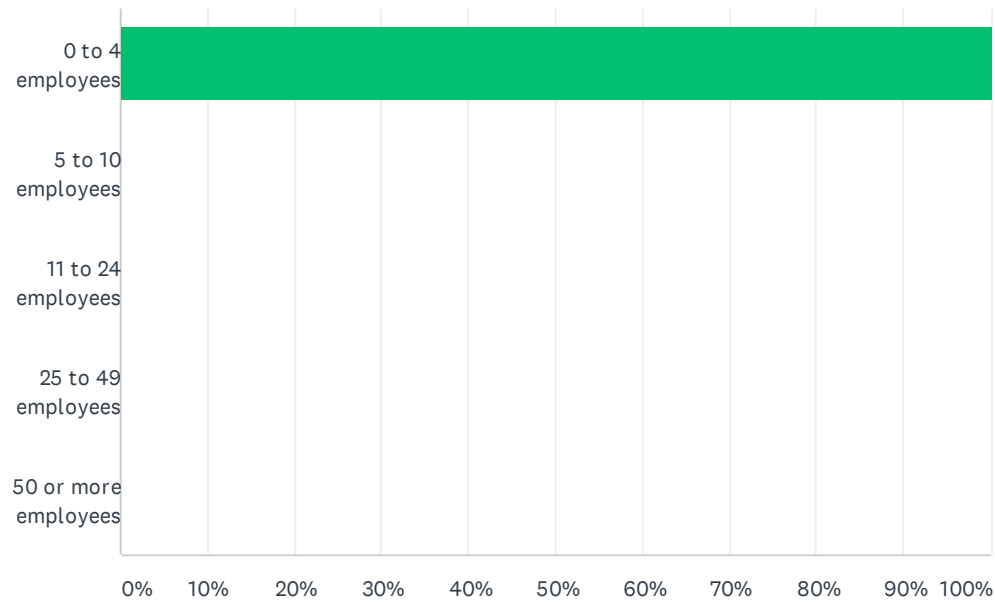
Answered: 3   Skipped: 243



| 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?

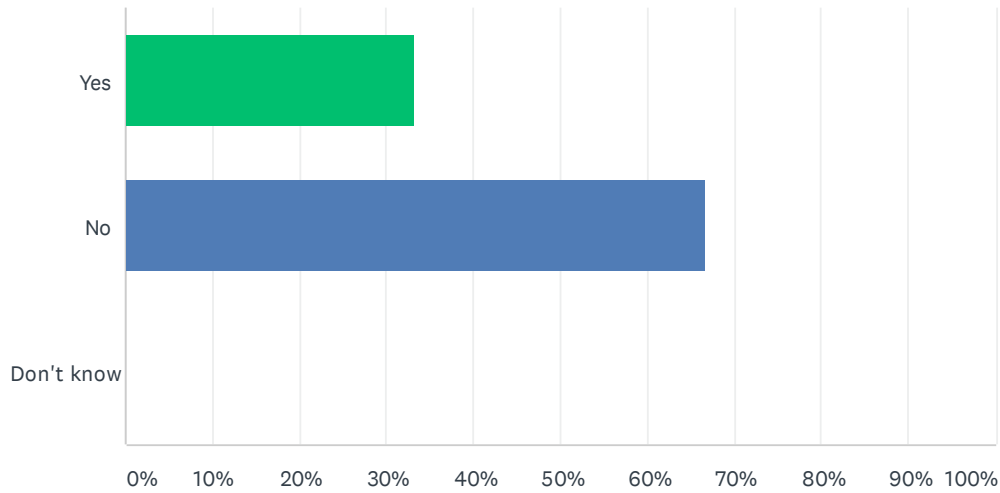
Answered: 3 Skipped: 243



| 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

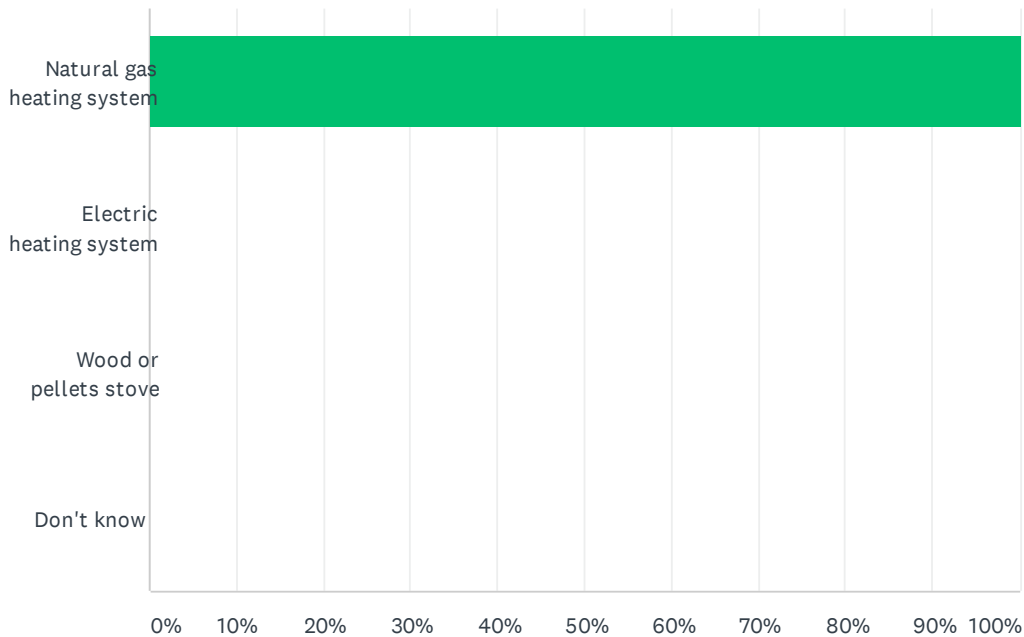


| ANSWER CHOICES | RESPONSES |   |
|----------------|-----------|---|
| Yes            | 33.33%    | 1 |
| No             | 66.67%    | 2 |
| Don't know     | 0.00%     | 0 |
| TOTAL          |           | 3 |



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

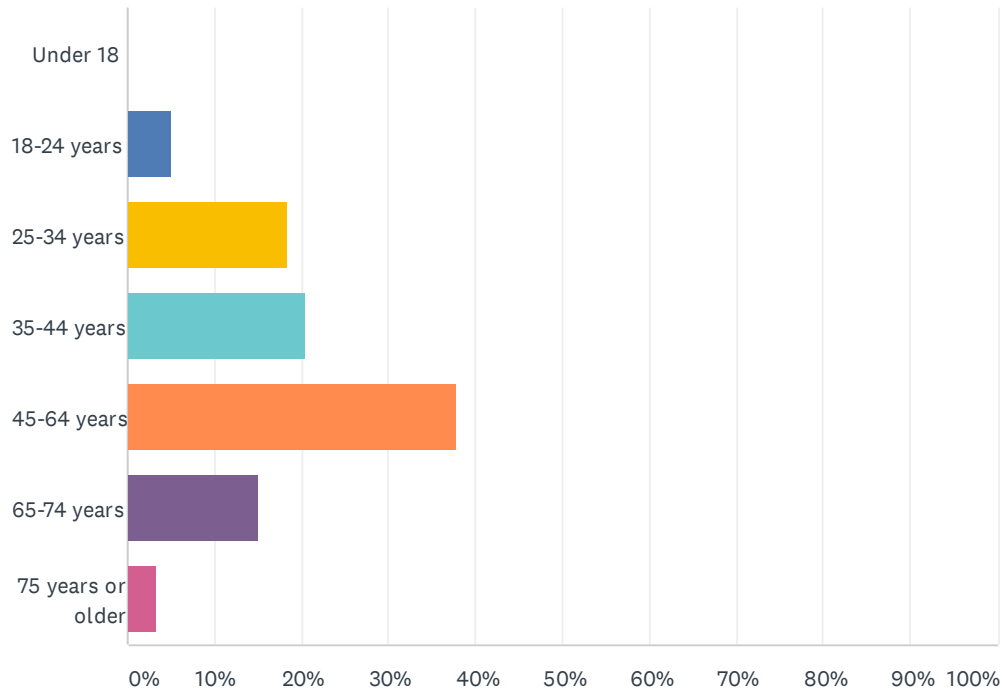
Answered: 3   Skipped: 243



| 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        |
| <b>TOTAL</b>               |           | <b>3</b> |

## Q6 In which age category do you belong?

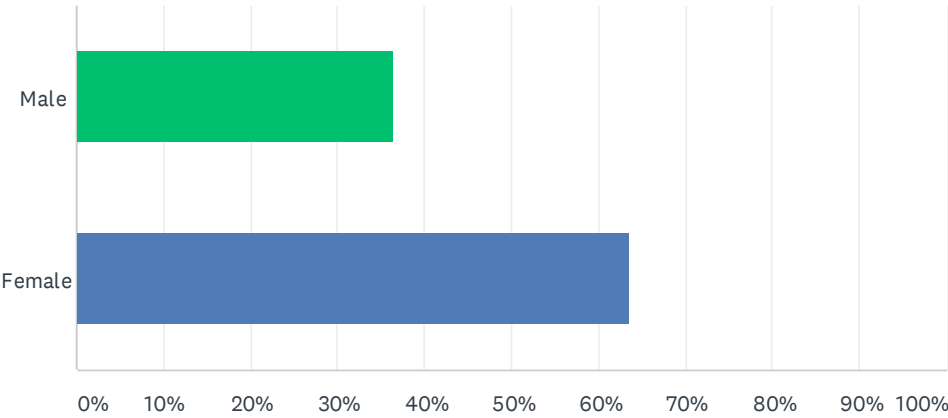
Answered: 240   Skipped: 6



| 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?

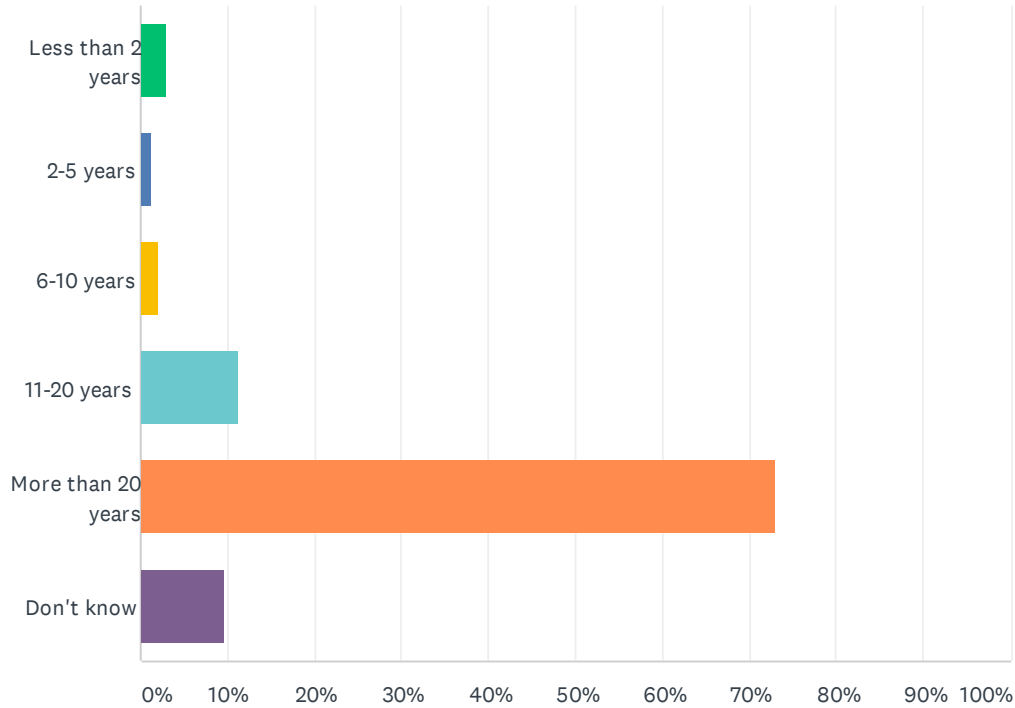
Answered: 239    Skipped: 7



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

## Q8 How old is your home/ apartment?

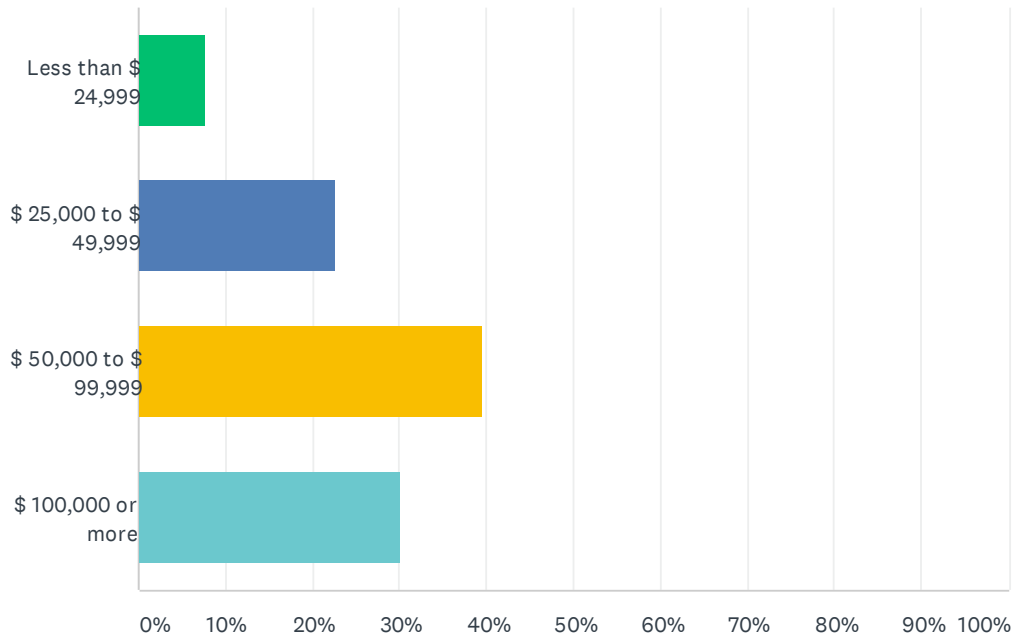
Answered: 240   Skipped: 6



| 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?

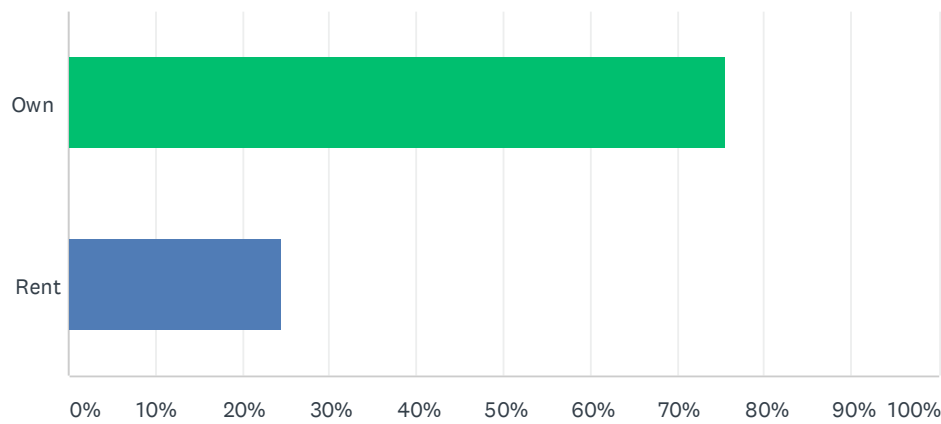
Answered: 235   Skipped: 11



| 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?

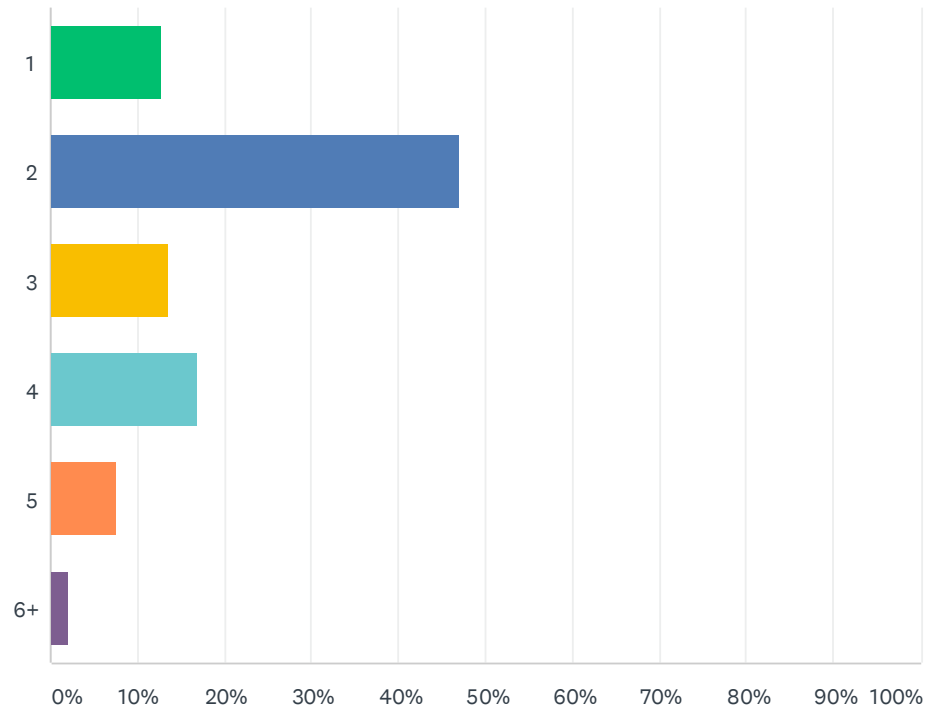
Answered: 236    Skipped: 10



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

## Q11 Please indicate how many people reside in your household.

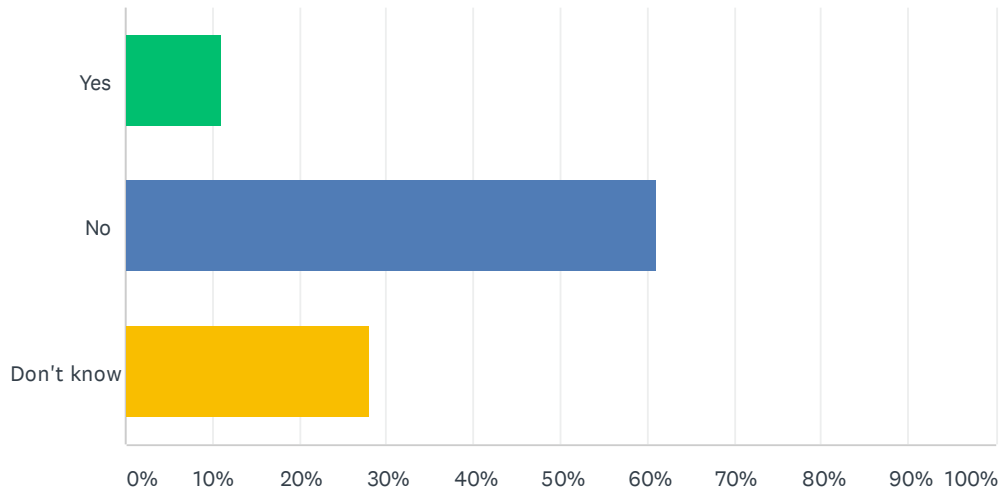
Answered: 236 Skipped: 10



| 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

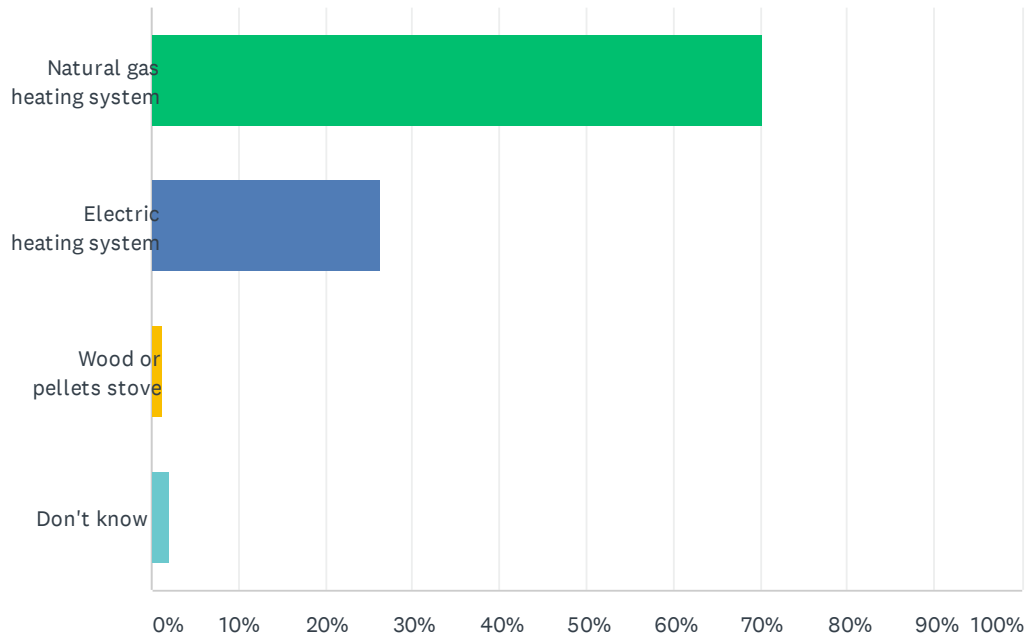


| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 11.02%    | 26  |
| No             | 61.02%    | 144 |
| Don't know     | 27.97%    | 66  |
| TOTAL          |           | 236 |



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

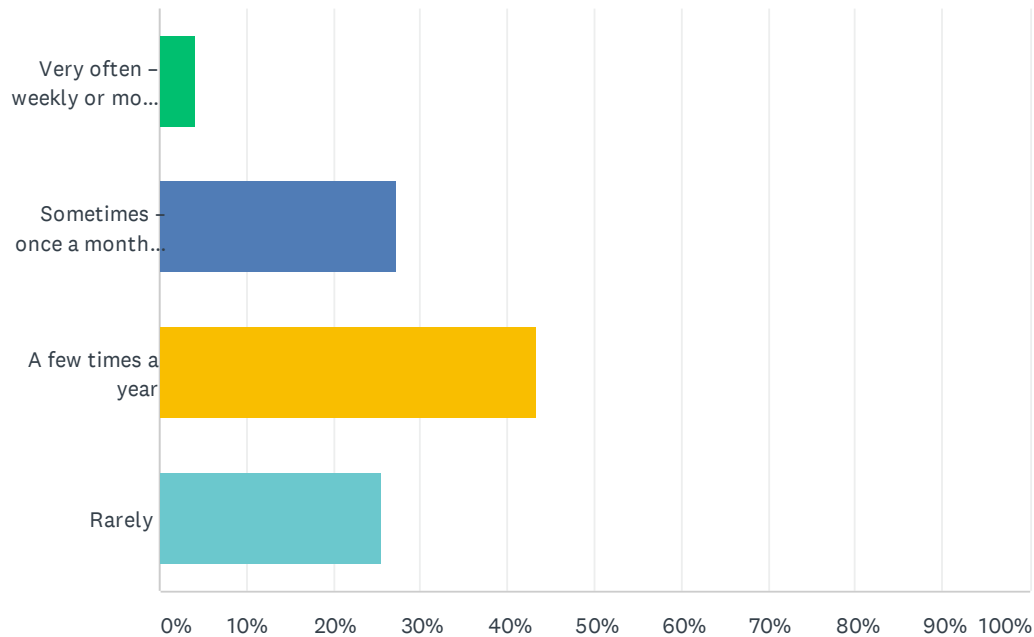
Answered: 236 Skipped: 10



| 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?

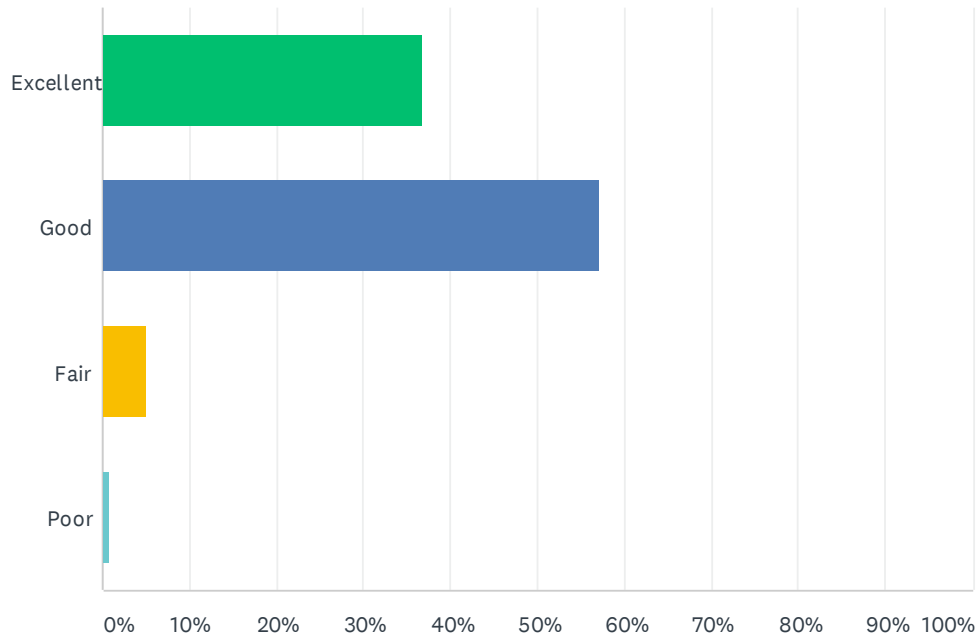
Answered: 236 Skipped: 10



| 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

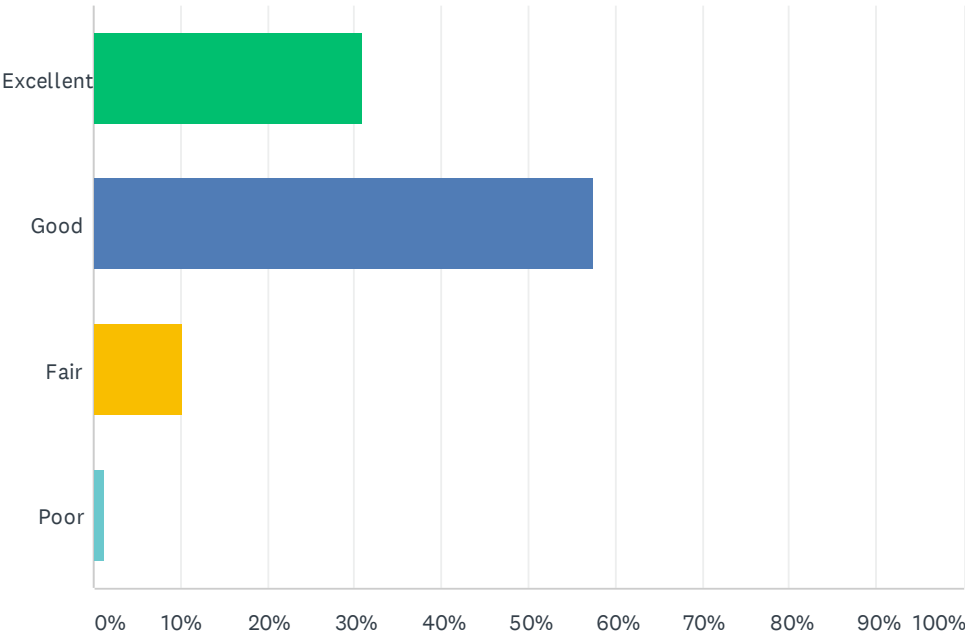
Answered: 236 Skipped: 10



| 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

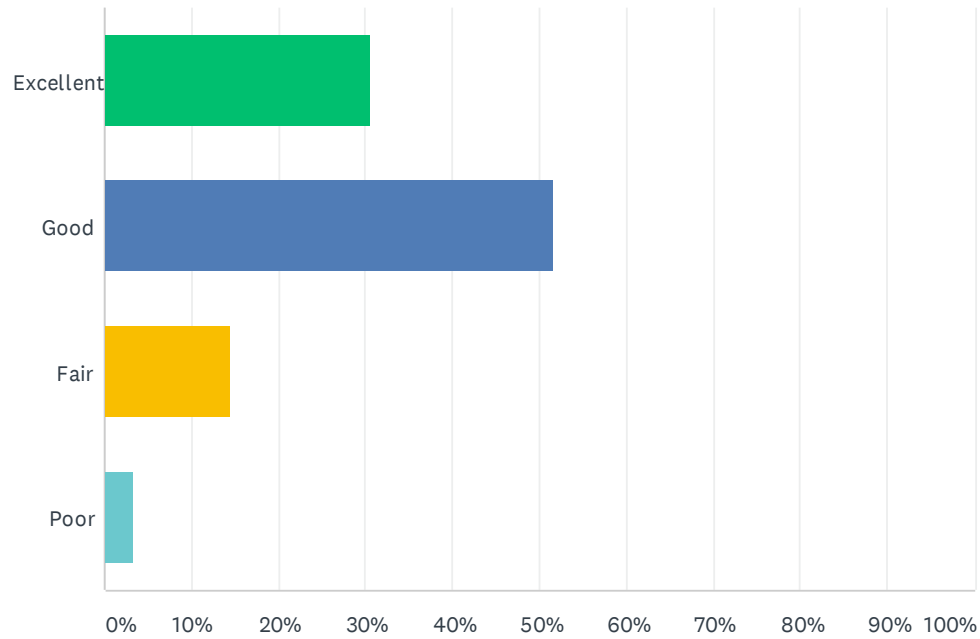
Answered: 236    Skipped: 10



| 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

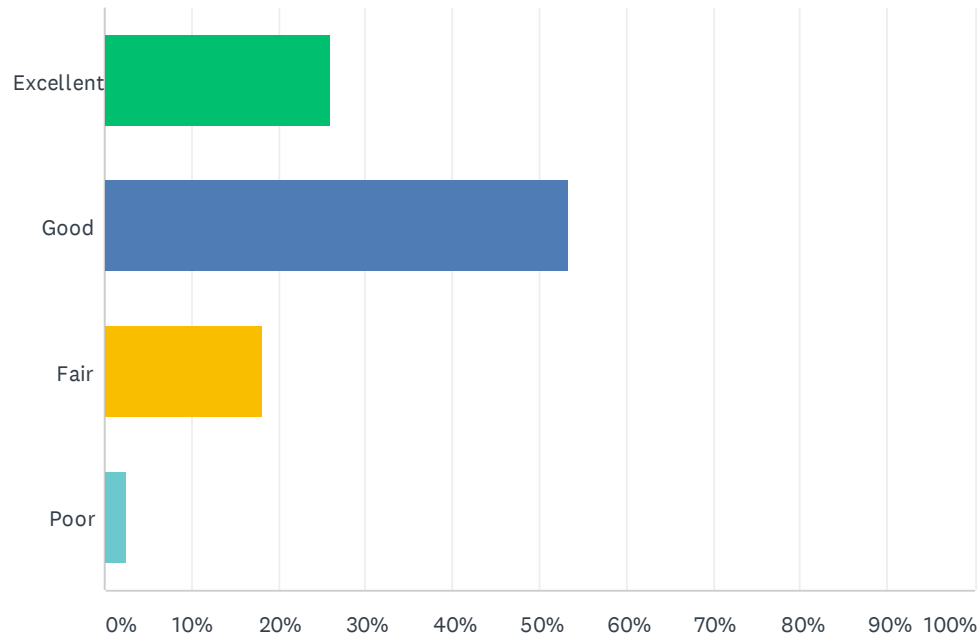
Answered: 236 Skipped: 10



| 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)

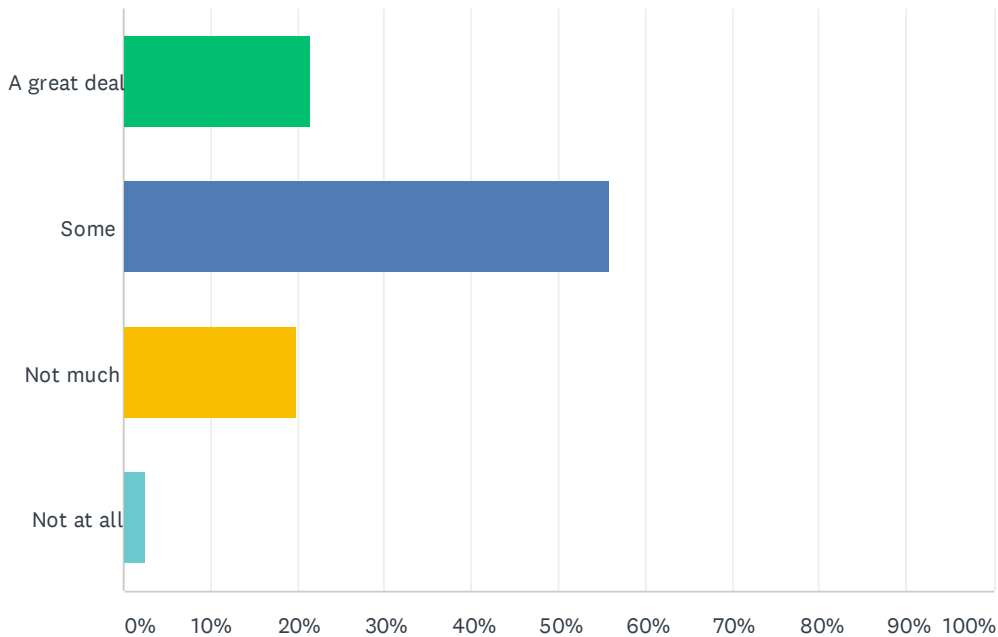
Answered: 236 Skipped: 10



| 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?

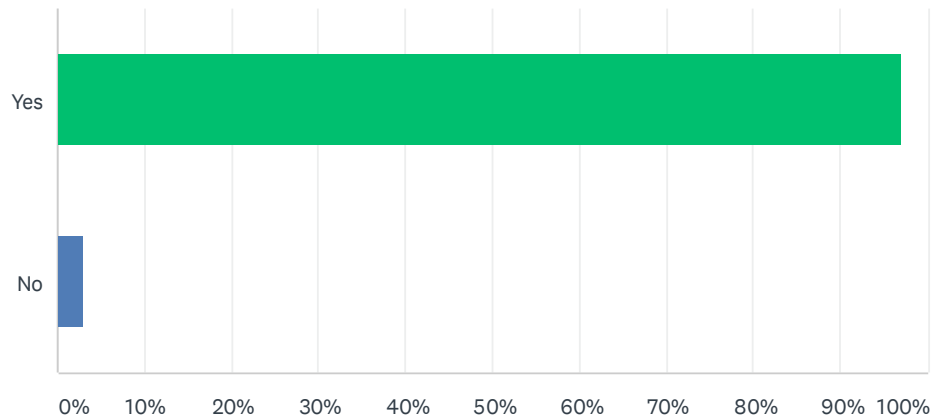
Answered: 236 Skipped: 10



| 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

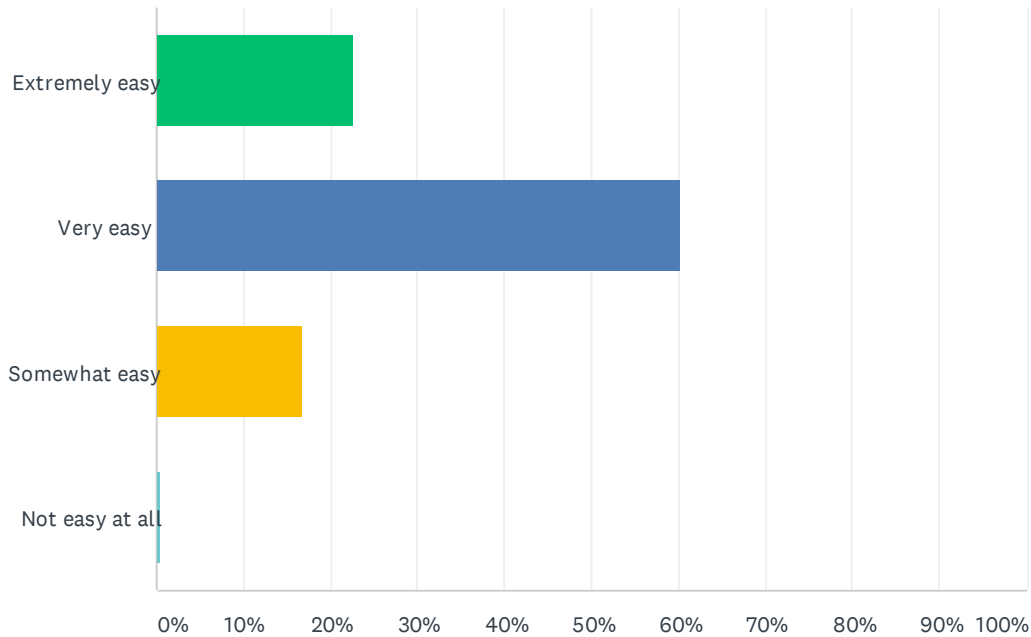


| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 97.03%    | 229 |
| No             | 2.97%     | 7   |
| TOTAL          |           | 236 |



## Q21 Is your electricity bill easy to understand?

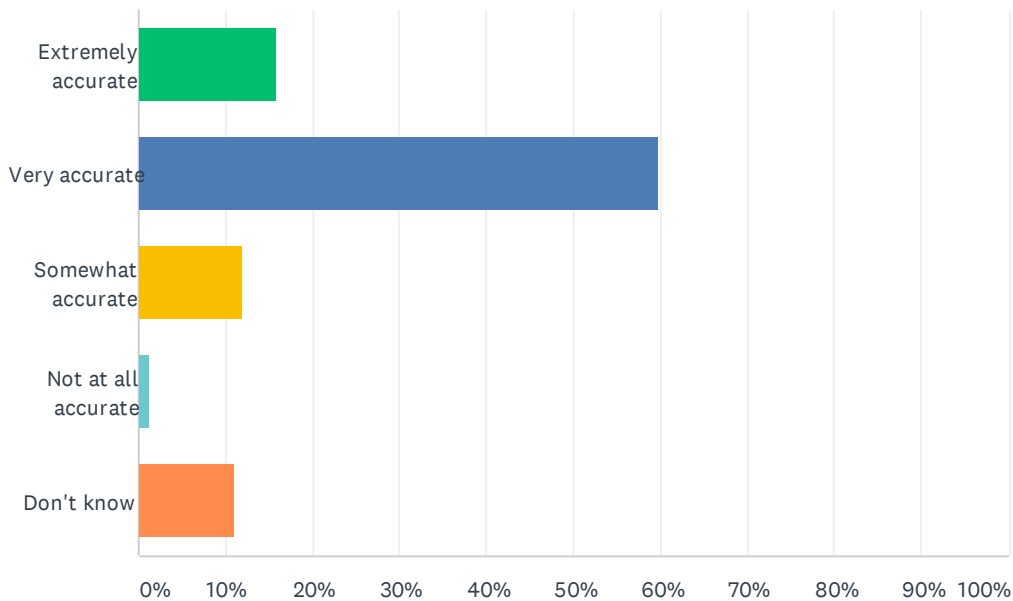
Answered: 234 Skipped: 12



| 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?

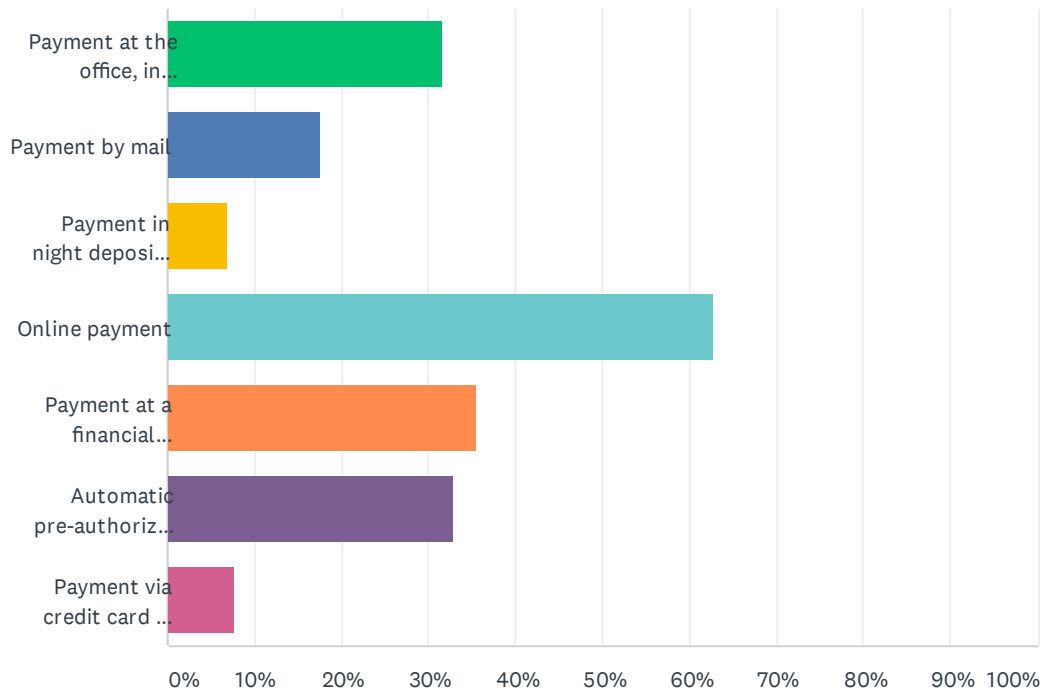
Answered: 234 Skipped: 12



| 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.

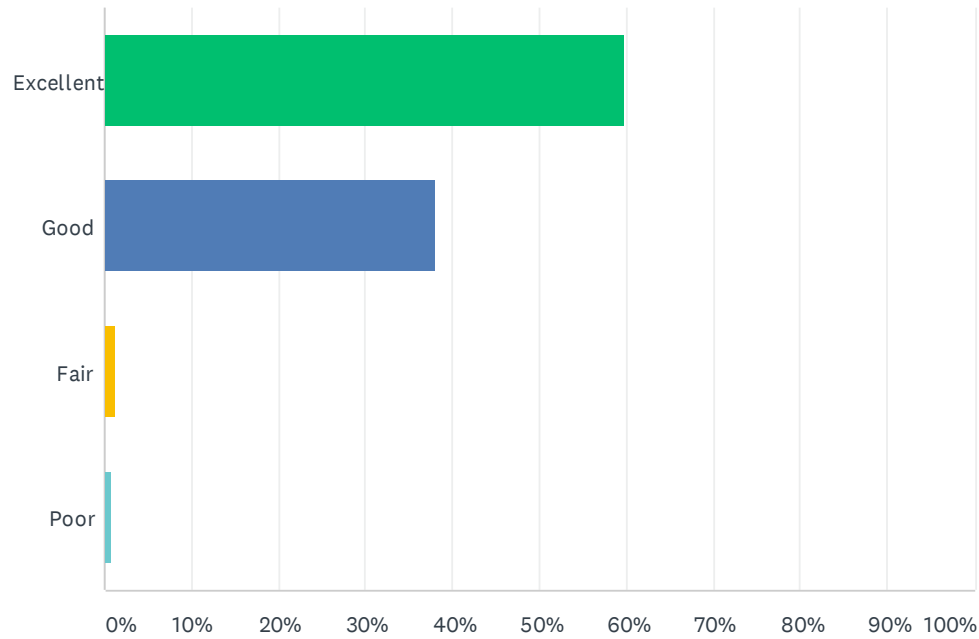
Answered: 234 Skipped: 12



| 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?

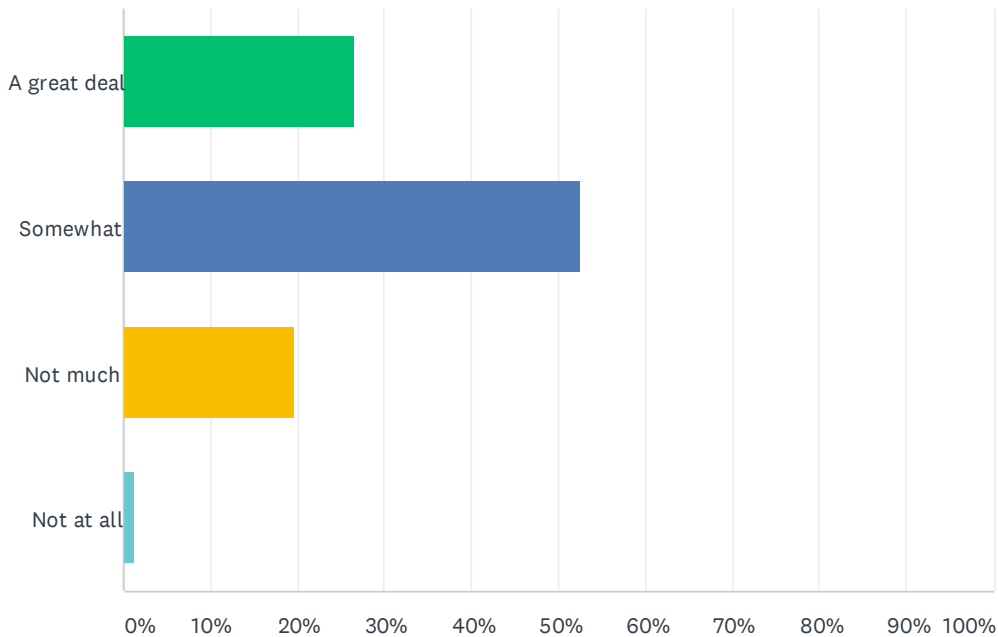
Answered: 234 Skipped: 12



| 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?

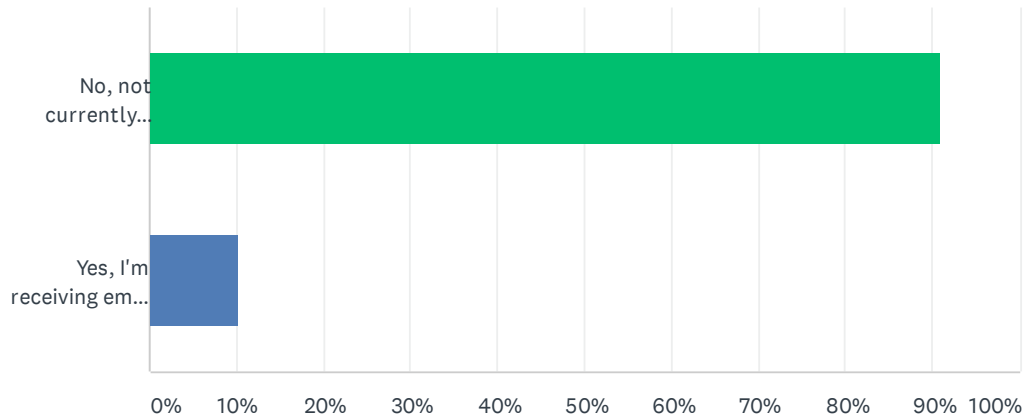
Answered: 234 Skipped: 12



| 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](#))**

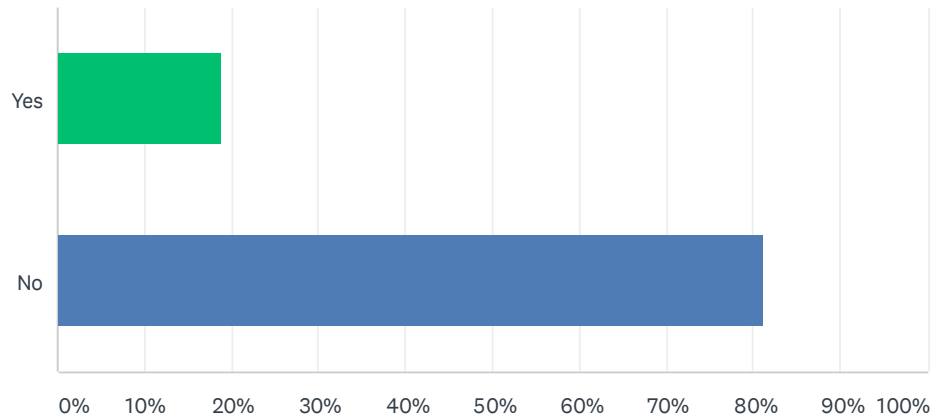
Answered: 234 Skipped: 12



| 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)

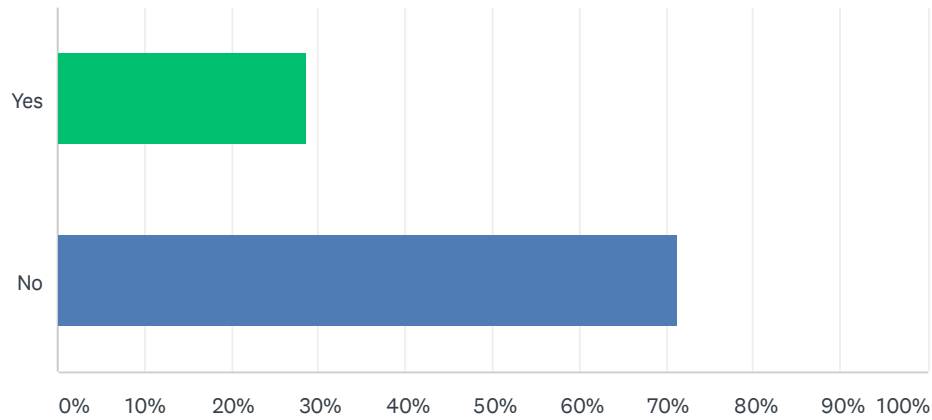
Answered: 234 Skipped: 12



| 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

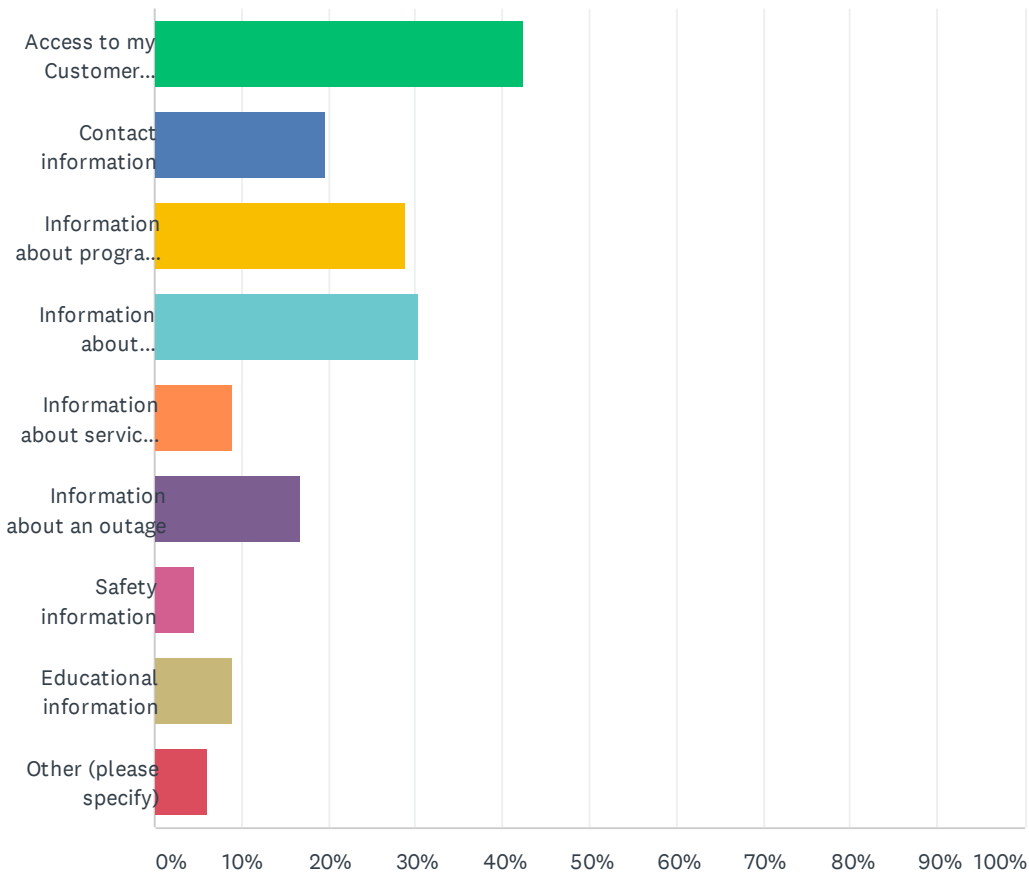


| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Yes            | 28.63%    | 67  |
| No             | 71.37%    | 167 |
| TOTAL          |           | 234 |



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

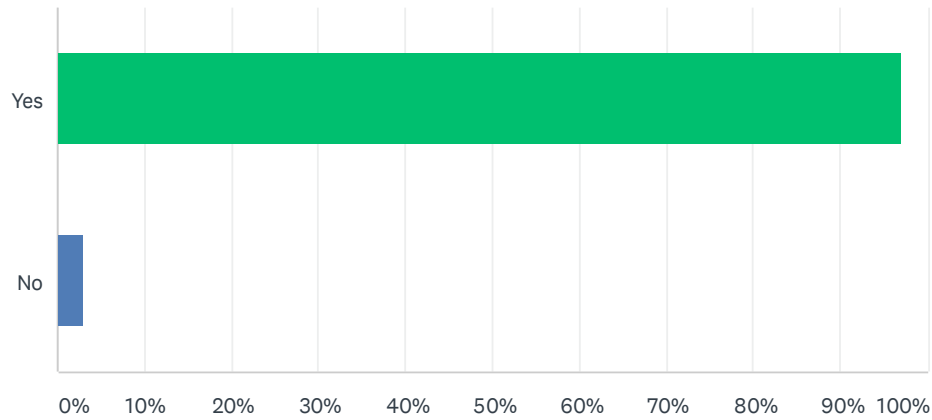
Answered: 66 Skipped: 180



| 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?

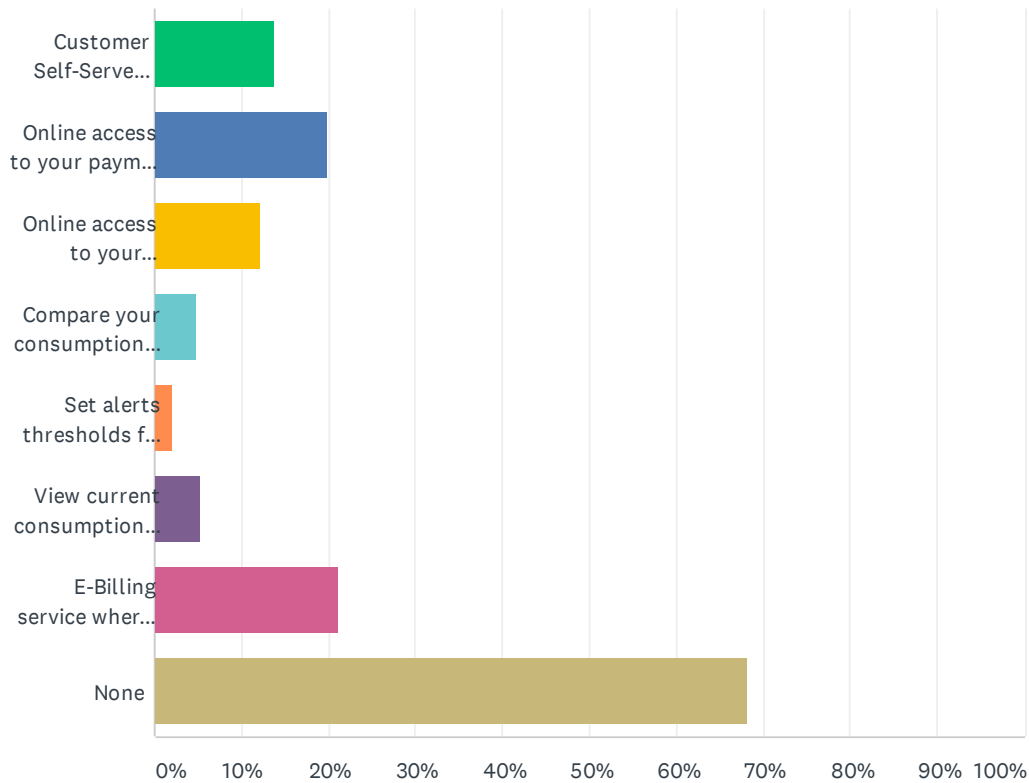
Answered: 66 Skipped: 180



| 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?

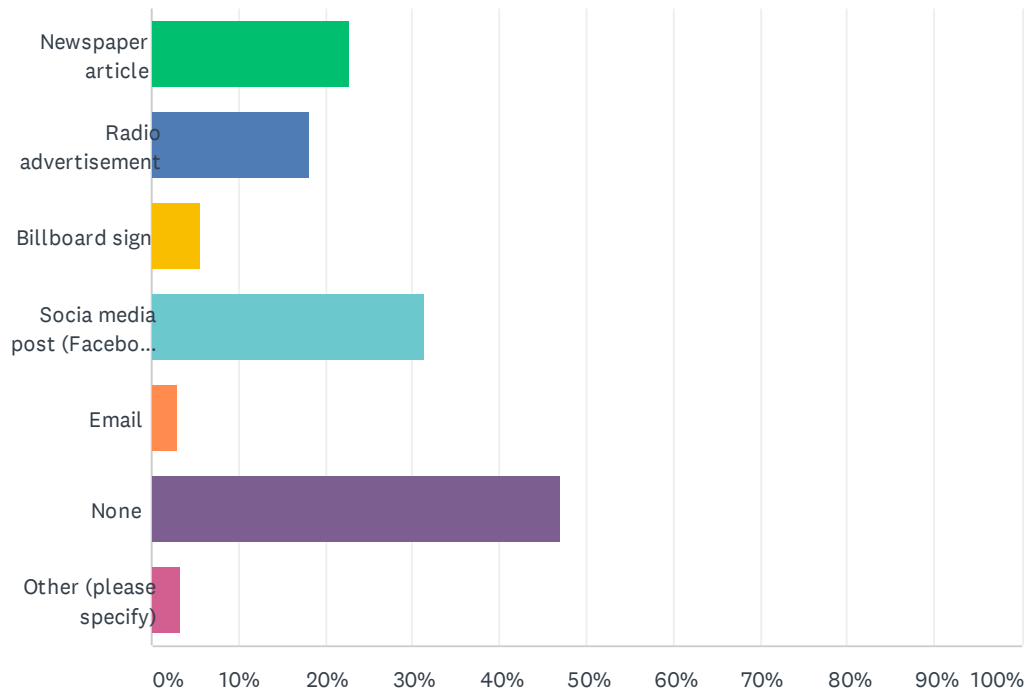
Answered: 232 Skipped: 14



| 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)

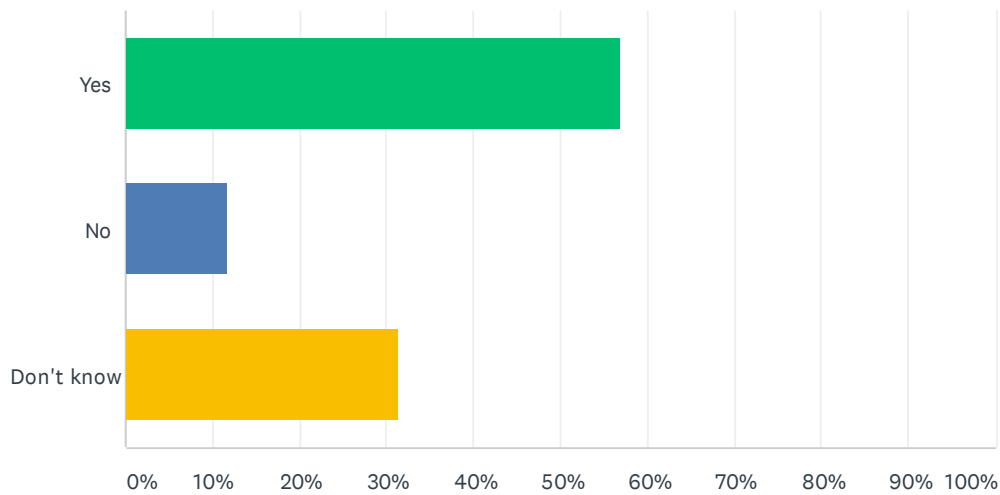
Answered: 232 Skipped: 14



| 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



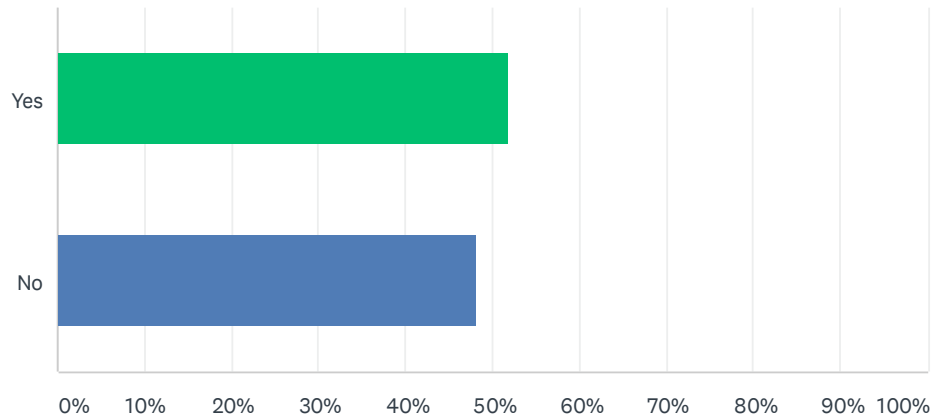
| ANSWER CHOICES |  | RESPONSES |     |
|----------------|--|-----------|-----|
| Yes            |  | 56.90%    | 132 |
| No             |  | 11.64%    | 27  |
| Don't know     |  | 31.47%    | 73  |
| TOTAL          |  |           | 232 |

## 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?

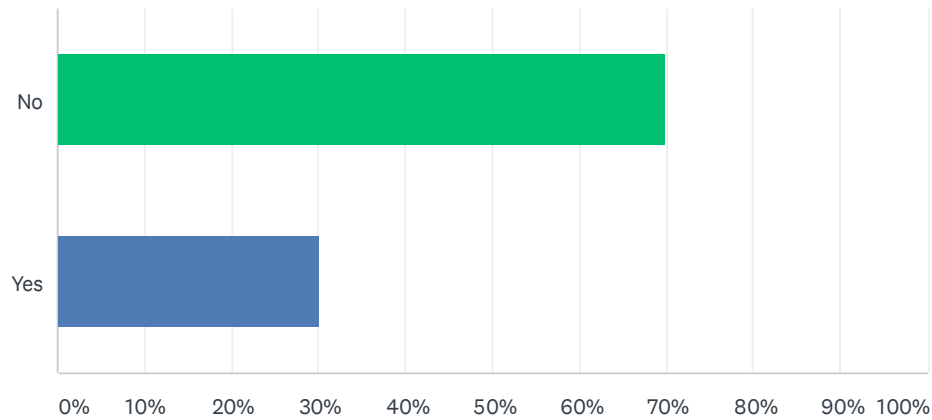
Answered: 231 Skipped: 15



| 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

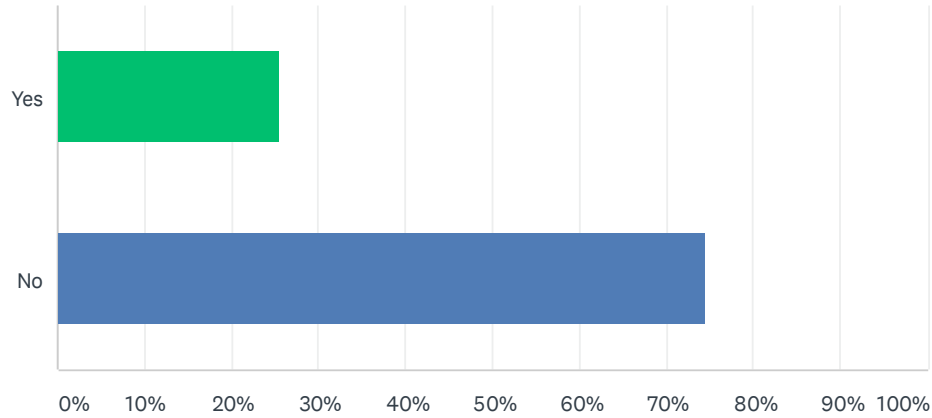


| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| No             | 69.81%    | 148 |
| Yes            | 30.19%    | 64  |
| TOTAL          |           | 212 |



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

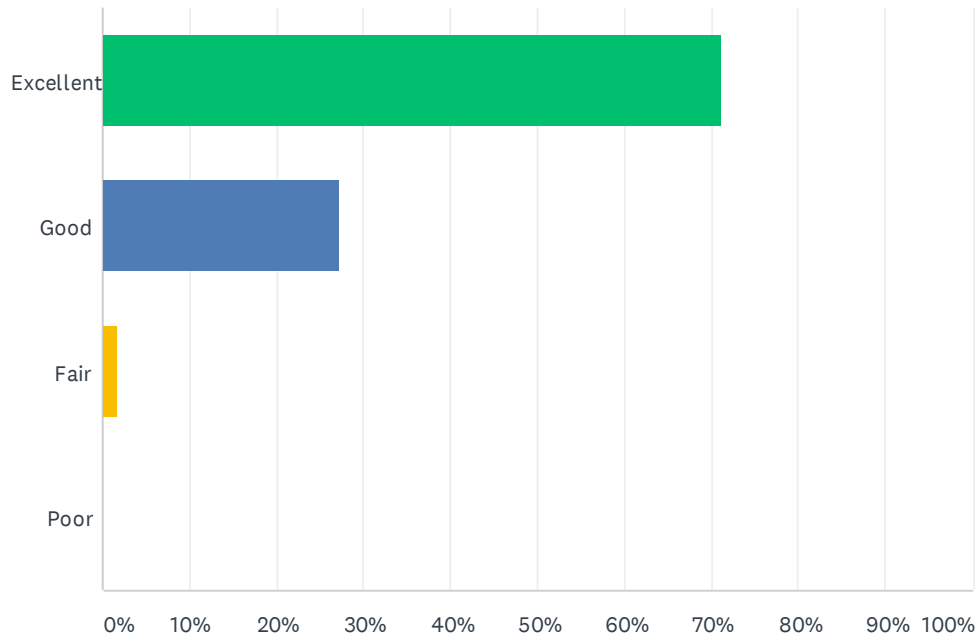
Answered: 231 Skipped: 15



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

## Q38 Courtesy

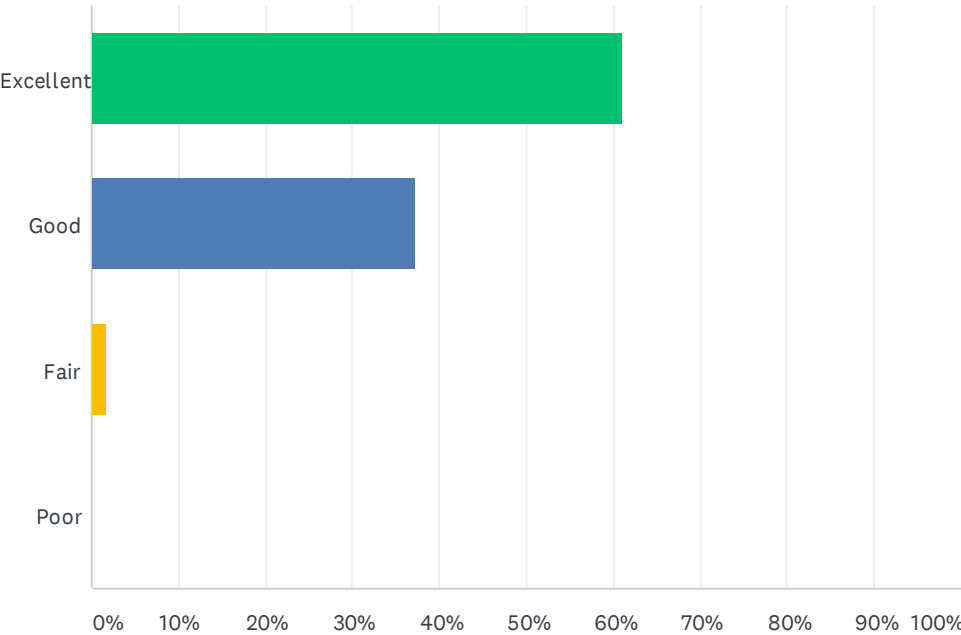
Answered: 59   Skipped: 187



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

Q39 Knowledge

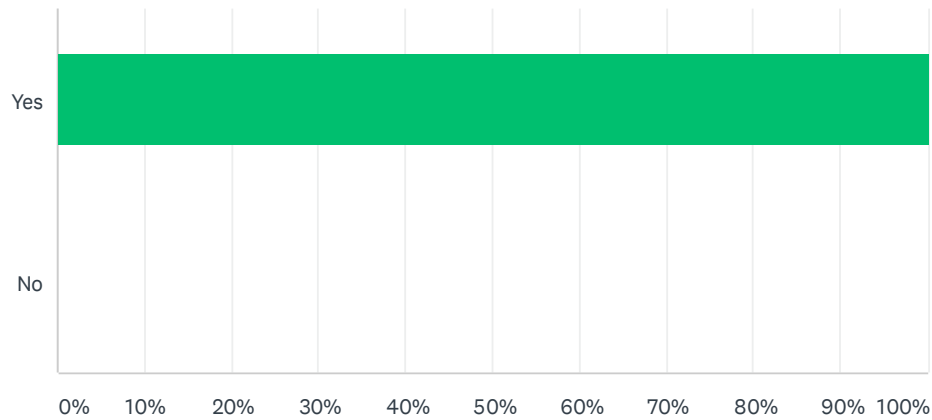
Answered: 59    Skipped: 187



| 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?

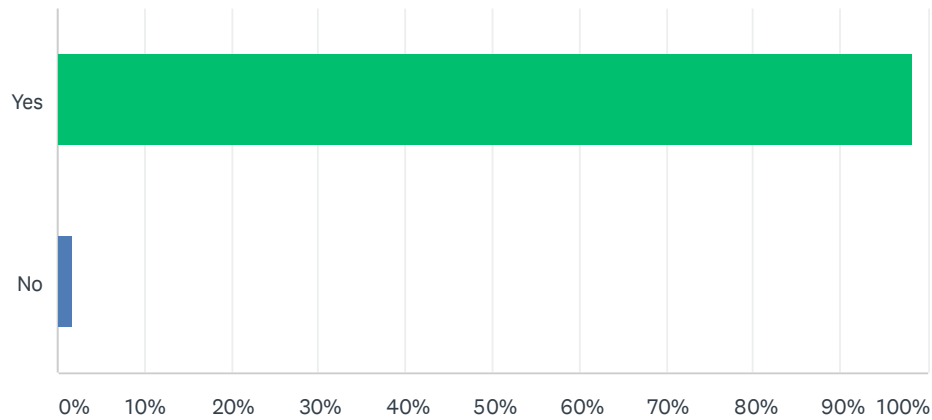
Answered: 59   Skipped: 187



| 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?

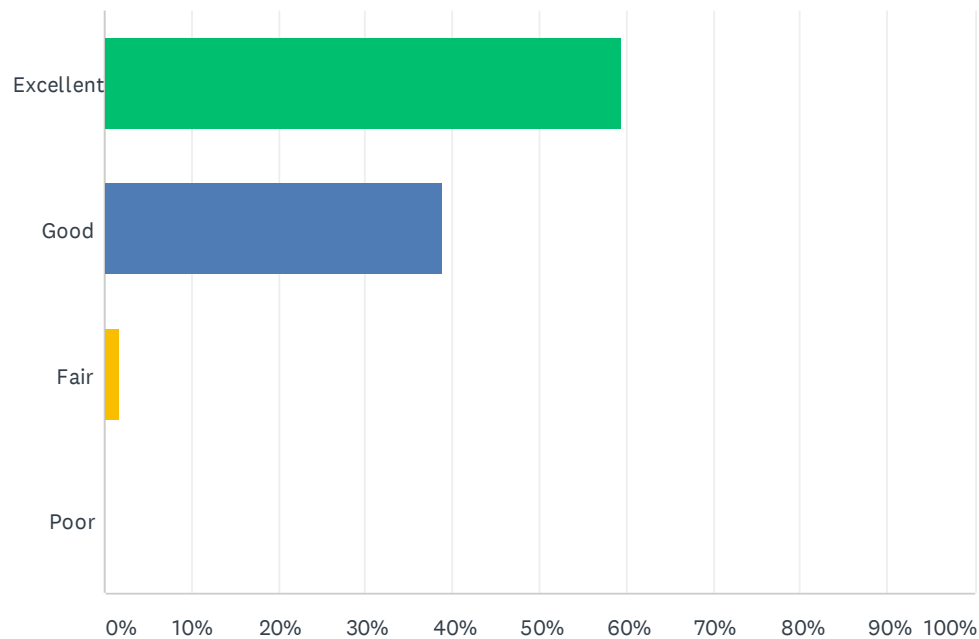
Answered: 59 Skipped: 187



| 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?

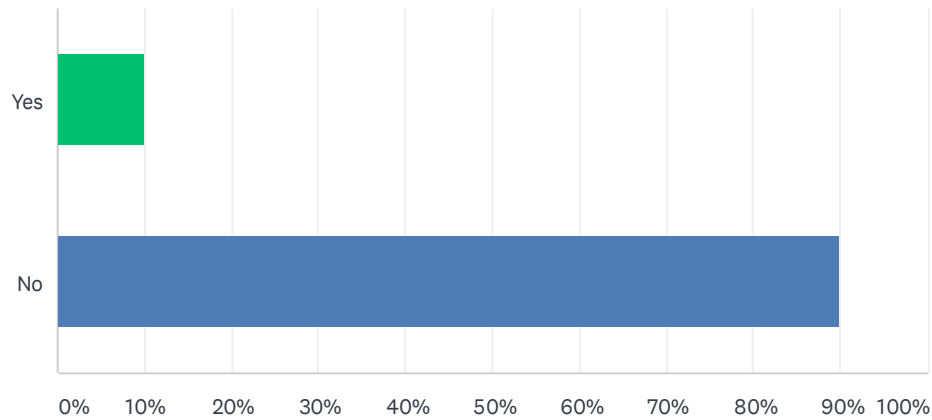
Answered: 59 Skipped: 187



| 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?

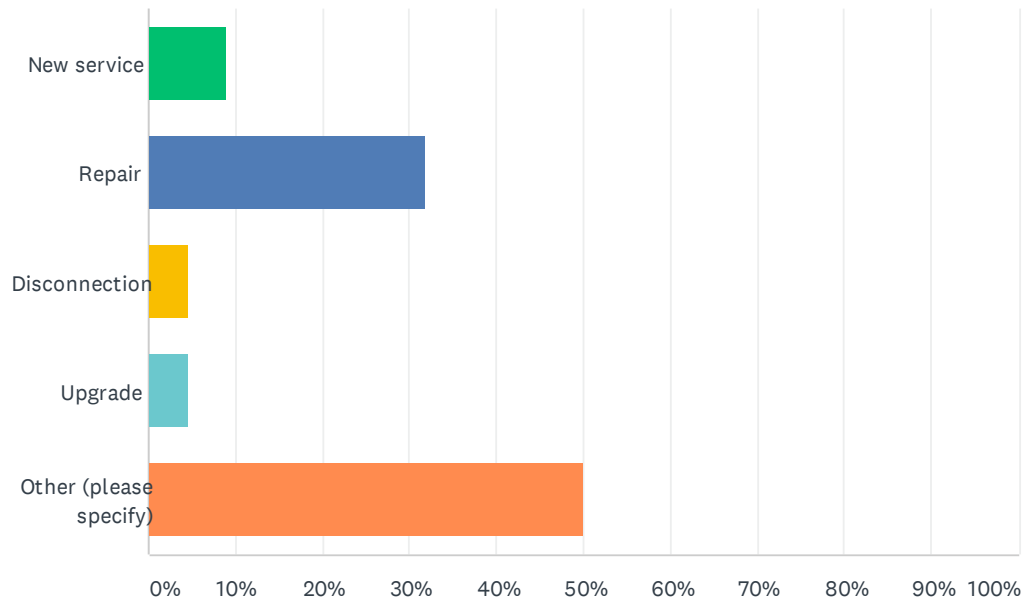
Answered: 231 Skipped: 15



| 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

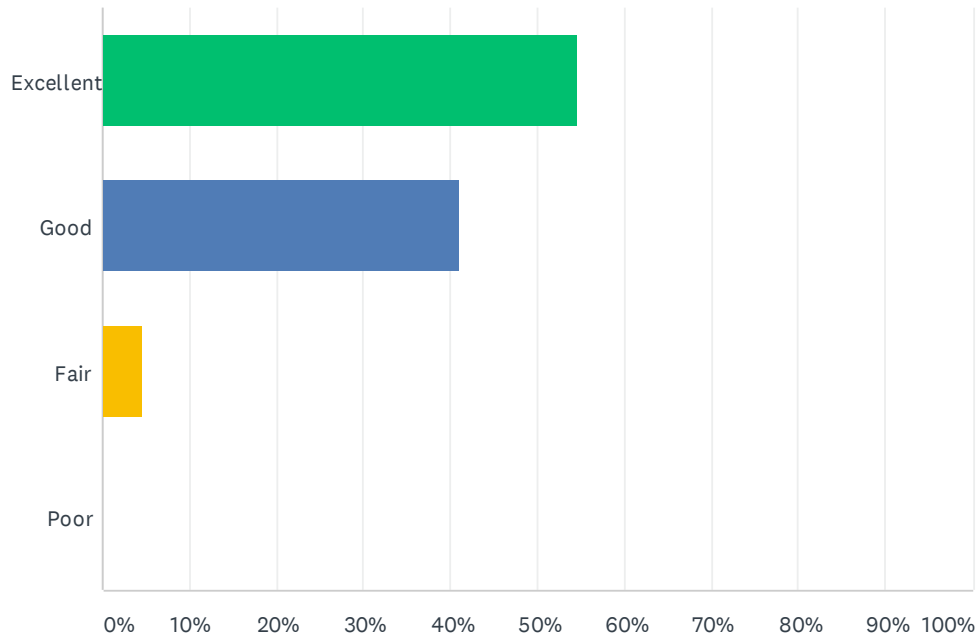


| ANSWER CHOICES         | RESPONSES |    |
|------------------------|-----------|----|
| New service            | 9.09%     | 2  |
| Repair                 | 31.82%    | 7  |
| Disconnection          | 4.55%     | 1  |
| Upgrade                | 4.55%     | 1  |
| Other (please specify) | 50.00%   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



## Q45 Courtesy

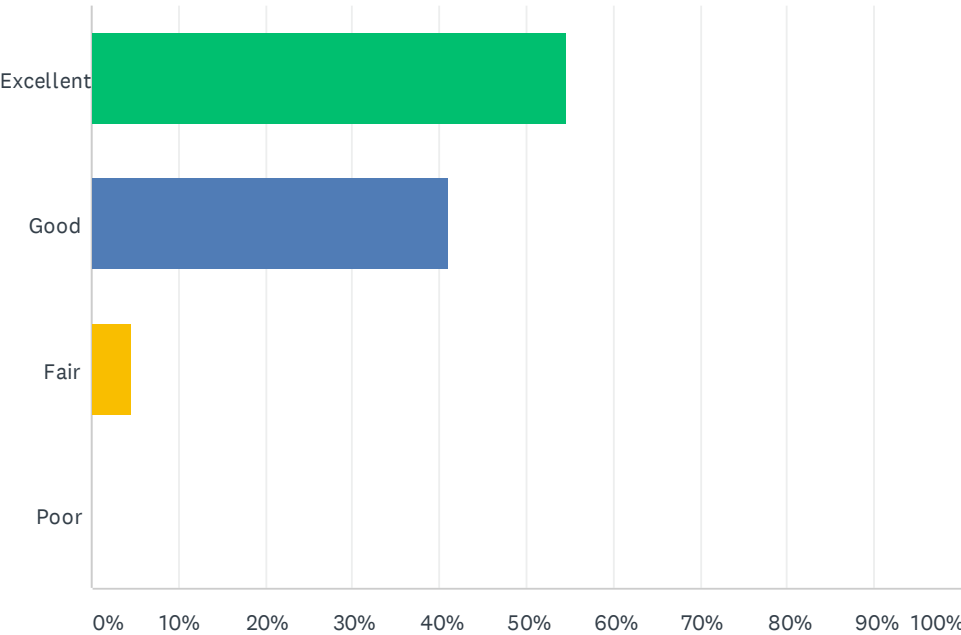
Answered: 22 Skipped: 224



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

Q46 Knowledge

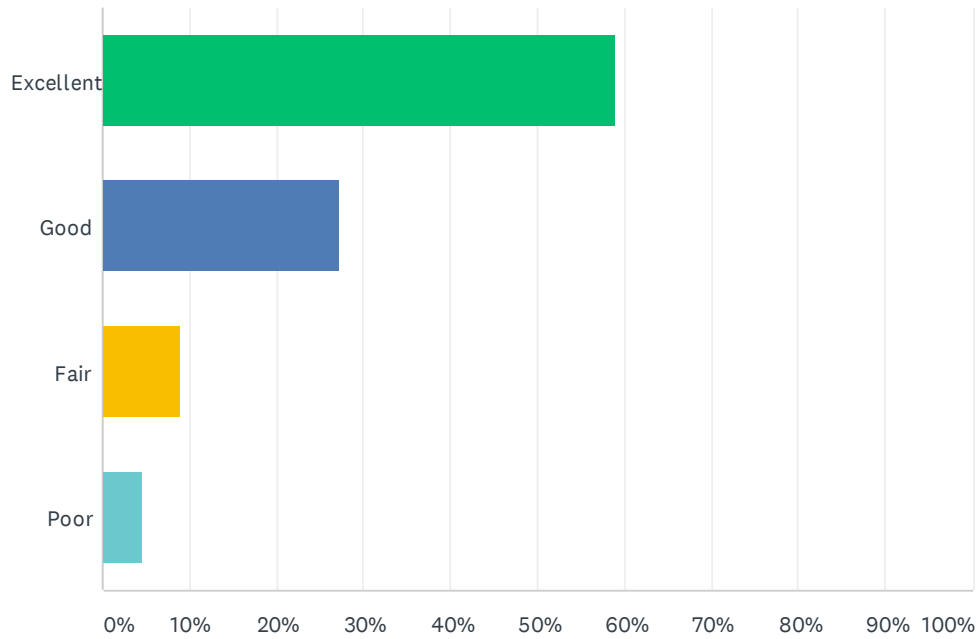
Answered: 22    Skipped: 224



| 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

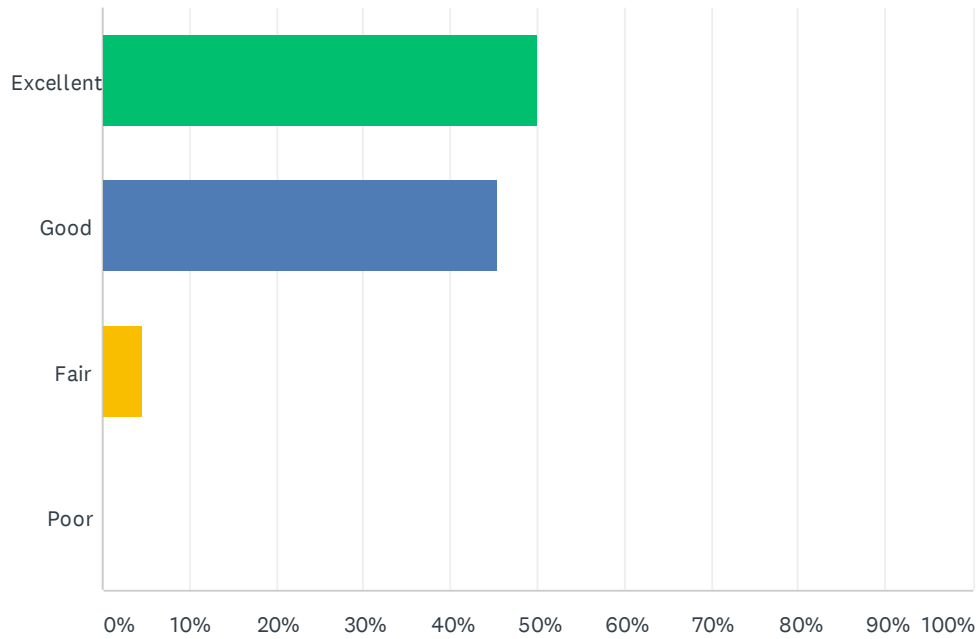
Answered: 22 Skipped: 224



| 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

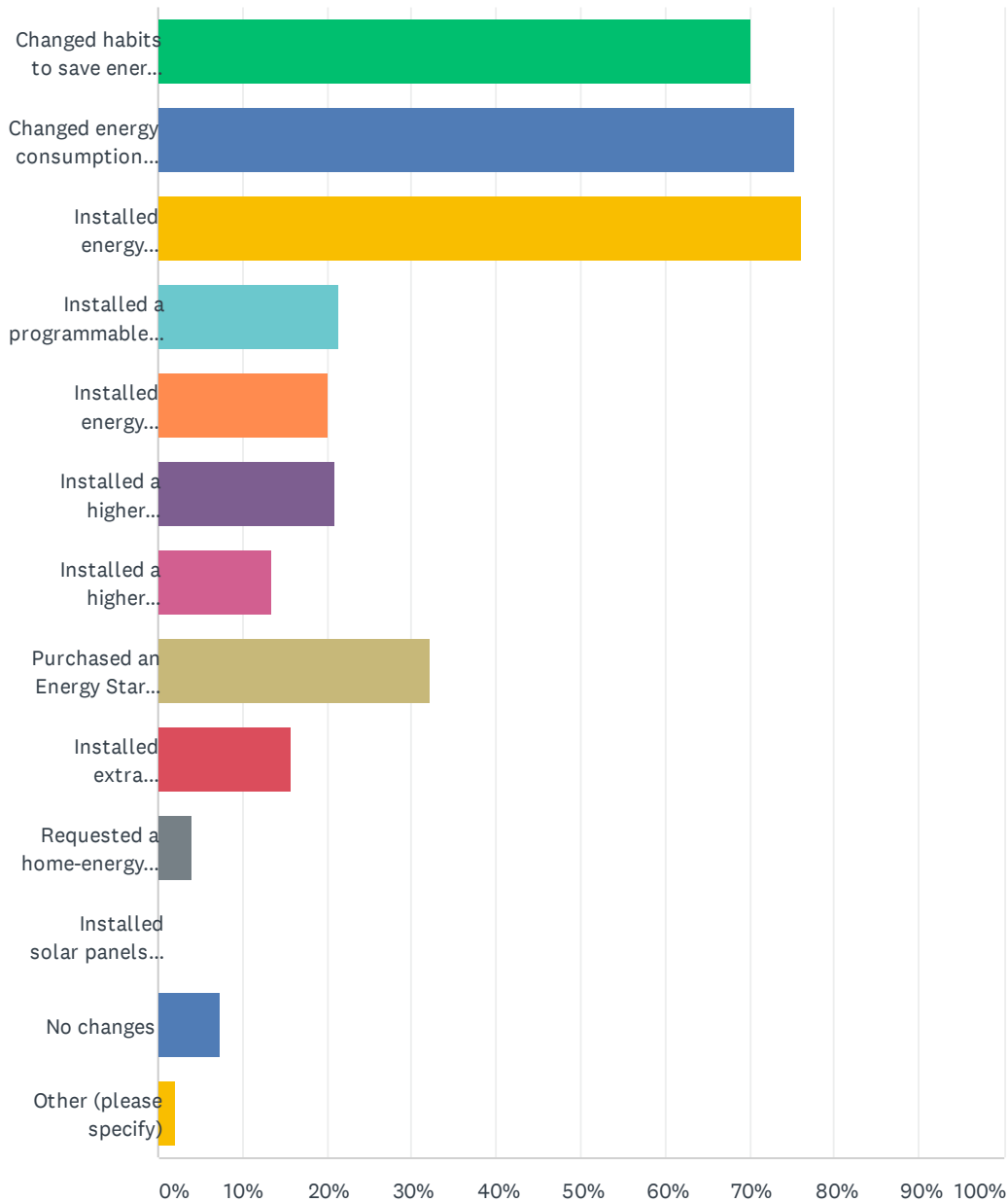
Answered: 22 Skipped: 224



| 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

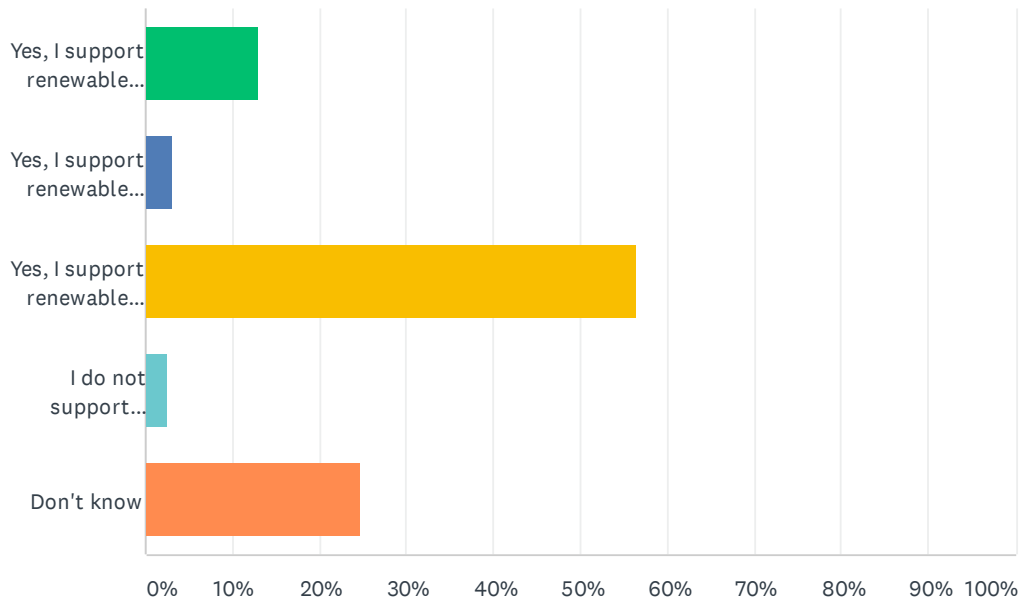


## 2019 Customer Satisfaction Survey - Hearst Power Distribution

| 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?**

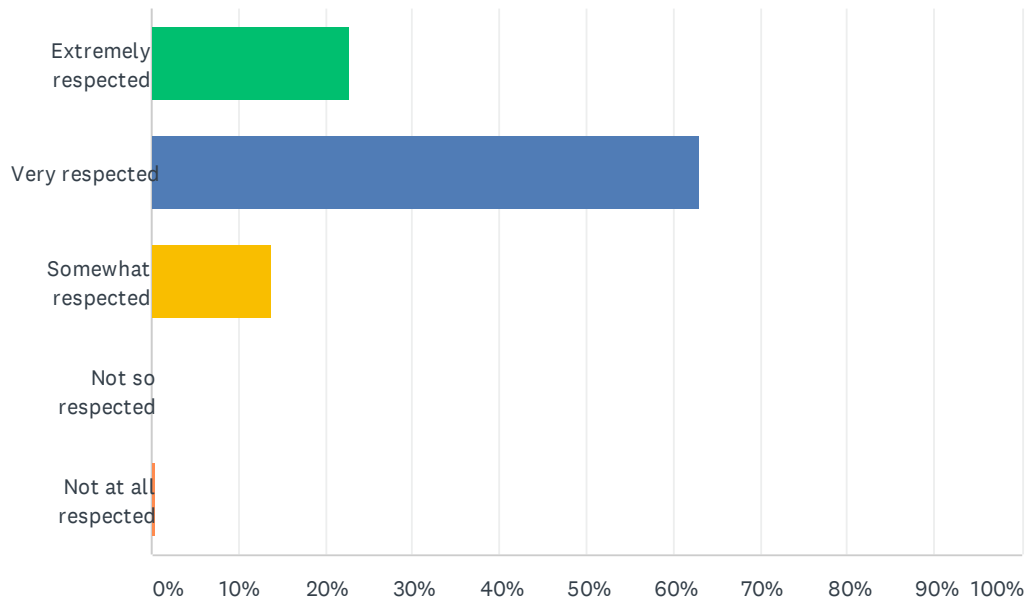
Answered: 230 Skipped: 16



| 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         |
| <b>TOTAL</b>  |           | <b>230</b> |

## Q51 Would you say that Hearst Power Distribution Company (HPDC) is a respected company in the community?

Answered: 224 Skipped: 22

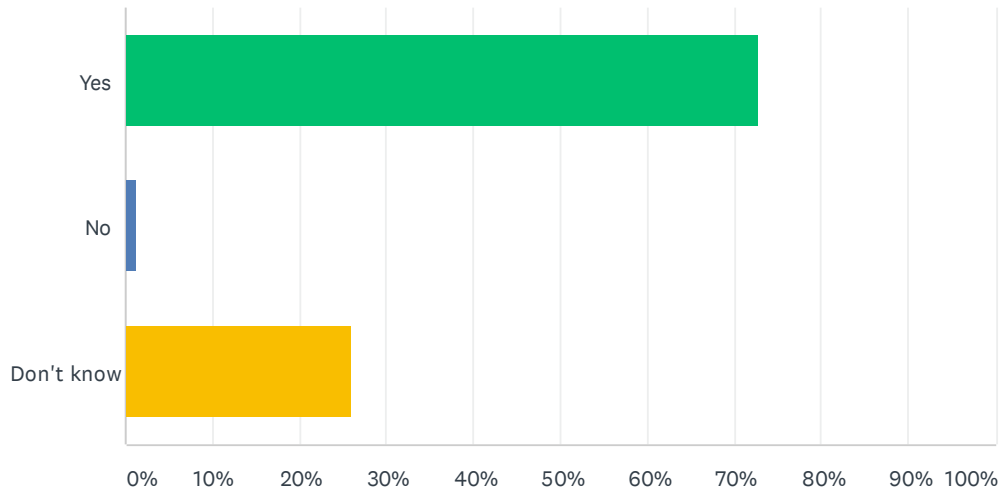


| ANSWER CHOICES       | RESPONSES |     |
|----------------------|-----------|-----|
| Extremely respected  | 22.77%    | 51  |
| Very respected       | 62.95%    | 141 |
| Somewhat respected   | 13.84%    | 31  |
| Not so respected     | 0.00%     | 0   |
| Not at all respected | 0.45%     | 1   |
| TOTAL                |           | 224 |



## Q52 Would you say that HPDC has a high standard of business ethics?

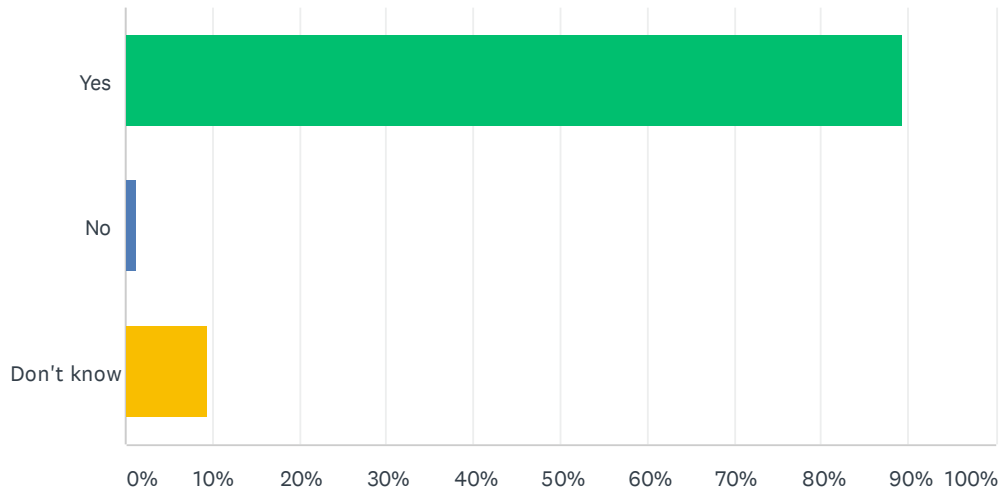
Answered: 224 Skipped: 22



| 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?

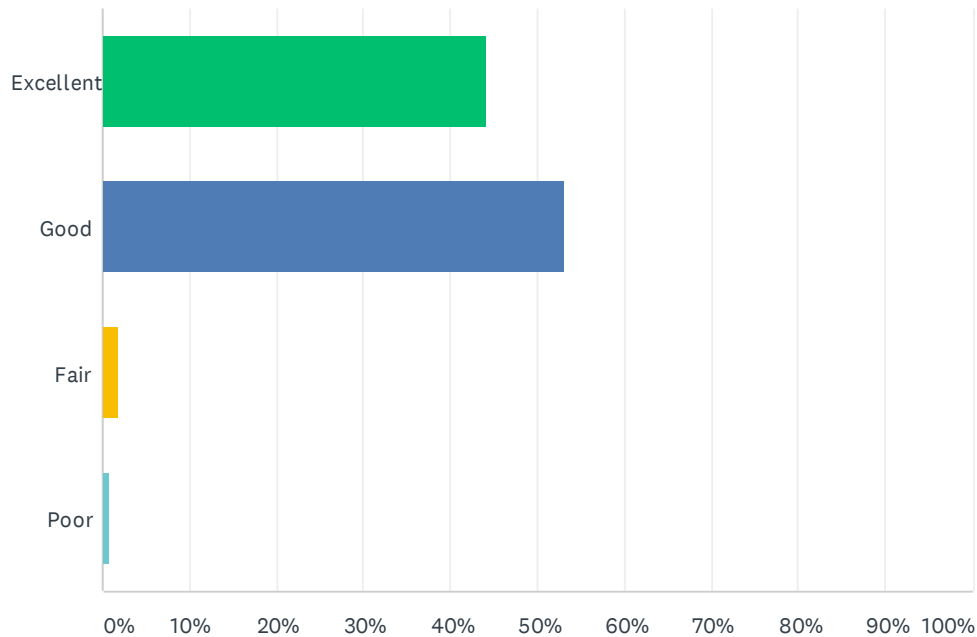
Answered: 224 Skipped: 22



| 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

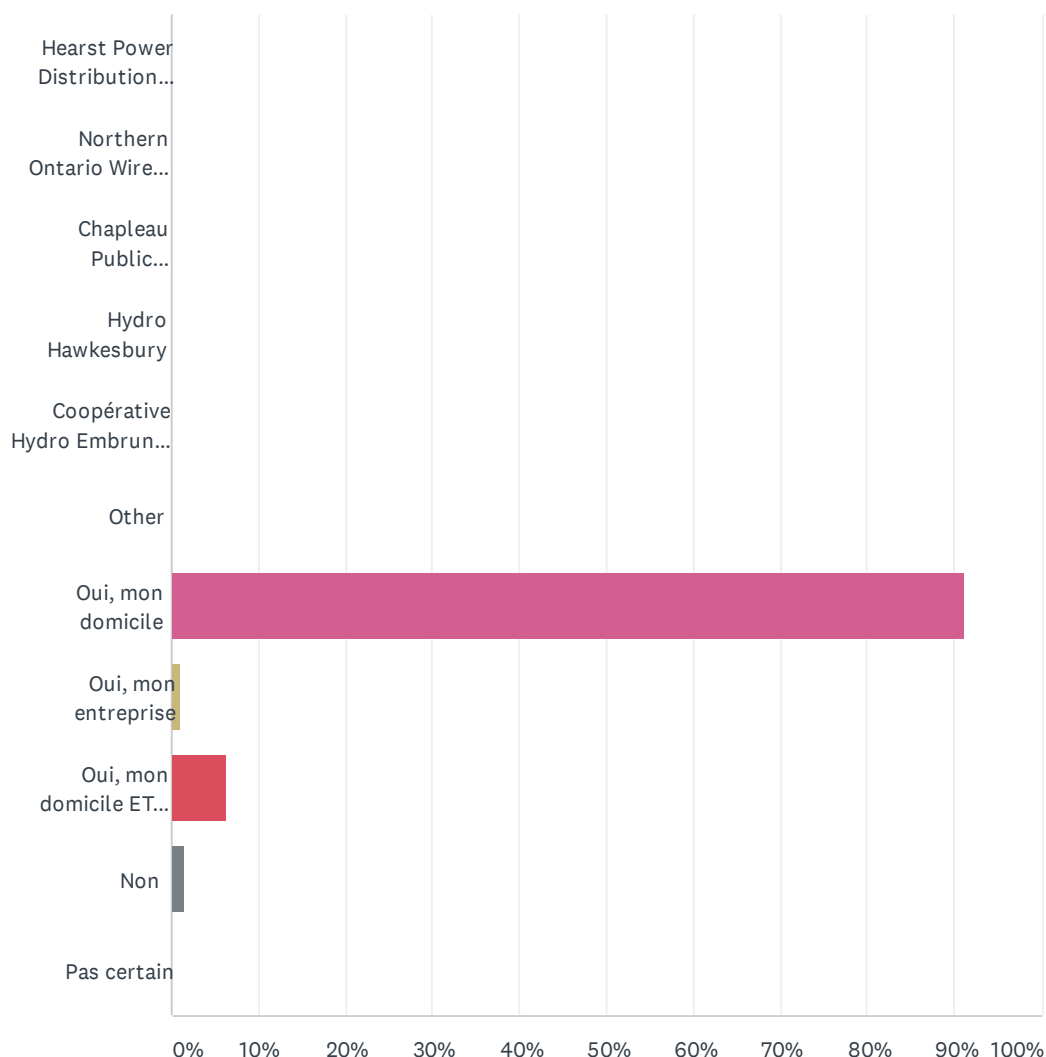
**Q56 Please provide your contact information to participate in the draw of 6 different prizes, for a total value of \$800. The draw will take place on December 18, 2019. The winner names will be posted on our website.**

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

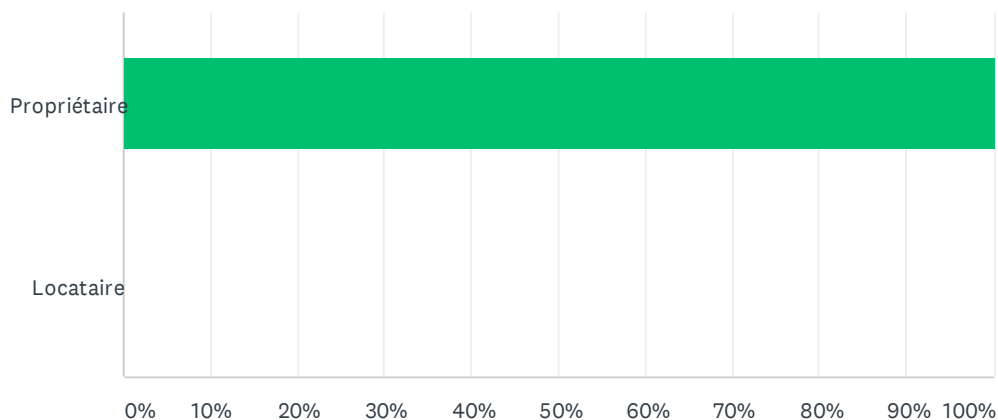


Sondage sur la satisfaction de la clientèle 2019 - La Corporation de distribution électrique de Hearst

| 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

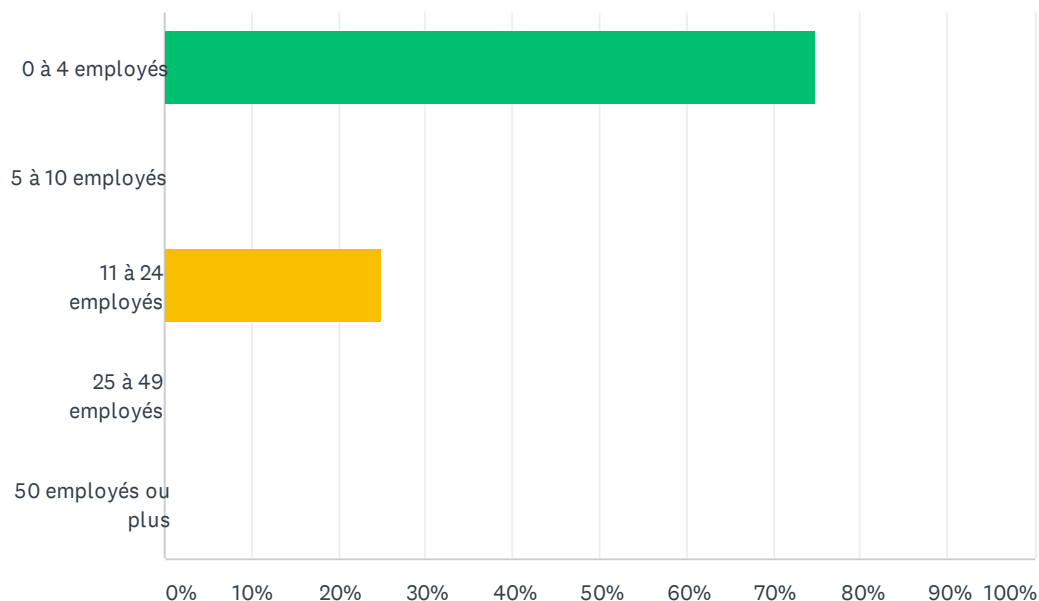


| ANSWER CHOICES | RESPONSES |   |
|----------------|-----------|---|
| Propriétaire   | 100.00%   | 4 |
| Locataire      | 0.00%     | 0 |
| TOTAL          |           | 4 |



### Q3 Veuillez indiquer le nombre de personnes qui travaillent pour votre entreprise.

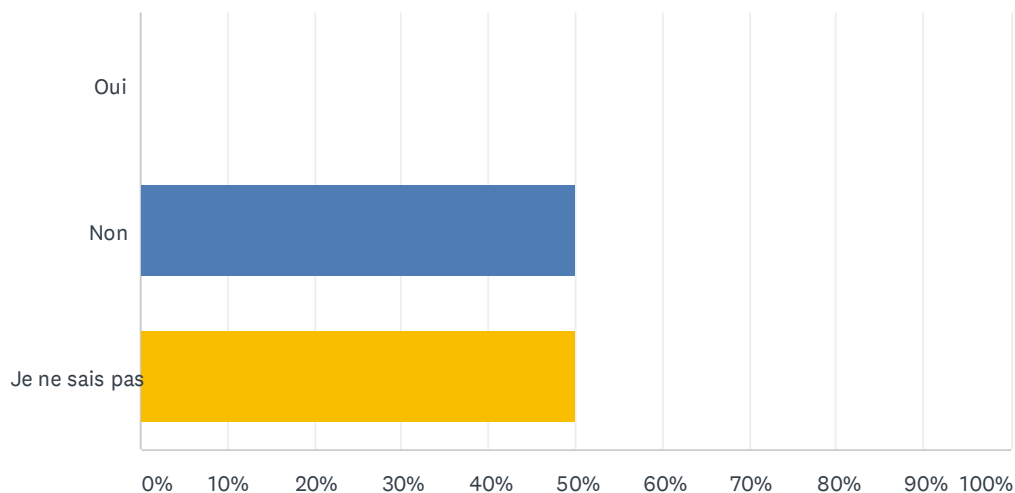
Answered: 4 Skipped: 350



| 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")?

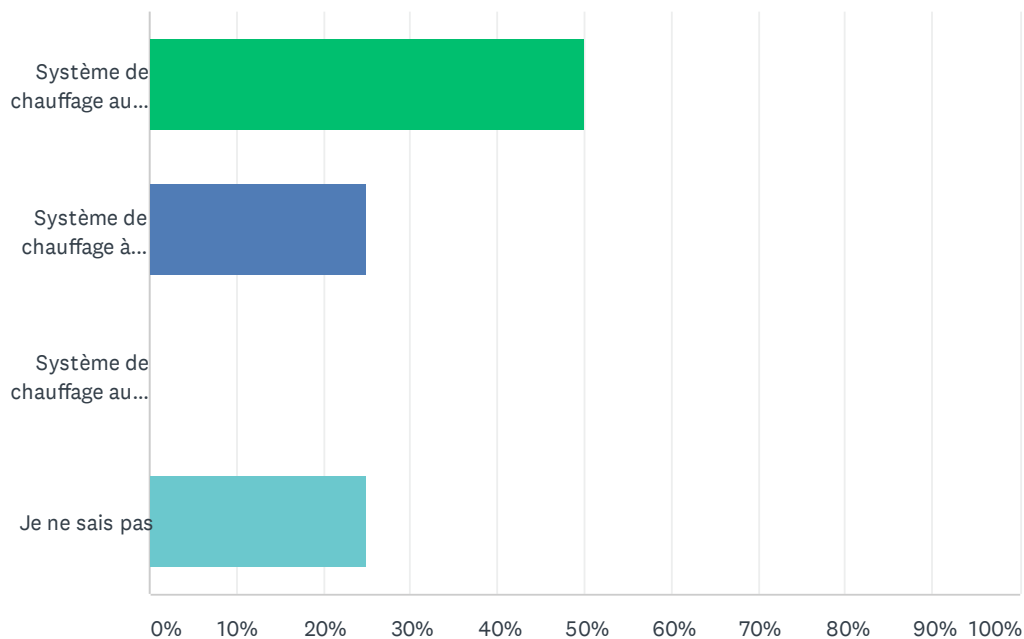
Answered: 4 Skipped: 350



| 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?

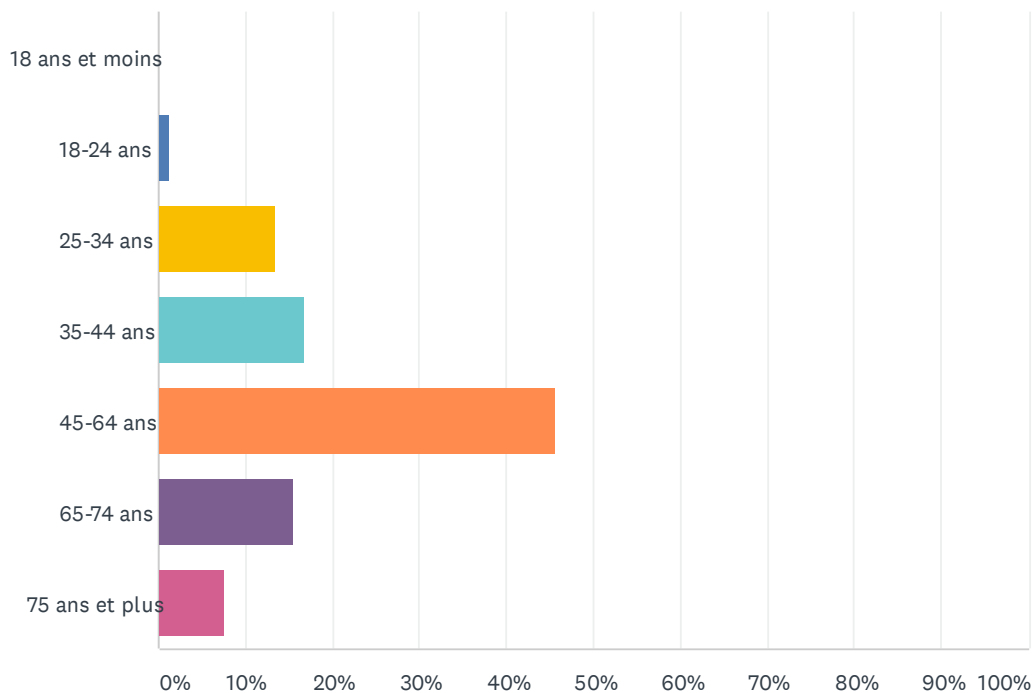
Answered: 4 Skipped: 350



| 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?

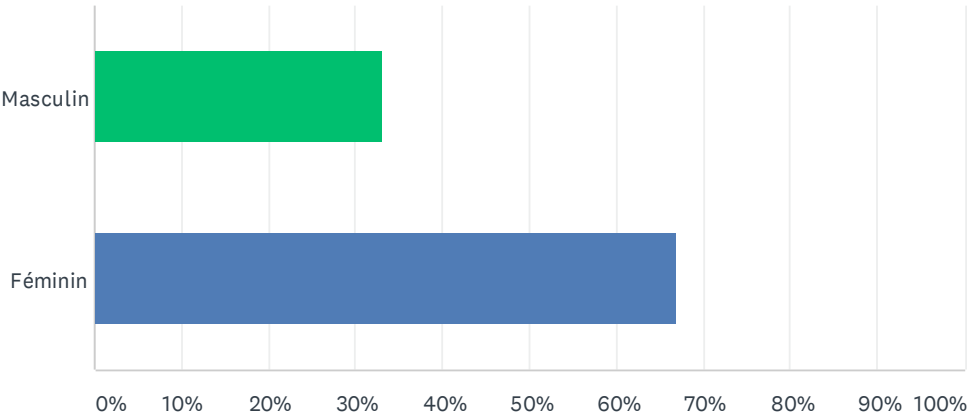
Answered: 342 Skipped: 12



| 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?

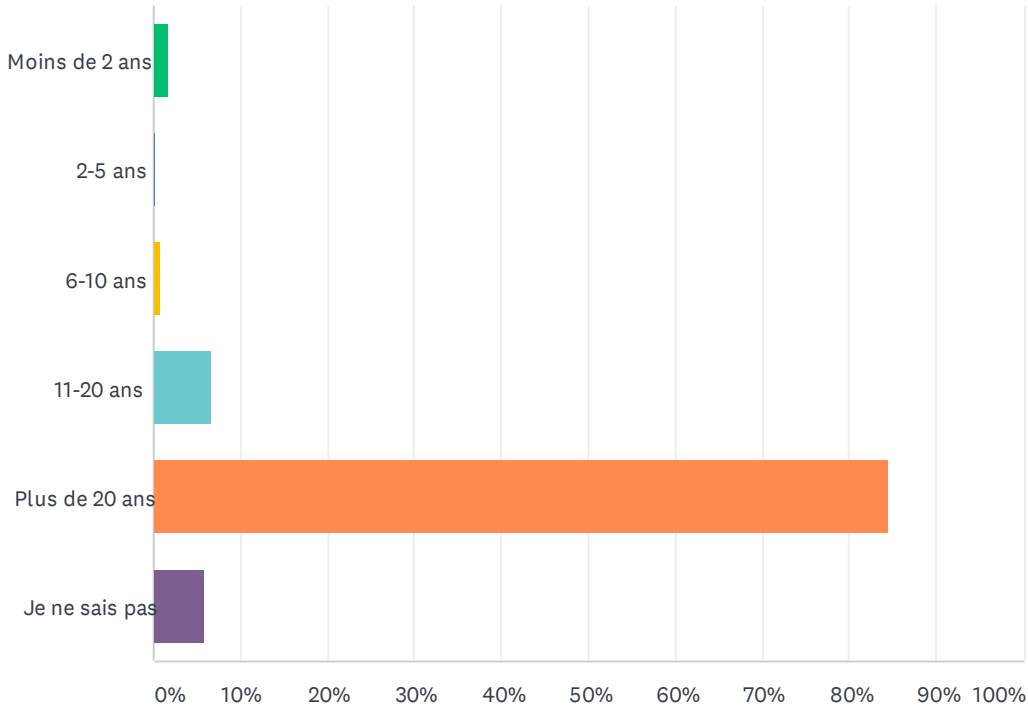
Answered: 339    Skipped: 15



| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Masculin       | 33.04%    | 112 |
| Féminin        | 66.96%    | 227 |
| TOTAL          |           | 339 |

Q8 Quel âge a votre résidence?

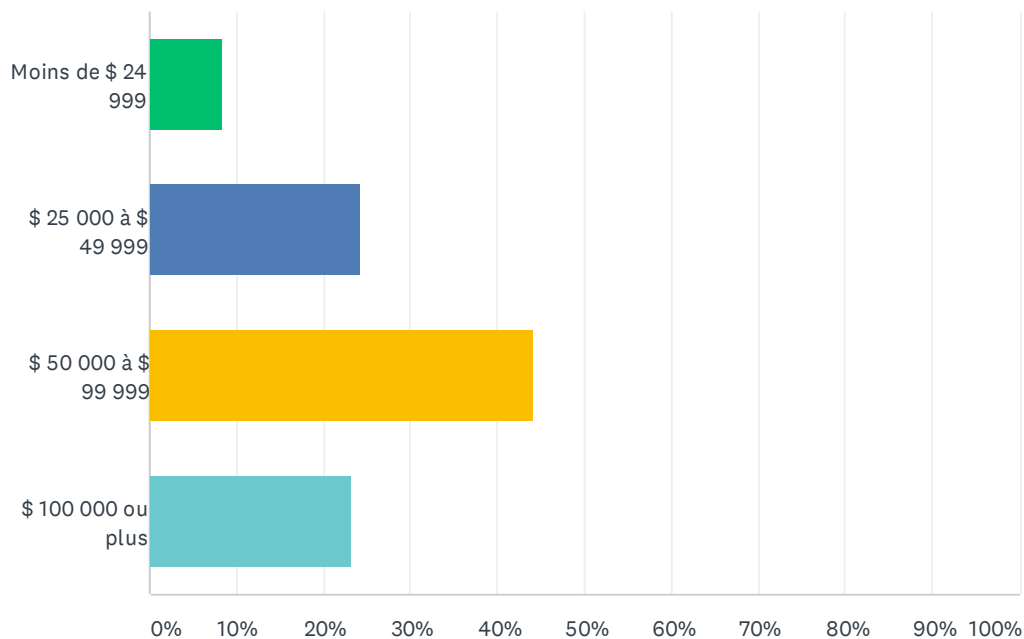
Answered: 342    Skipped: 12



| 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?

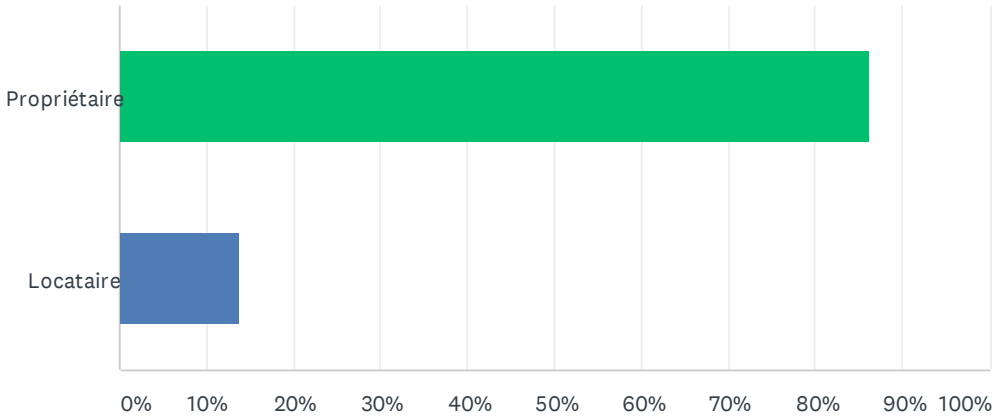
Answered: 337 Skipped: 17



| 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

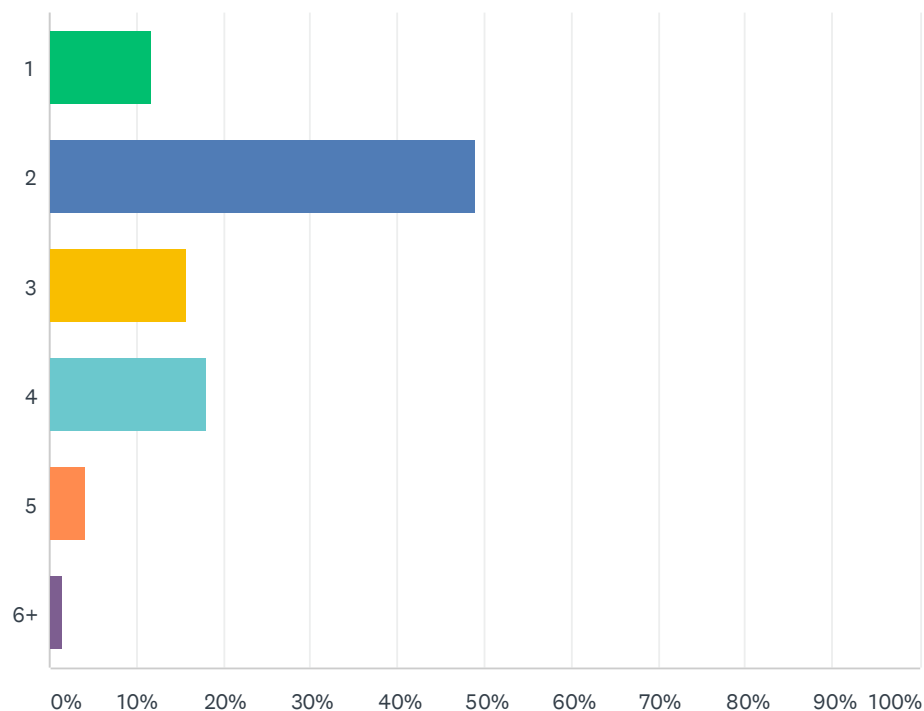


| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Propriétaire   | 86.14%    | 292 |
| Locataire      | 13.86%    | 47  |
| TOTAL          |           | 339 |



## Q11 Veuillez indiquer le nombre de personnes qui habitent dans votre domicile.

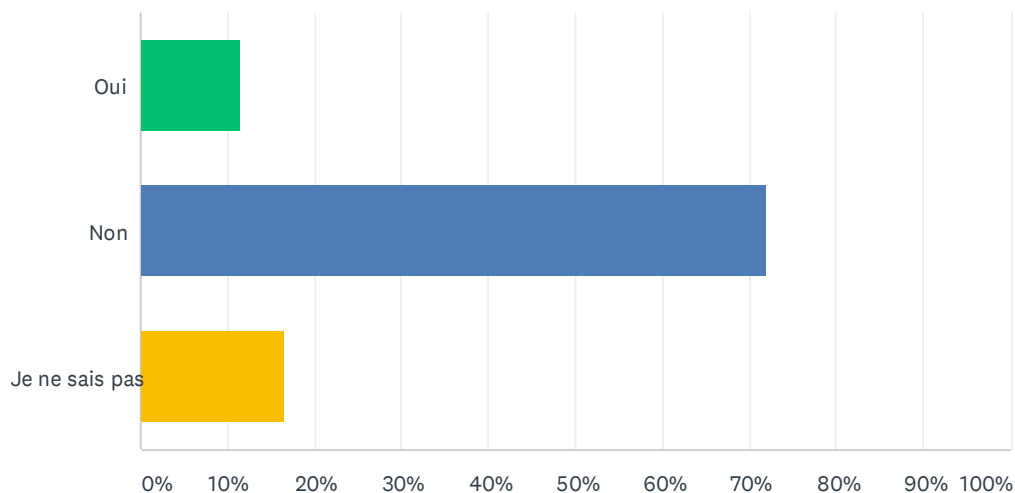
Answered: 339 Skipped: 15



| 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")?

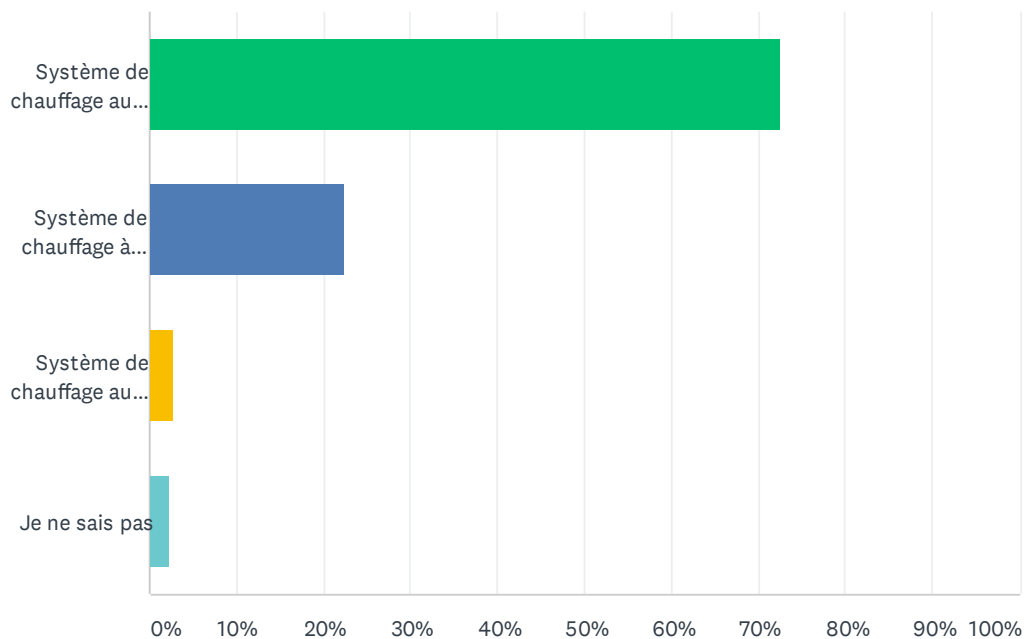
Answered: 339 Skipped: 15



| 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?

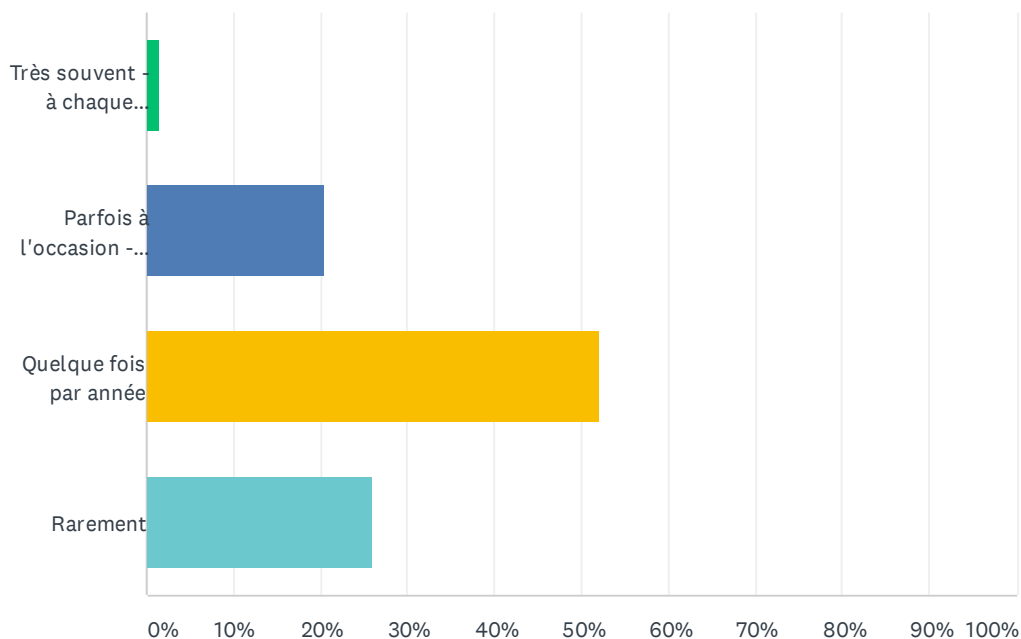
Answered: 339 Skipped: 15



| 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?

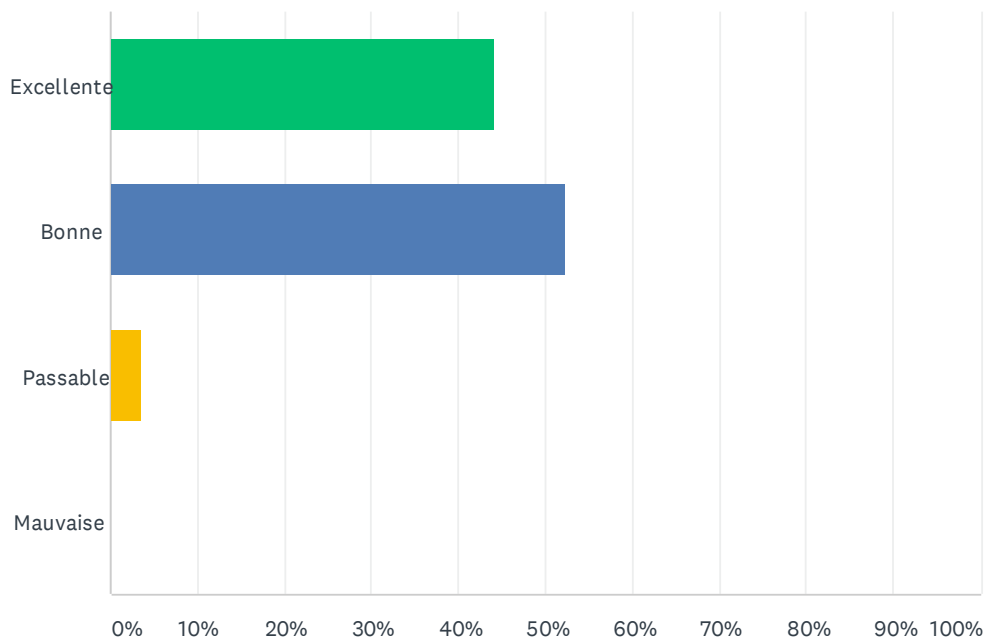
Answered: 342 Skipped: 12



| 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

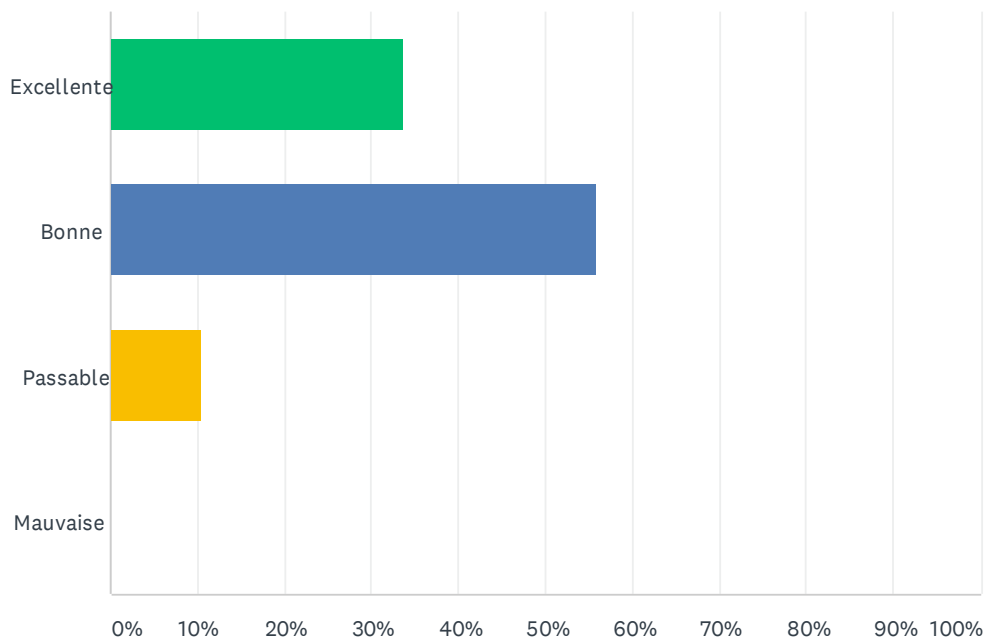
Answered: 342 Skipped: 12



| 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

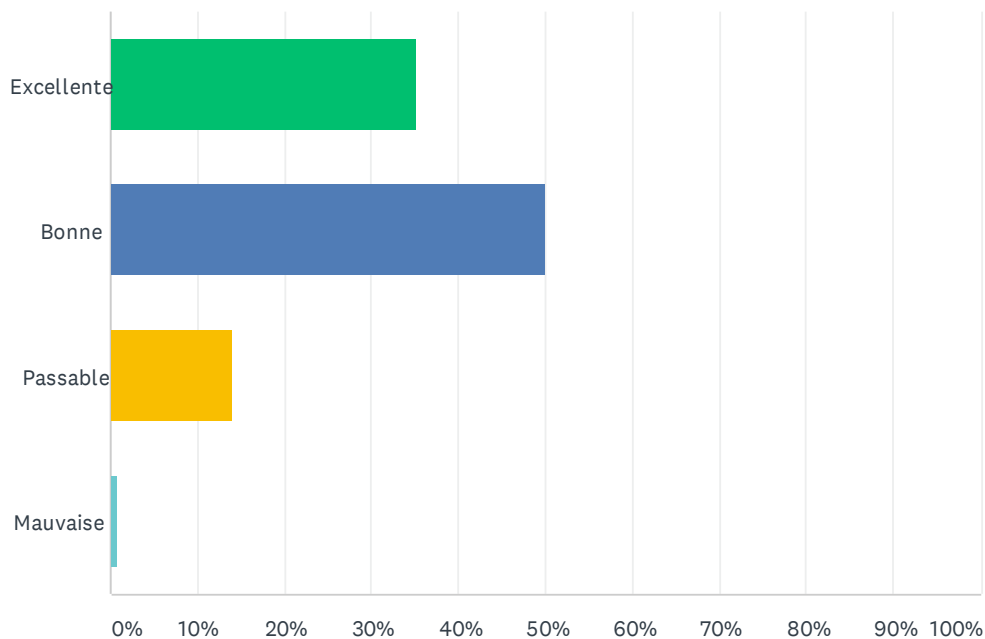
Answered: 342 Skipped: 12



| 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

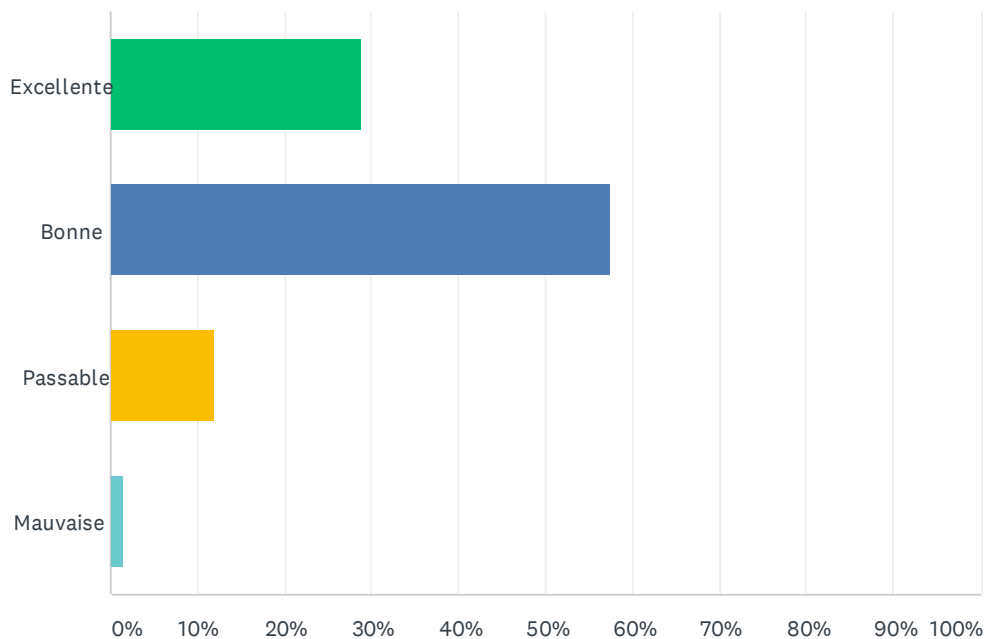
Answered: 342 Skipped: 12



| 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

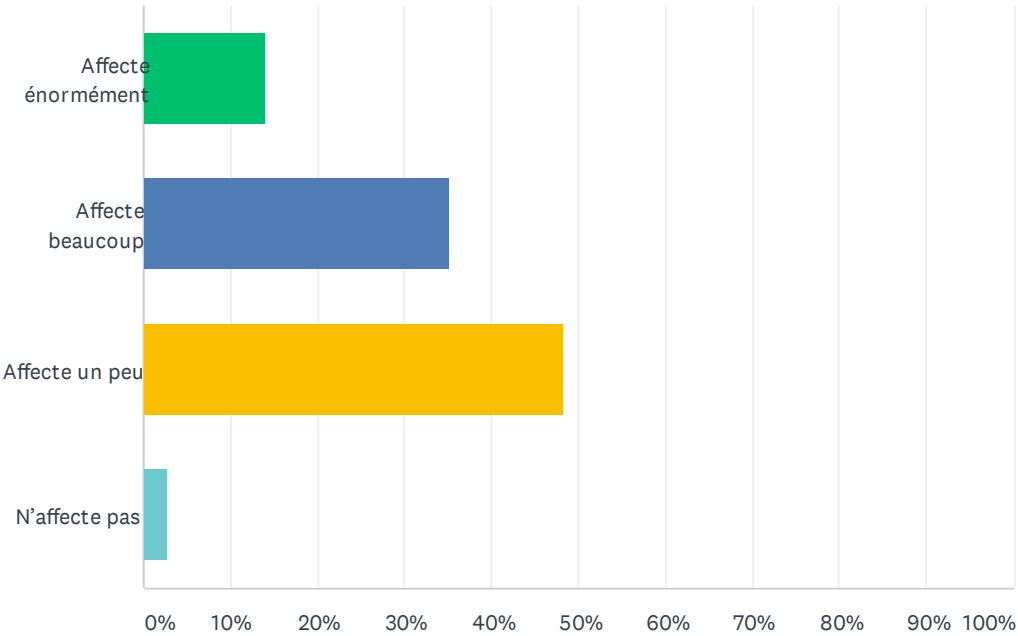


| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Excellente     | 28.95%    | 99  |
| Bonne          | 57.60%    | 197 |
| Passable       | 11.99%    | 41  |
| Mauvaise       | 1.46%     | 5   |
| TOTAL          |           | 342 |



Q19 Lorsqu'une panne électrique survient, à quel point ceci affecte votre résidence ou votre entreprise?

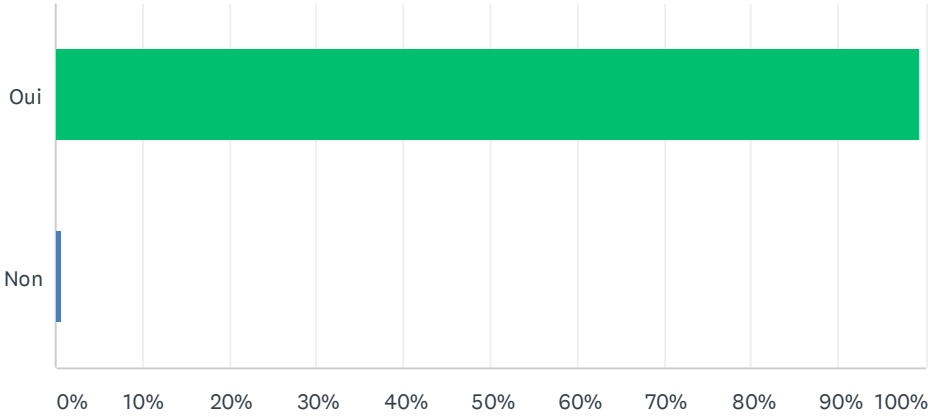
Answered: 342 Skipped: 12



| 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?

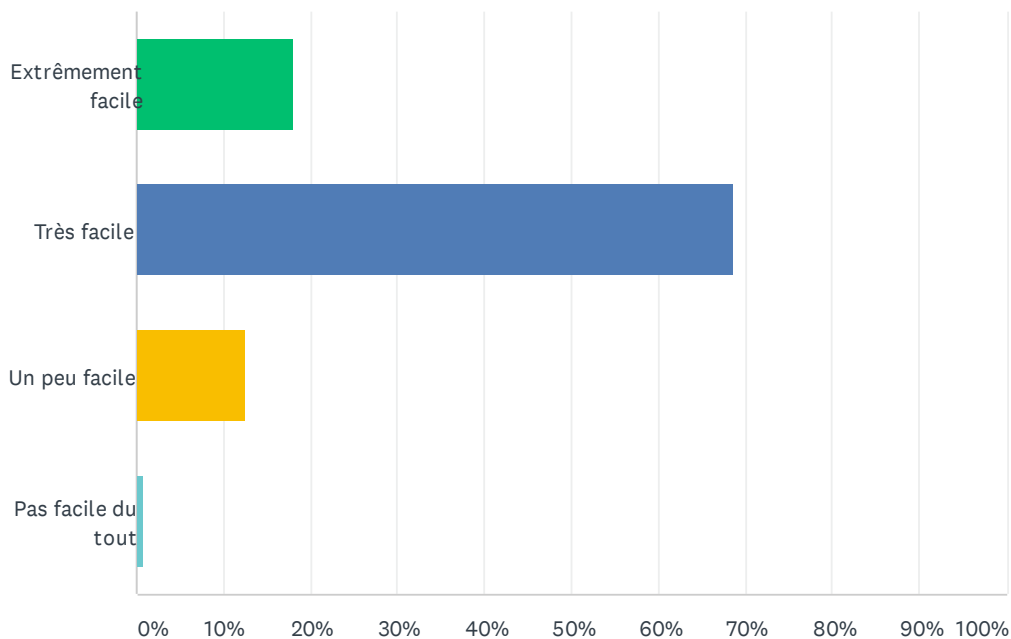
Answered: 342 Skipped: 12



| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Oui            | 99.42%    | 340 |
| Non            | 0.58%     | 2   |
| TOTAL          |           | 342 |

## Q21 Votre facture d'électricité est-elle facile à comprendre?

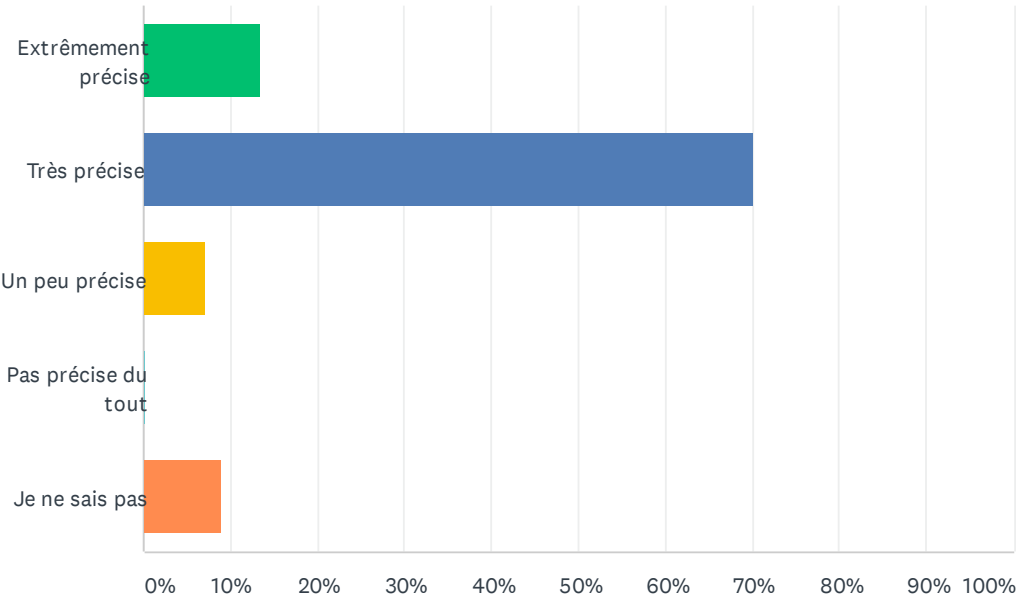
Answered: 341 Skipped: 13



| 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?

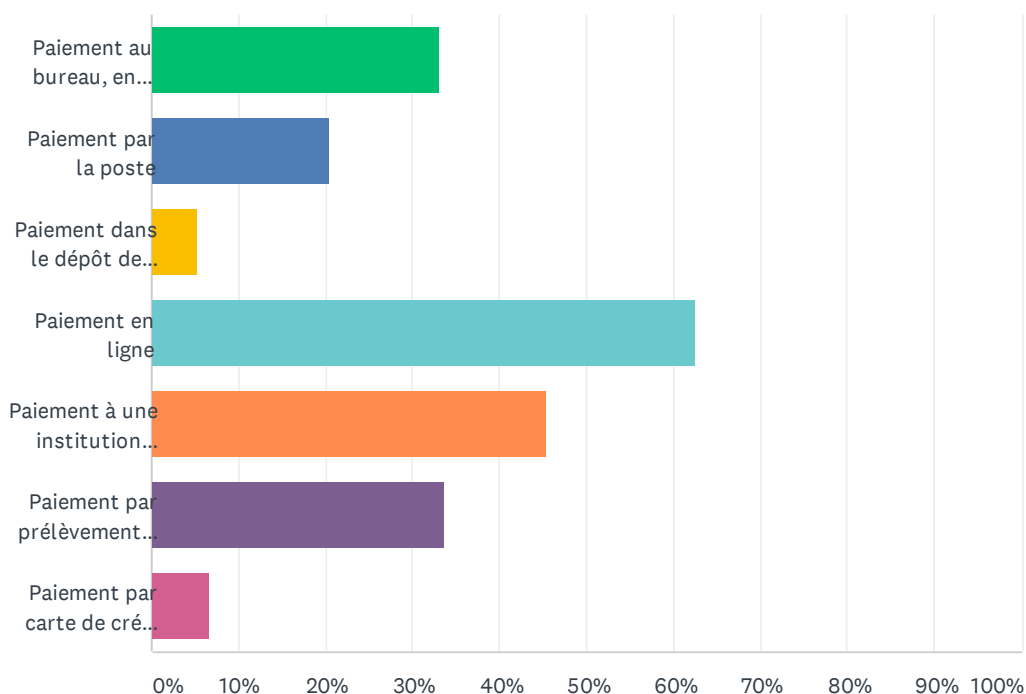
Answered: 341 Skipped: 13



| 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.

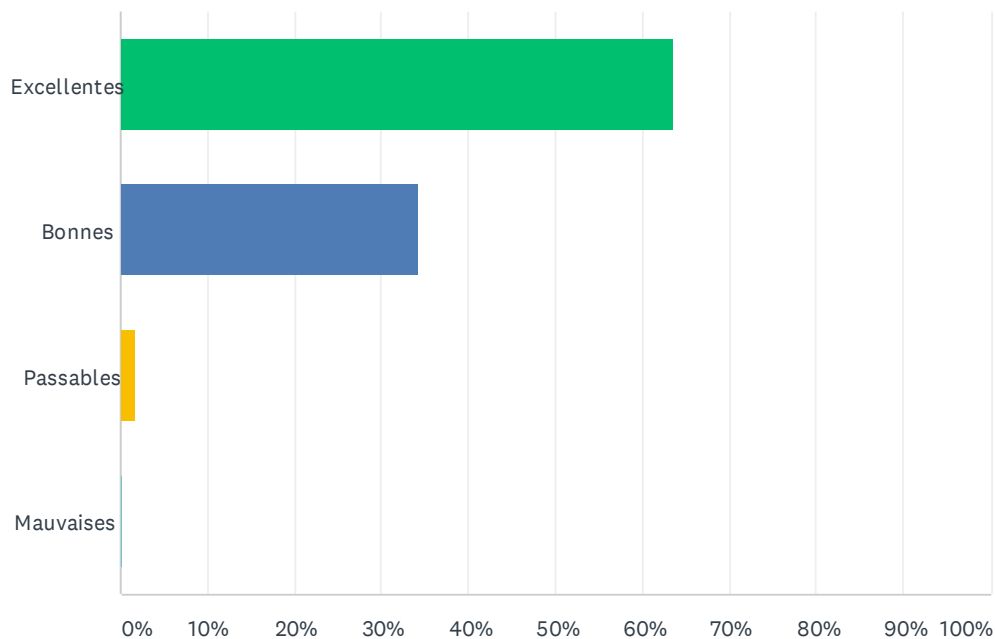
Answered: 341 Skipped: 13



| ANSWER CHOICES  | RESPONSES |     |
|---|-----------|-----|
| Paie ment au bureau, en personne                                      | 33.14%    | 113 |
| Paie ment par la poste  | 20.53%    | 70  |
| Paie ment dans le dépôt de nuit                                       | 5.28%     | 18  |
| Paie ment en ligne  | 62.46%    | 213 |
| Paie ment à une institution financière                                | 45.45%    | 155 |
| Paie ment par prélèvement automatique de votre compte bancaire        | 33.72%    | 115 |
| Paie ment par carte de crédit (des frais supplémentaire s'appliquent) | 6.74%     | 23  |
| Total Respondents: 341  |           |     |

## Q24 Comment évaluez-vous les options de paiement disponibles?

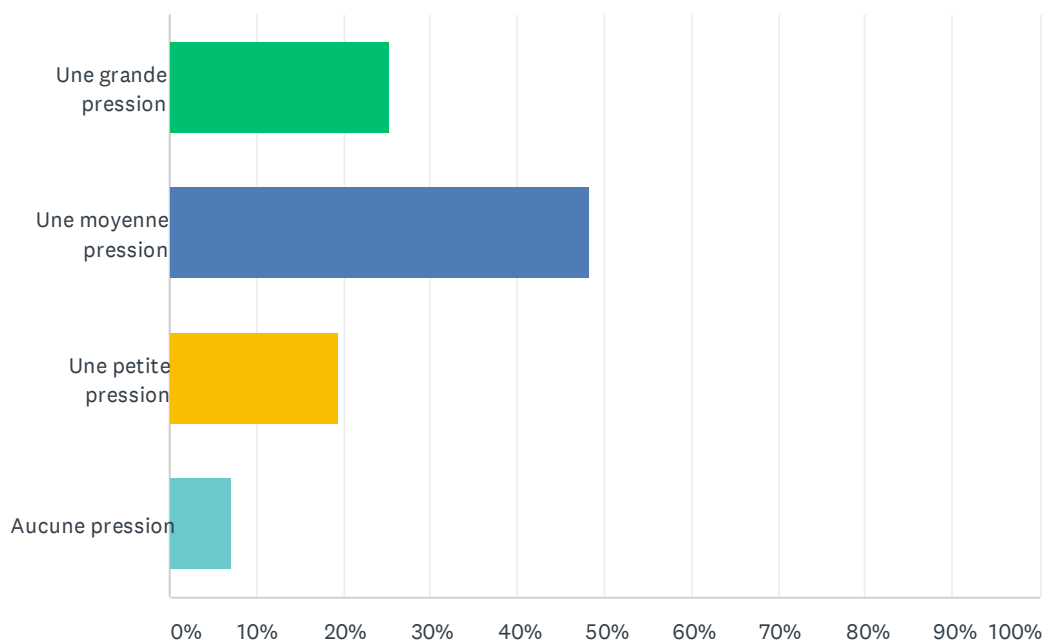
Answered: 341 Skipped: 13



| 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?

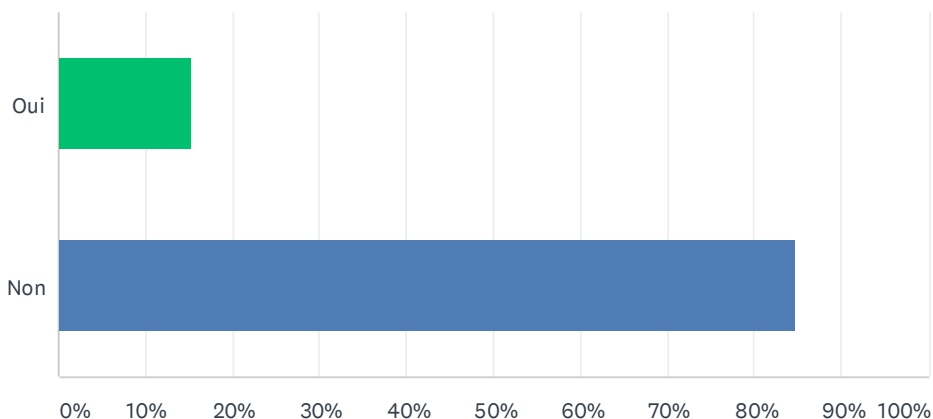
Answered: 341 Skipped: 13



| 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

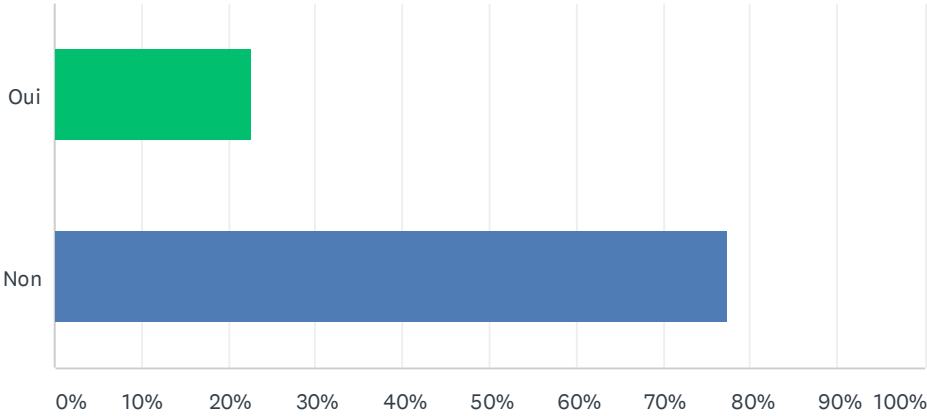


| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Oui            | 15.18%    | 51  |
| Non            | 84.82%    | 285 |
| TOTAL          |           | 336 |



Q27 Êtes-vous inscrit au service de facturation par courriel? ("E-billing")

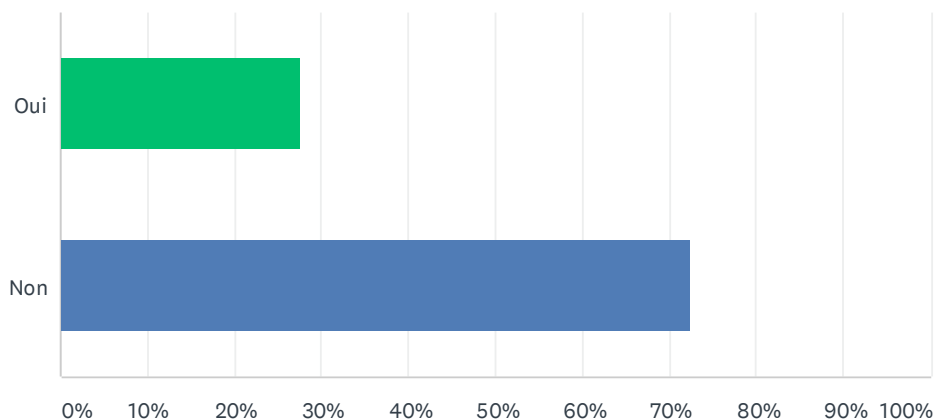
Answered: 336 Skipped: 18



| 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?

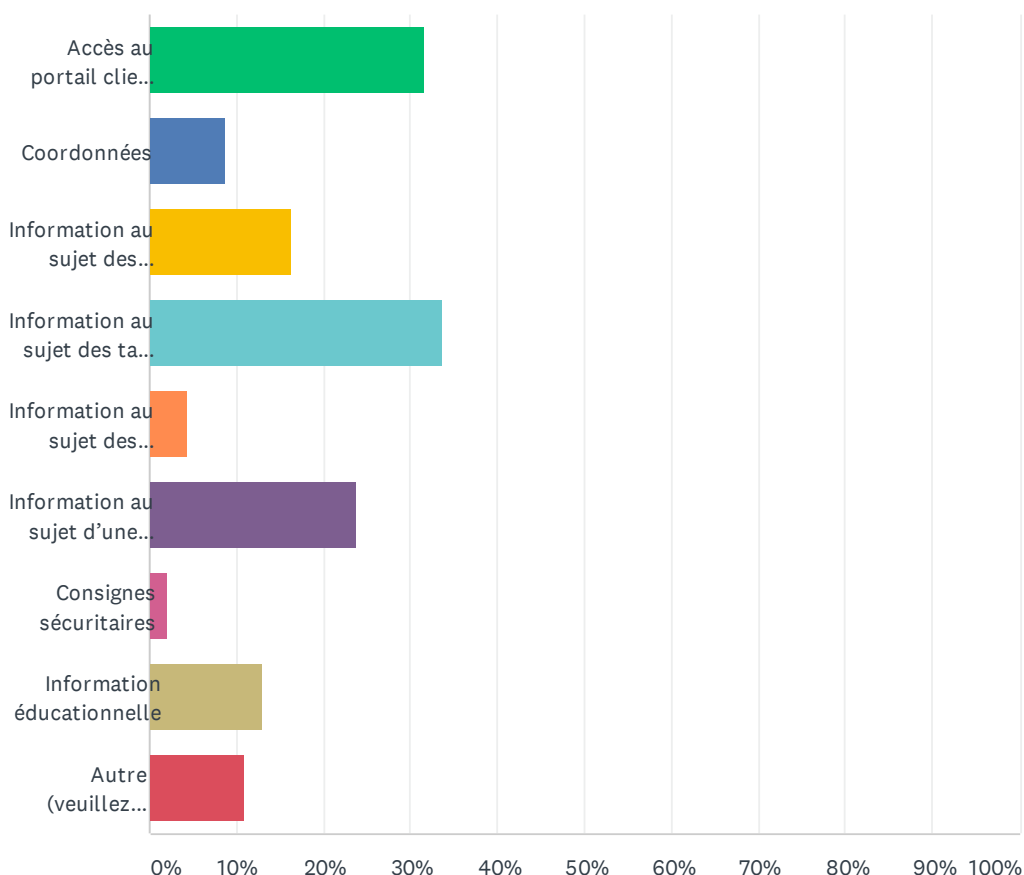
Answered: 336 Skipped: 18



| 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?

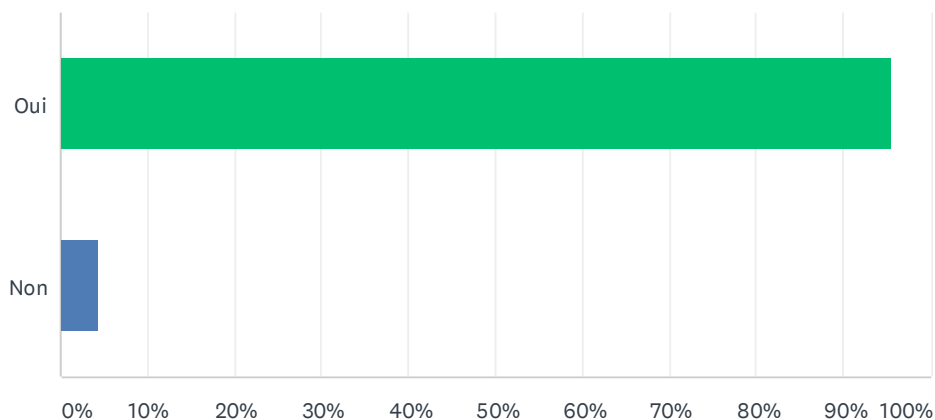
Answered: 92 Skipped: 262



| 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 éducative  | 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?

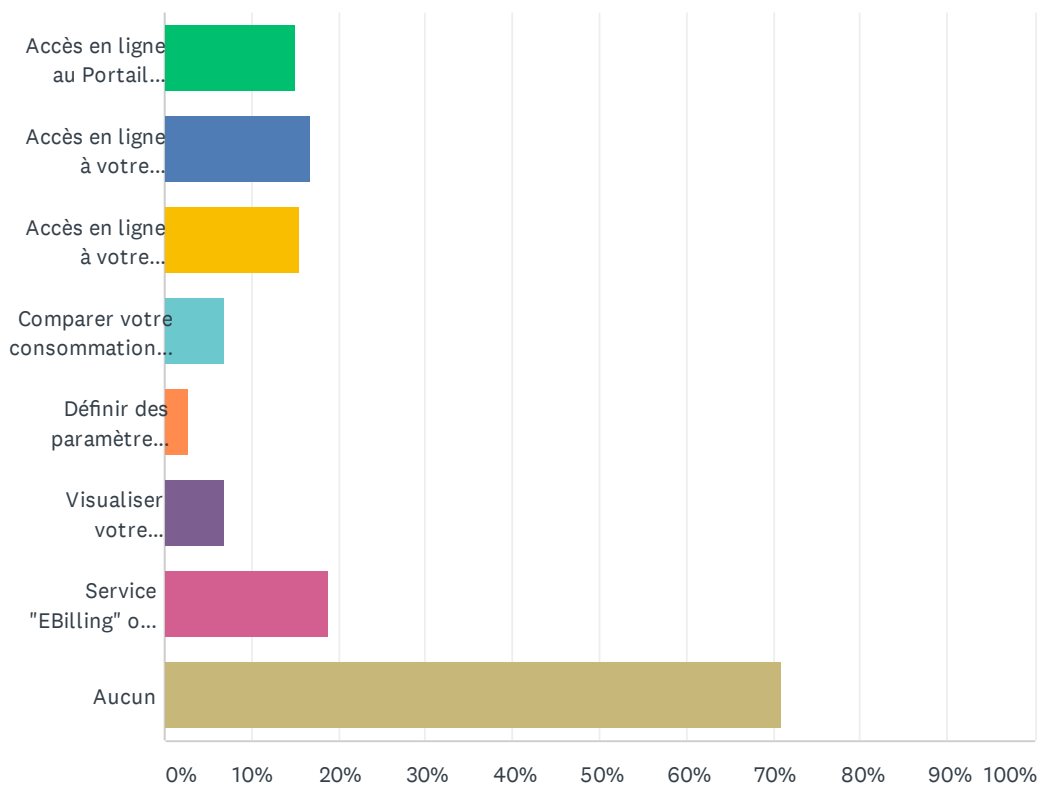
Answered: 92 Skipped: 262



| 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?

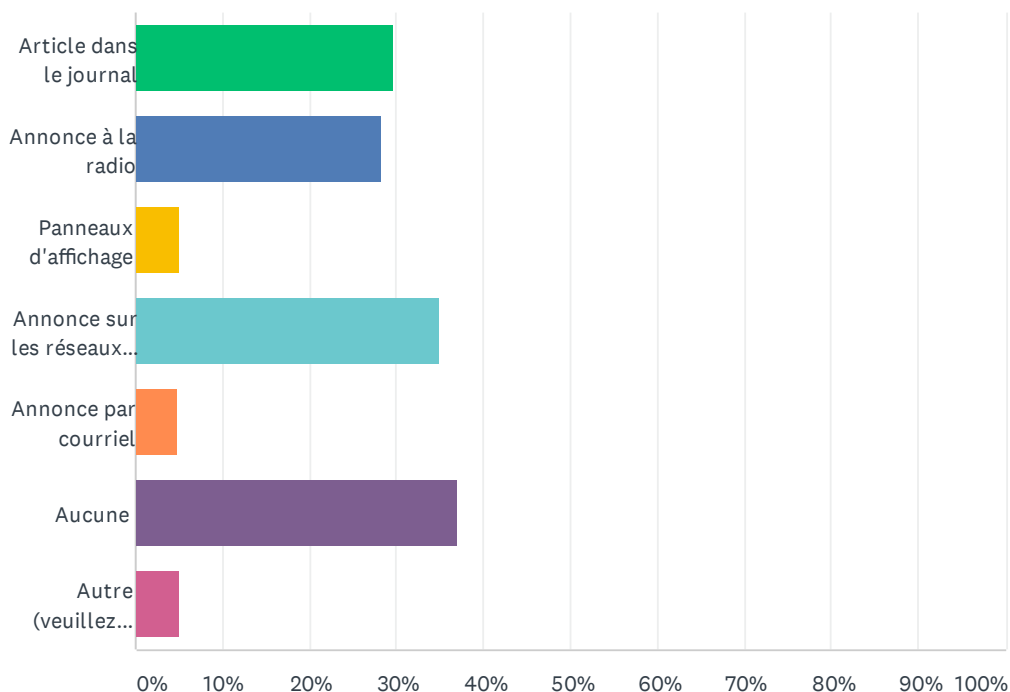
Answered: 334 Skipped: 20



| 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?

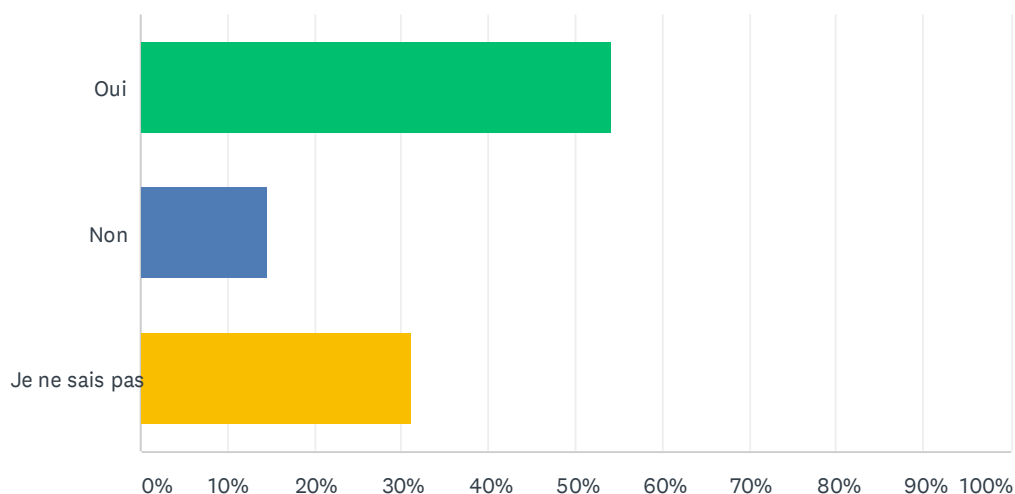
Answered: 334 Skipped: 20



| 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 |

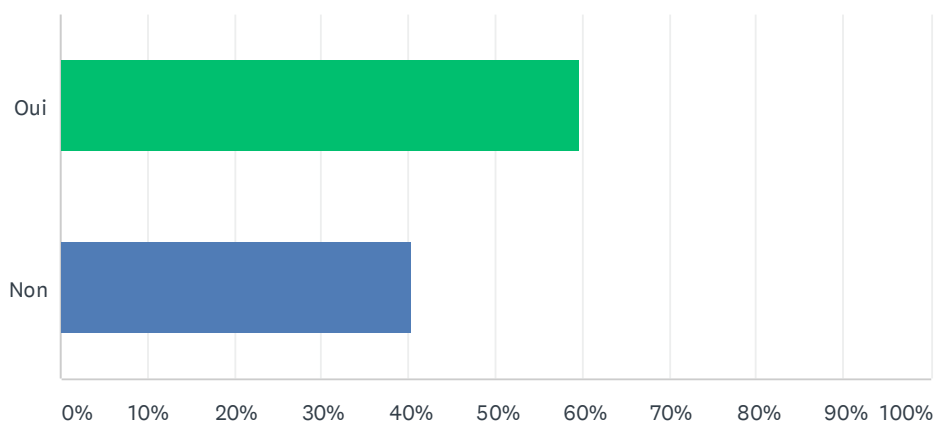
## Q34 Comment est-ce que la CDEH pourrait améliorer la méthode dont elle vous fournit l'information?

Answered: 67   Skipped: 287



## Q35 Êtes-vous familier avec le programme de Fonds pour des Frais Abordables ("Affordability Fund Program")

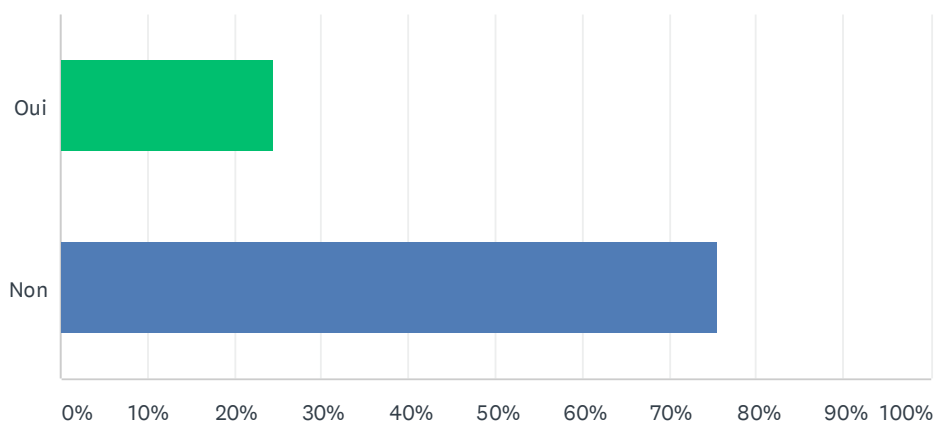
Answered: 334 Skipped: 20



| 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?

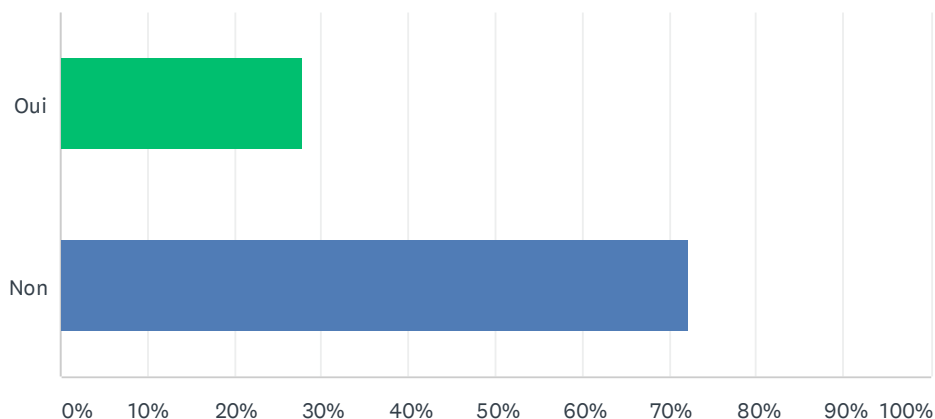
Answered: 307 Skipped: 47



| 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?

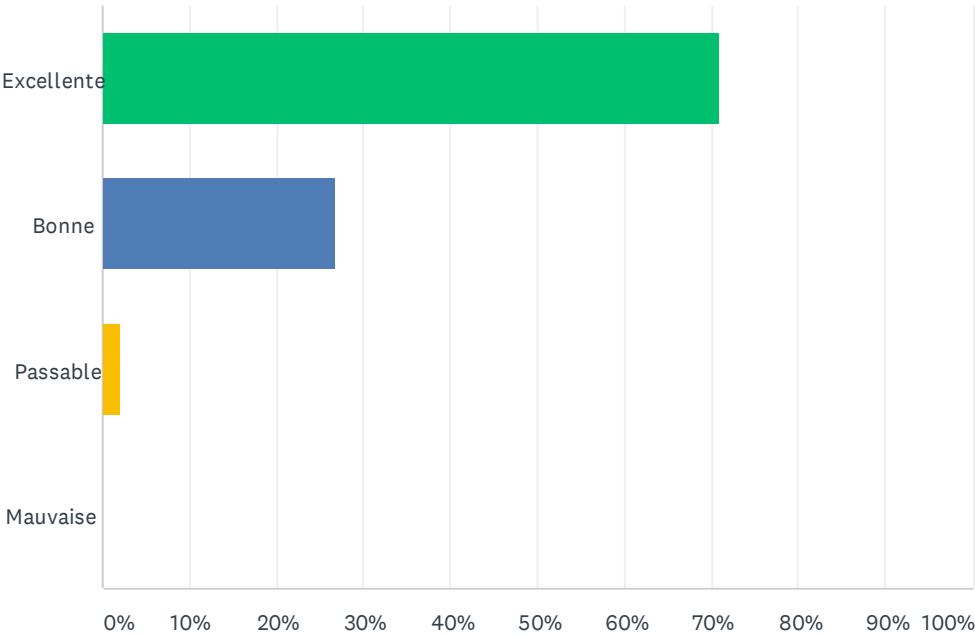
Answered: 334 Skipped: 20



| ANSWER CHOICES | RESPONSES |     |
|----------------|-----------|-----|
| Oui            | 27.84%    | 93  |
| Non            | 72.16%    | 241 |
| TOTAL          |           | 334 |

Q38 Courtoisie

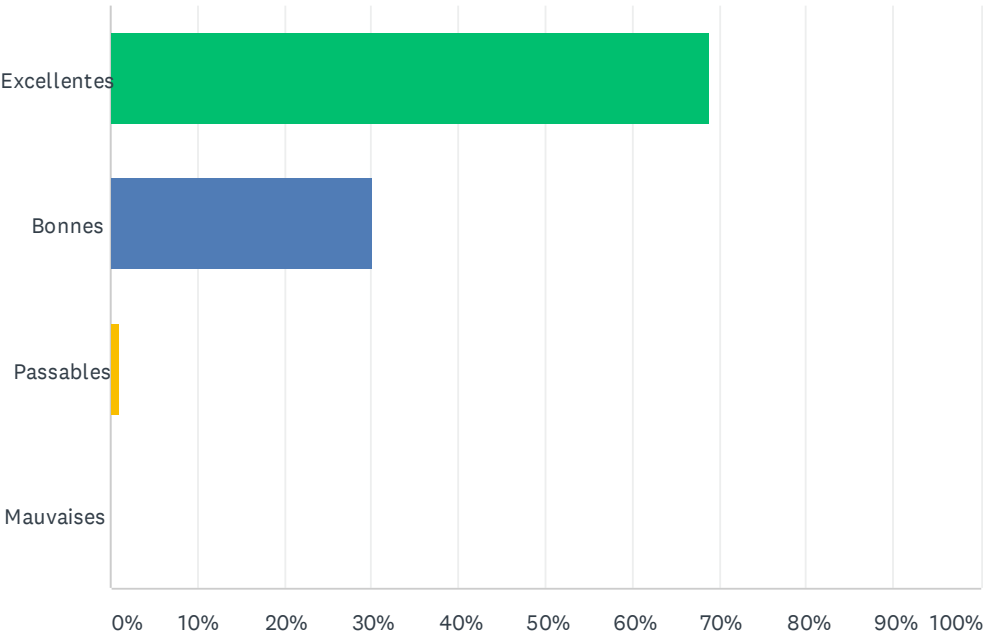
Answered: 93    Skipped: 261



| ANSWER CHOICES | RESPONSES |    |
|----------------|-----------|----|
| Excellente     | 70.97%    | 66 |
| Bonne          | 26.88%    | 25 |
| Passable       | 2.15%     | 2  |
| Mauvaise       | 0.00%     | 0  |
| TOTAL          |           | 93 |

Q39 Connaissances

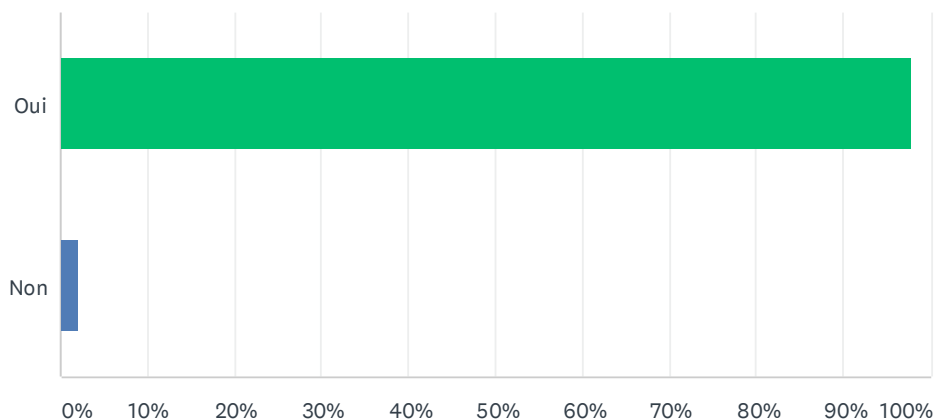
Answered: 93    Skipped: 261



| 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?

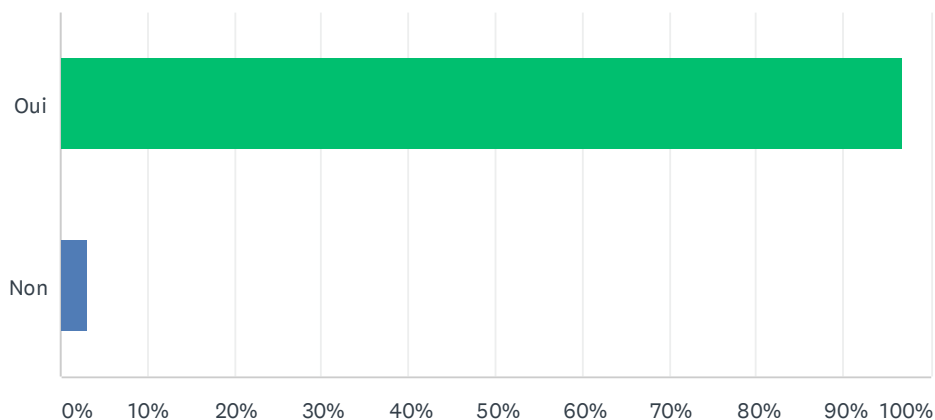
Answered: 93 Skipped: 261



| 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?

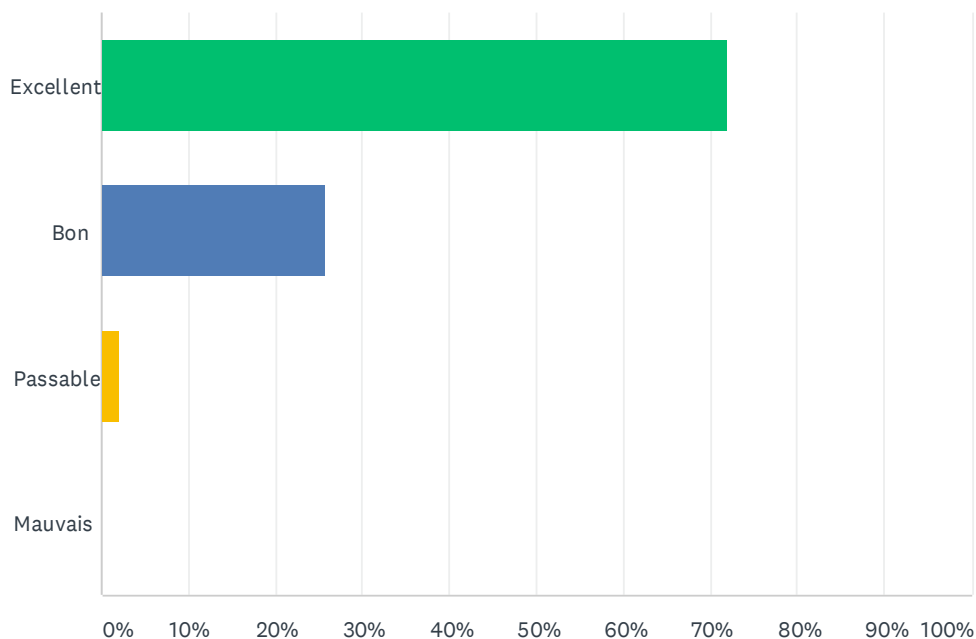
Answered: 93 Skipped: 261



| 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

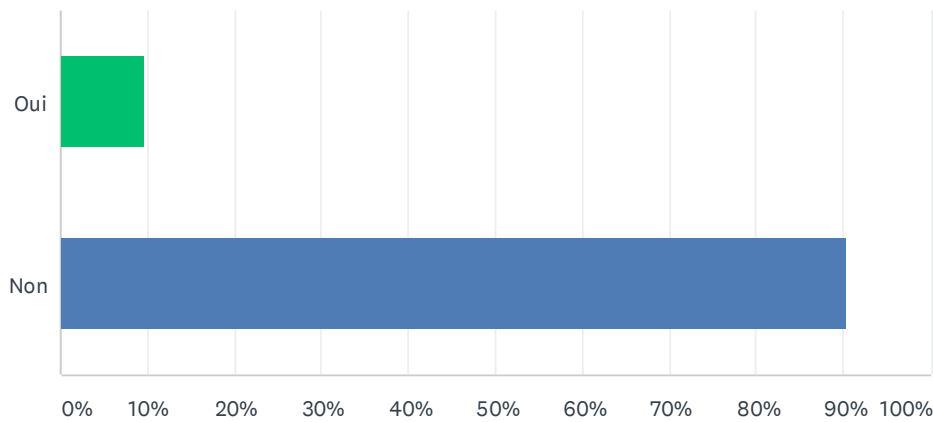


| ANSWER CHOICES | RESPONSES |    |
|----------------|-----------|----|
| Excellent      | 72.04%    | 67 |
| Bon            | 25.81%    | 24 |
| Passable       | 2.15%     | 2  |
| Mauvais        | 0.00%     | 0  |
| TOTAL          |           | 93 |



Q43 Au cours des 12 derniers mois, avez-vous eu recours aux services d'un employé de chantier?

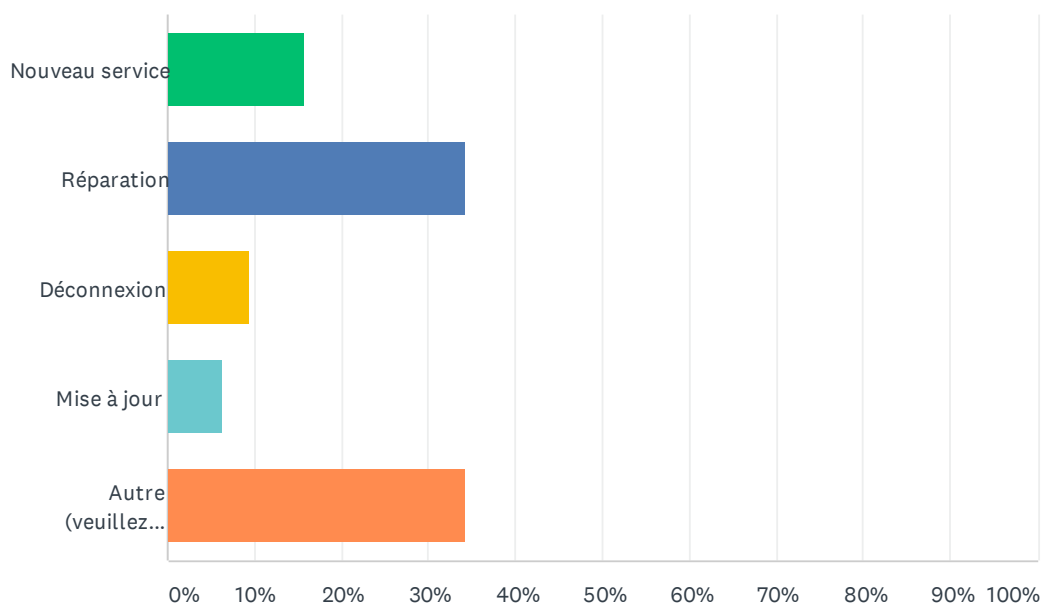
Answered: 334 Skipped: 20



| 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?

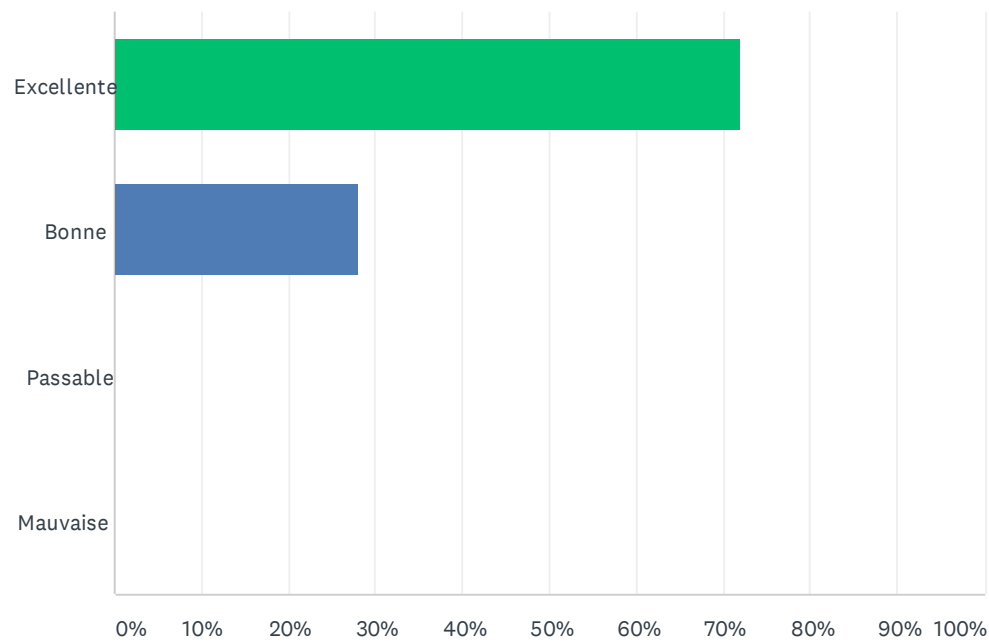
Answered: 32 Skipped: 322



| 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

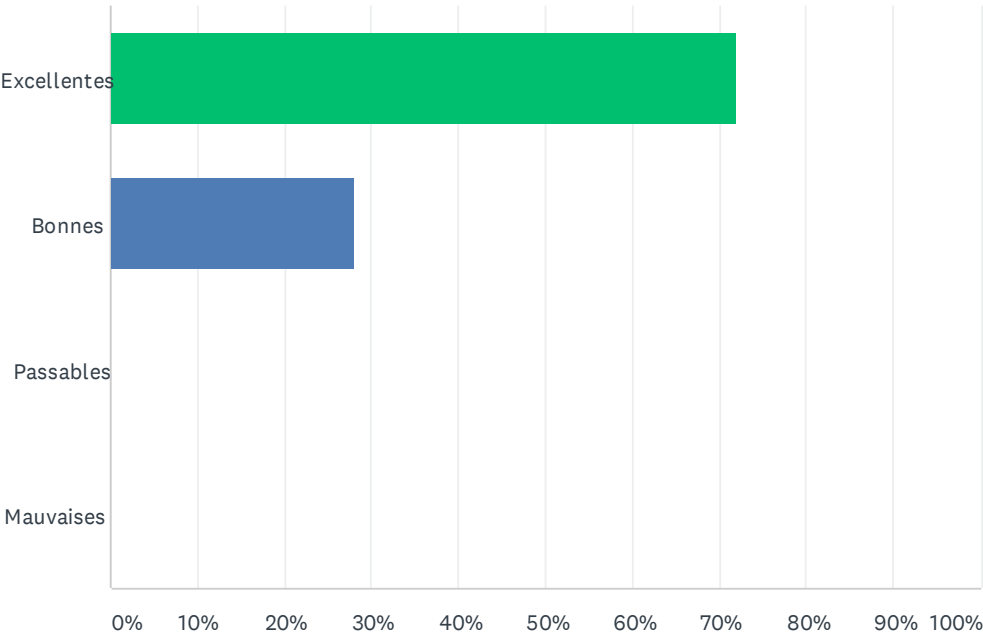
Answered: 32    Skipped: 322



| ANSWER CHOICES | RESPONSES |    |
|----------------|-----------|----|
| Excellente     | 71.88%    | 23 |
| Bonne          | 28.13%    | 9  |
| Passable       | 0.00%     | 0  |
| Mauvaise       | 0.00%     | 0  |
| TOTAL          |           | 32 |

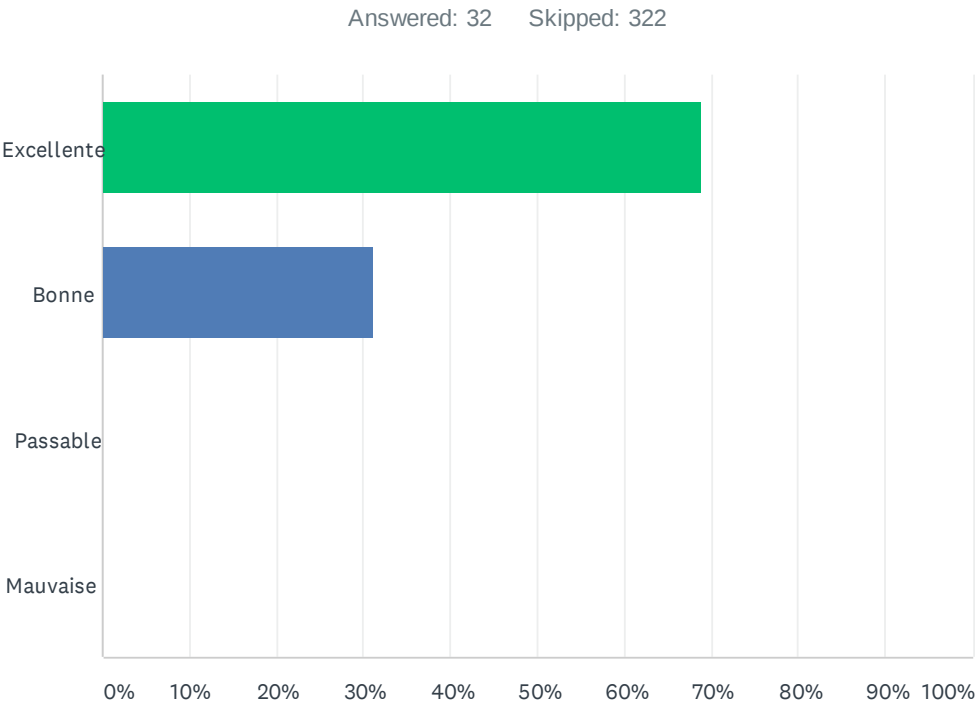
Q46 Connaissances

Answered: 32    Skipped: 322



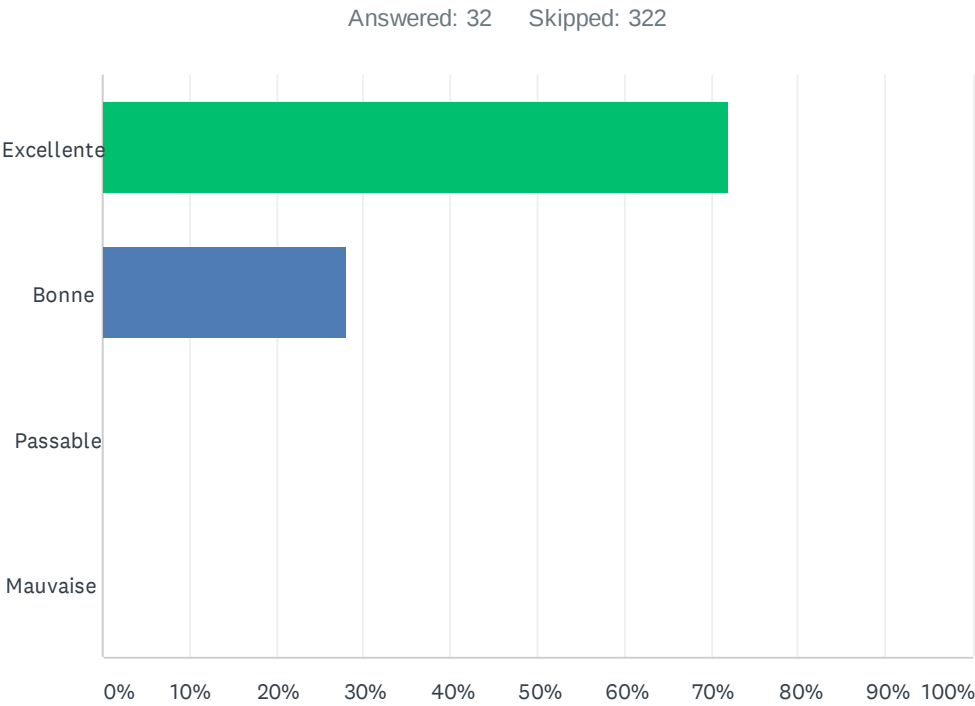
| ANSWER CHOICES | RESPONSES |    |
|----------------|-----------|----|
| Excellentes    | 71.88%    | 23 |
| Bonnes         | 28.13%    | 9  |
| Passables      | 0.00%     | 0  |
| Mauvaises      | 0.00%     | 0  |
| TOTAL          |           | 32 |

Q47 Capacité de répondre à vos besoins



| ANSWER CHOICES | RESPONSES |    |
|----------------|-----------|----|
| Excellente     | 68.75%    | 22 |
| Bonne          | 31.25%    | 10 |
| Passable       | 0.00%     | 0  |
| Mauvaise       | 0.00%     | 0  |
| TOTAL          |           | 32 |

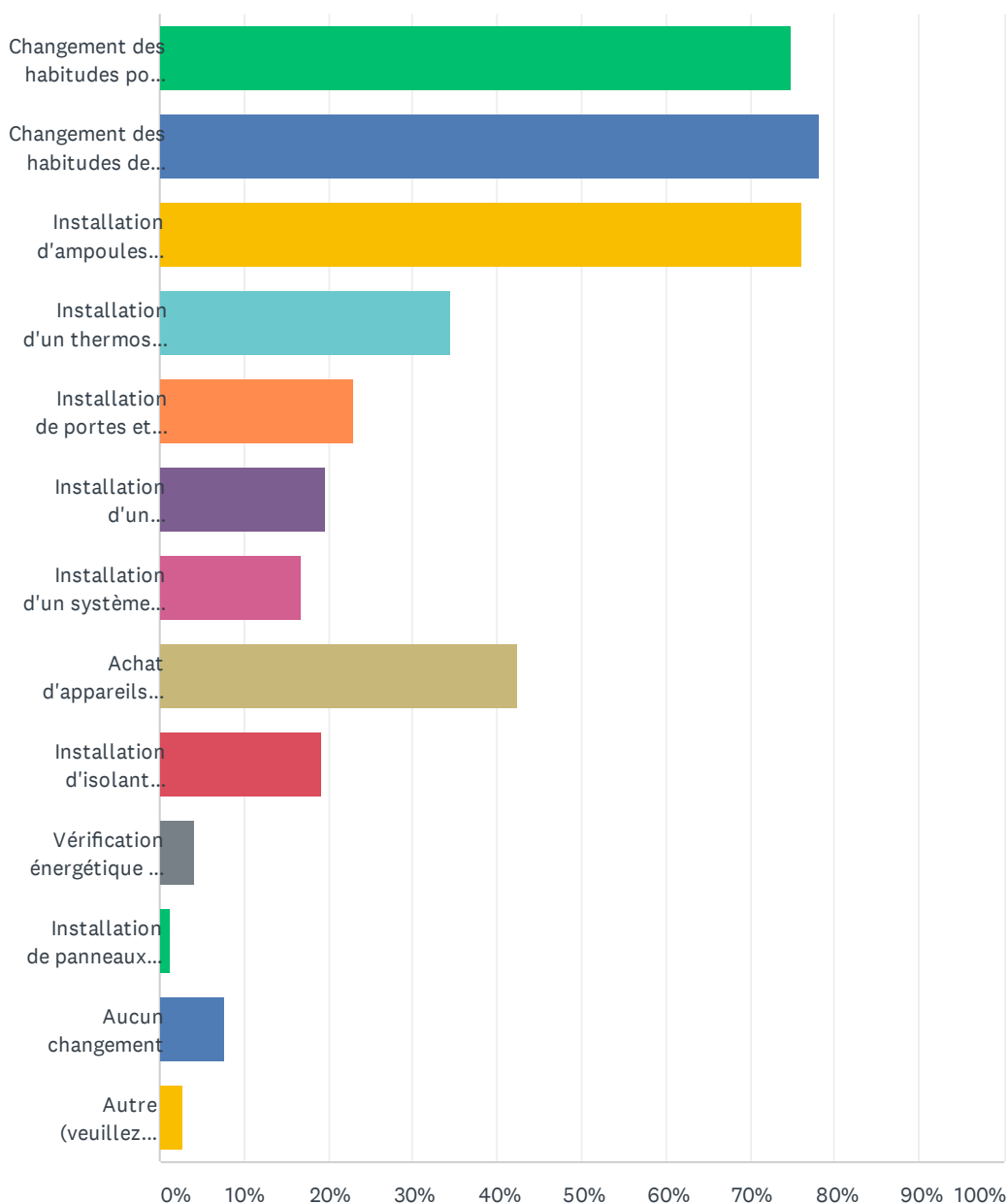
Q48 Votre évaluation générale de l'employé sur le chantier



| 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



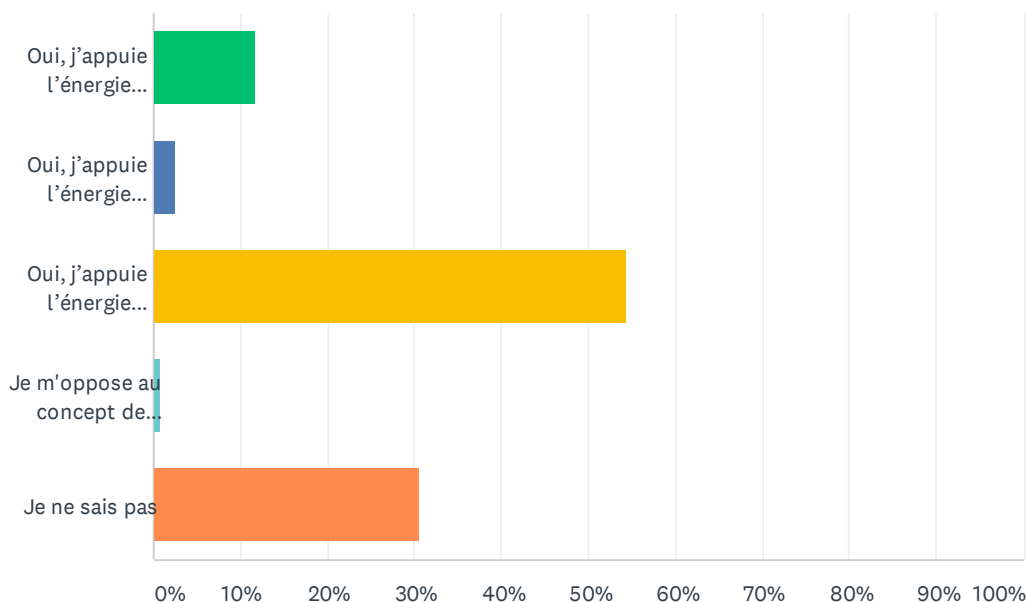
Sondage sur la satisfaction de la clientèle 2019 - La Corporation de distribution électrique de Hearst

| 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-énergétiques  | 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?

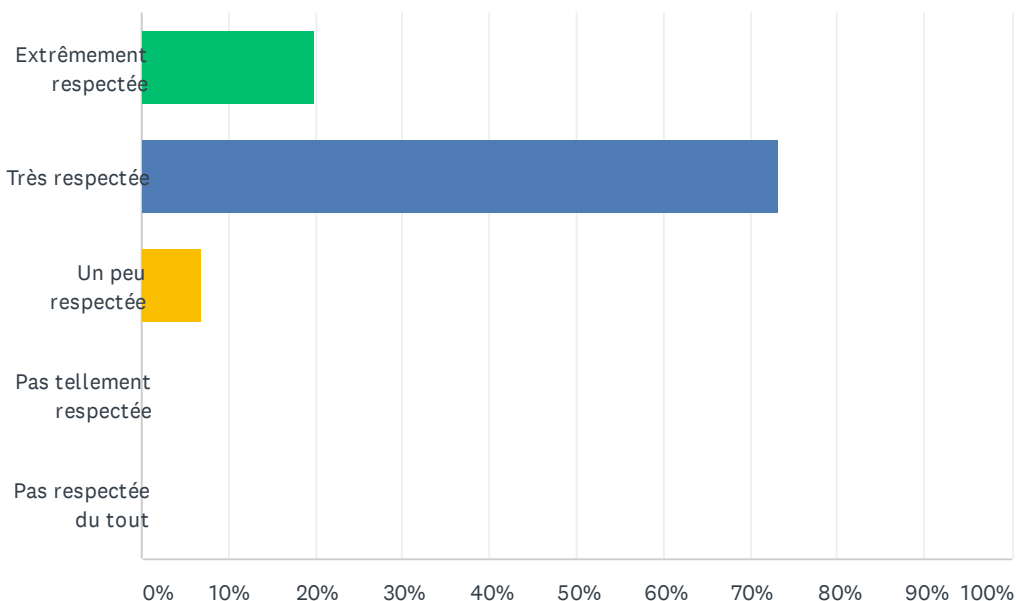
Answered: 327 Skipped: 27



| 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?

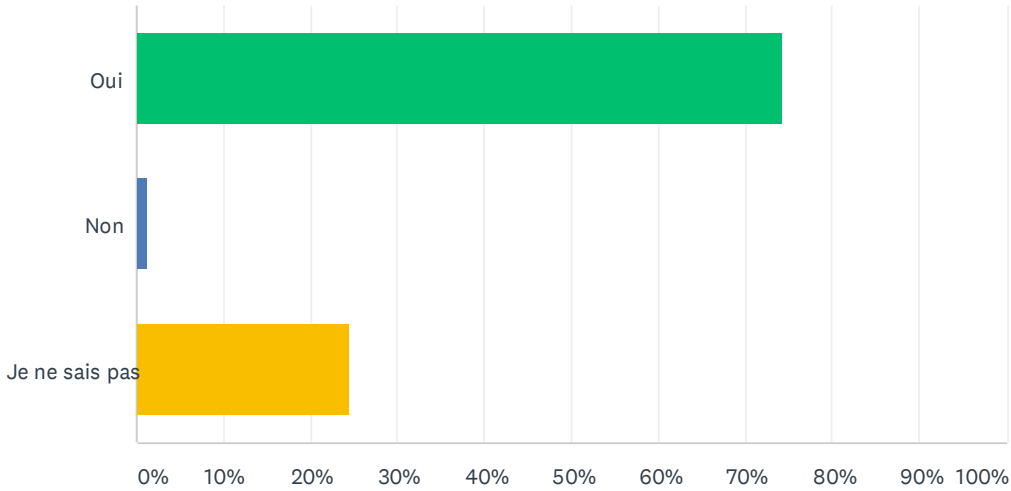
Answered: 322 Skipped: 32



| 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?

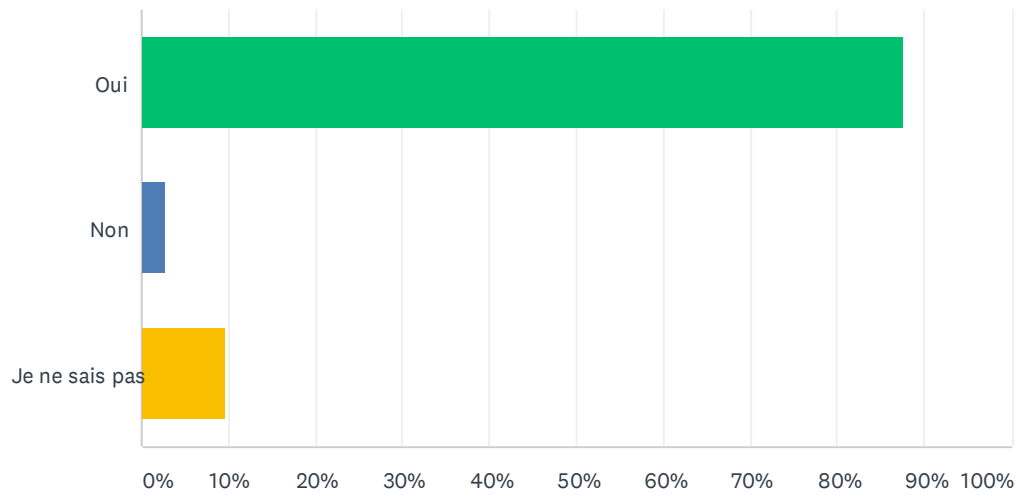
Answered: 322    Skipped: 32



| 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?

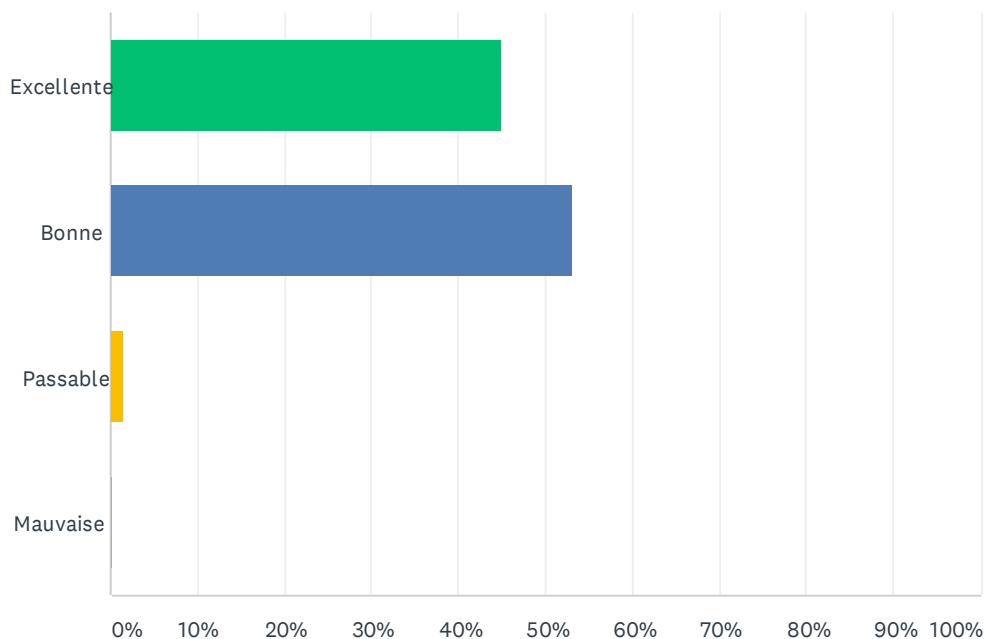
Answered: 322    Skipped: 32



| 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 an increase 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.

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**Appendix H PDF of List of Approvals**

## 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.   |

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2

**Appendix I MD&A Scorecard**

|   |                                    |   |                                    |             |             |             |             |        | Target   |             |
|---|------------------------------------|---|------------------------------------|-------------|-------------|-------------|-------------|--------|----------|-------------|
| Performance Outcomes  | Performance Categories             | Measures  | 2015                               | 2016        | 2017        | 2018        | 2019        | Trend  | Industry | Distributor |
| <b>Customer Focus</b><br><br>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  |        |          |             |
| <b>Operational Effectiveness</b><br><br>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 <sup>1</sup>                | C                                  | C           | C           | C           | C           | ➡      |          | C           |
|   |                                    | Serious Electrical Incident Index   | Number of General Public Incidents | 0           | 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 <sup>2</sup>  | 2.00                               | 2.19        | 4.33        | 2.67        | 2.48        | ⬆      |          | 3.65        |
|   |                                    | Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>  | 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 <sup>3</sup>  | \$579                              | \$516       | \$529       | \$555       | \$539       |        |          |             |
|   |                                    | Total Cost per Km of Line <sup>3</sup>  | \$23,009                           | \$20,531    | \$16,409    | \$15,419    | \$14,999    |        |          |             |
| <b>Public Policy Responsiveness</b><br><br>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 <sup>4</sup>                                    | 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%   |             |
| <b>Financial Performance</b><br><br>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 Return on Equity                                    | 9.19%                              | 9.19%       | 9.19%       | 9.19%       | 9.19%       |        |          |             |
|   |                                    |   | 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 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 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 5<sup>th</sup> year. With these results, HPDC is ranked 1<sup>st</sup> 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 1<sup>st</sup>, 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, reconnections, 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<sup>er</sup> 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](#);



**File Number:** EB-2020-0027  
**Exhibit:**   
**Tab:**   
**Schedule:**   
**Page:**   
**Date:**

## **Appendix 2-A** **List of Requested Approvals**

The distributor must fill out the following sheet with the complete list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts) new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified, as well being clearly documented in the appropriate sections of the application.

Additional requests may be added by copying and pasting blank input rows, as needed.

If additional requests arise, or requested approvals are removed, during the processing of the application, the distributor should update this list.

**Hearst Power Distribution Co. Ltd. is 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 to continue to charge Wholesale Market and Rural Rate Protection Charges approved its 2020 board approved rates   |
| 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. |
|   |  |  |
|   |  |  |
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**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      |
| <b>System Access</b>       | <b>System Access</b>                                 |                 |            |            |                 |                  |                 |                 |                 |
|                            | New construction/service                             | \$11,000        |            |            | \$13,751        | \$29,510         | \$10,454        | \$15,000        | \$15,000        |
|                            | <b>Sub-Total System Access</b>                       | <b>\$11,000</b> | <b>\$0</b> | <b>\$0</b> | <b>\$13,751</b> | <b>\$29,510</b>  | <b>\$10,454</b> | <b>\$15,000</b> | <b>\$15,000</b> |
| <b>Contributed Capital</b> | <b>Paid back by customer</b>                         |                 |            |            | -13,751         | -\$29,510        | -10,454         | -15,000         | -15,000         |
|                            | <b>Sub-Total System Access - Contributed Capital</b> | <b>0</b>        | <b>0</b>   | <b>0</b>   | <b>-13,751</b>  | <b>-\$29,510</b> | <b>-10,454</b>  | <b>-15,000</b>  | <b>-15,000</b>  |
| <b>Total System Access</b> |  | <b>11,000</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>        | <b>0</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>        |

|                                 |   | MIFRS           | MIFRS            | MIFRS           | MIFRS            | MIFRS           | MIFRS            | MIFRS            | MIFRS            |
|---------------------------------|---|-----------------|------------------|-----------------|------------------|-----------------|------------------|------------------|------------------|
|                                 |   | 2015            | 2015             | 2016            | 2017             | 2018            | 2019             | 2020             | 2021             |
| <b>System Renewal</b>           |   |                 |                  |                 |                  |                 |                  |                  |                  |
|                                 | 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         |
|                                 | <b>Sub-Total System Access</b>                        | <b>\$81,448</b> | <b>\$142,115</b> | <b>\$79,130</b> | <b>\$123,617</b> | <b>\$95,107</b> | <b>\$105,039</b> | <b>\$135,000</b> | <b>\$115,000</b> |
| <b>Contributed Capital</b>      |   |                 |                  | -\$27,435       |                  |                 |                  |                  |                  |
|                                 | <b>Sub-Total System Renewal - Contributed Capital</b> | <b>0</b>        | <b>0</b>         | <b>-27,435</b>  | <b>0</b>         | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Sub-Total System Renewal</b> |   | <b>81,448</b>   | <b>142,115</b>   | <b>51,696</b>   | <b>123,617</b>   | <b>95,107</b>   | <b>105,039</b>   | <b>135,000</b>   | <b>115,000</b>   |

|                                 |  | MIFRS           | MIFRS           | MIFRS          | MIFRS           | MIFRS           | MIFRS          | MIFRS           | MIFRS          |
|---------------------------------|--|-----------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|----------------|
|                                 |  | 2015            | 2015            | 2016           | 2017            | 2018            | 2019           | 2020            | 2021           |
| <b>System Service</b>           |  |                 |                 |                |                 |                 |                |                 |                |
|                                 | 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        |
|                                 | <b>Sub-Total System Service</b>  | <b>\$23,625</b> | <b>\$27,396</b> | <b>\$8,940</b> | <b>\$25,201</b> | <b>\$53,537</b> | <b>\$7,692</b> | <b>\$12,500</b> | <b>\$7,500</b> |
| <b>Contributed Capital</b>      |  |                 |                 | -\$1,816       |                 |                 | -\$2,598       |                 |                |
|                                 | <b>Sub-Total System Service - Contributed Capital</b>  | <b>0</b>        | <b>0</b>        | <b>-1,816</b>  | <b>0</b>        | <b>0</b>        | <b>-2,598</b>  | <b>0</b>        | <b>0</b>       |
| <b>Sub-Total System Service</b> |  | <b>23,625</b>   | <b>27,396</b>   | <b>7,124</b>   | <b>25,201</b>   | <b>53,537</b>   | <b>5,094</b>   | <b>12,500</b>   | <b>7,500</b>   |

|                                |  | MIFRS           | MIFRS           | MIFRS           | MIFRS          | MIFRS            | MIFRS           | MIFRS           | MIFRS            |
|--------------------------------|--|-----------------|-----------------|-----------------|----------------|------------------|-----------------|-----------------|------------------|
|                                |  | 2015            | 2015            | 2016            | 2017           | 2018             | 2019            | 2020            | 2021             |
| <b>General Plant</b>           |  |                 |                 |                 |                |                  |                 |                 |                  |
|                                | 1611 - Computer Software   | \$5,000         |                 |                 | \$1,116        |                  |                 | \$0             | \$201            |
|                                | 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         |                 |                |                  |                 |                 |                  |
|                                | 1930 - 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        |                 |                  |
|                                | <b>Sub-Total System Access</b>   | <b>\$32,000</b> | <b>\$19,367</b> | <b>\$30,102</b> | <b>\$4,329</b> | <b>\$100,003</b> | <b>\$56,259</b> | <b>\$32,500</b> | <b>\$265,000</b> |
| <b>Contributed Capital</b>     |  |                 |                 |                 |                |                  |                 |                 |                  |
|                                | <b>Sub-Total General Plant - Contributed Capital</b>   | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>       | <b>0</b>         | <b>0</b>        | <b>0</b>        | <b>0</b>         |
| <b>Sub-Total General Plant</b> |  | <b>32,000</b>   | <b>19,367</b>   | <b>30,102</b>   | <b>4,329</b>   | <b>100,003</b>   | <b>56,259</b>   | <b>32,500</b>   | <b>265,000</b>   |

|                                  | MIFRS     | MIFRS     | MIFRS     | MIFRS     | MIFRS     | MIFRS     | MIFRS     | MIFRS     |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                  | 2015      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      |
| Hpd 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 <sup>1</sup> & 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 <sup>2</sup>       | Var     |         |        |        |        |        |   |
|                          | \$ '000   |        | %       | \$ '000 |        | %       | \$ '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                        | -       | -100.0% | -      | 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:  
1. 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.  
2. 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 |

File Number: EB-2020-0027

Exhibit:

Tab:

Schedule:

Page:

Date:

## 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:<br>- Build database of customers opinions and establish trends;<br>- Promote and inform on HPDC's various services offered;<br>- 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 provide instruction training with the in-house developed basic 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 <sup>3</sup> | Rebased under MIFRS in Prior Application <sup>3</sup> |
|---|-----------------|---|--|---|---|
|   |                 | 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                                       |
|   |                 |   |  |   |   |
|   |                 |   |  |   |   |
| Information to be filed in 2019 CoS Application | 2021 Test       |   |  |   |   |
|   | 2020 Bridge     |   |  |   |   |
|   | 2019 Bridge     |   |  |   |   |
|   | 2018 Bridge     |   |  |   |   |
|   | 2017 Historical |   |  |   |   |
|   | 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 and Revised CGAAP <sup>1</sup>                        | MIFRS and Revised CGAAP <sup>1</sup>                       | MIFRS and Revised CGAAP <sup>1</sup>                                  | N/A   |
|   |                 | Revised CGAAP   | CGAAP and Revised CGAAP <sup>2</sup>                       | N/A   | N/A   |
|   |                 | CGAAP and Revised CGAAP <sup>2</sup>                        | 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.

| CCA Class | OEB  | Description   | Cost            |           |           |                 | Accumulated Depreciation |           |           |                 |                | AVG Gross Bal | AVG AccDep |
|-----------|------|---|-----------------|-----------|-----------|-----------------|--------------------------|-----------|-----------|-----------------|----------------|---------------|------------|
|           |      |   | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance          | Additions | Disposals | Closing Balance | Net Book Value |               |            |
| 12        | 1611 | Computer Software (Formally known as Account 1925)    | \$ 130,427      | \$ -      | \$ -      | \$ 130,427      | \$ 123,194               | \$ 2,894  | \$ -      | \$ 126,088      | \$ 4,338       | \$ 130,427    | \$124,641  |
| CEC       | 1612 | Land Rights (Formally known as Account 1906 and 1808) | \$ 4,232        | \$ -      | \$ -      | \$ 4,232        | \$ 4,232                 | \$ -      | \$ -      | \$ 4,232        | \$ -           | \$ 4,232      | \$ 4,232   |
| N/A       | 1805 | Land  | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 47        | 1808 | Buildings   | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 13        | 1810 | Leasehold Improvements                                | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 47        | 1815 | Transformer Station Equipment >50 kV                  | \$ 54,270       | \$ -      | \$ -      | \$ 54,270       | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ 54,270     | \$ 5,783   |
| 47        | 1820 | Distribution Station Equipment <50 kV                 | \$ 116,810      | \$ 9,880  | \$ -      | \$ 126,690      | \$ 5,288                 | \$ 3,768  | \$ -      | \$ 9,056        | \$ -           | \$ 121,541    | \$ 7,818   |
| 47        | 1825 | Storage Battery Equipment                             | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 47        | 1830 | Poles, Towers & Fixtures                              | \$ 254,708      | \$ 69,251 | \$ 879    | \$ 323,080      | \$ 9,209                 | \$ 7,237  | \$ 60     | \$ 16,386       | \$ 306,694     | \$ 288,894    | \$ 12,797  |
| 47        | 1835 | Overhead Conductors & Devices                         | \$ 208,706      | \$ 8,940  | \$ -      | \$ 217,646      | \$ 43,175                | \$ 17,510 | \$ -      | \$ 60,685       | \$ 156,960     | \$ 213,176    | \$ 51,930  |
| 47        | 1840 | Underground Conduit                                   | \$ 5,377        | \$ -      | \$ -      | \$ 5,377        | \$ 590                   | \$ 283    | \$ -      | \$ 873          | \$ 4,504       | \$ 5,377      | \$ 732     |
| 47        | 1845 | Underground Conductors & Devices                      | \$ 54,270       | \$ -      | \$ -      | \$ 54,270       | \$ 4,676                 | \$ 2,215  | \$ -      | \$ 6,891        | \$ 47,379      | \$ 54,270     | \$ 5,783   |
| 47        | 1850 | Line Transformers                                     | \$ 116,810      | \$ 9,880  | \$ 18     | \$ 126,690      | \$ 5,288                 | \$ 3,768  | \$ -      | \$ 9,056        | \$ 116,763     | \$ 121,541    | \$ 7,818   |
| 47        | 1855 | Services (Overhead & Underground)                     | \$ 21,593       | \$ -      | \$ -      | \$ 21,593       | \$ 1,795                 | \$ 1,015  | \$ -      | \$ 2,810        | \$ 18,782      | \$ 21,593     | \$ 2,303   |
| 47        | 1860 | Meters  | \$ 41,776       | \$ -      | \$ -      | \$ 41,776       | \$ 10,393                | \$ 7,481  | \$ -      | \$ 17,873       | \$ 23,902      | \$ 41,776     | \$ 14,133  |
| 47        | 1860 | Meters (Smart Meters)                                 | \$ 658,717      | \$ -      | \$ -      | \$ 658,717      | \$ 259,287               | \$ 43,914 | \$ -      | \$ 303,201      | \$ 355,515     | \$ 658,717    | \$281,244  |
| N/A       | 1905 | Land  | \$ 7,600        | \$ -      | \$ -      | \$ 7,600        | \$ -                     | \$ -      | \$ -      | \$ -            | \$ 7,600       | \$ 7,600      | \$ -       |
| 47        | 1908 | Buildings & Fixtures                                  | \$ 203,558      | \$ 24,635 | \$ -      | \$ 228,193      | \$ 13,685                | \$ 8,232  | \$ -      | \$ 21,917       | \$ 206,276     | \$ 215,875    | \$ 17,801  |
| 13        | 1910 | Leasehold Improvements                                | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 8         | 1915 | Office Furniture & Equipment                          | \$ 4,732        | \$ -      | \$ -      | \$ 4,732        | \$ 1,103                 | \$ 505    | \$ -      | \$ 1,607        | \$ 3,125       | \$ 4,732      | \$ 1,355   |
| 10        | 1920 | Computer Equipment - Hardware                         | \$ 18,694       | \$ -      | \$ 298    | \$ 18,396       | \$ 7,676                 | \$ 3,418  | \$ 298    | \$ 10,797       | \$ 7,600       | \$ 18,545     | \$ 9,236   |
| 45        | 1920 | Computer Equip.-Hardware(Post Mar. 22/04)             | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 45.1      | 1920 | Computer Equip.-Hardware(Post Mar. 19/07)             | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 10        | 1930 | Transportation Equipment                              | \$ 214,268      | \$ -      | \$ -      | \$ 214,268      | \$ 60,268                | \$ 29,599 | \$ -      | \$ 89,867       | \$ 124,402     | \$ 214,268    | \$ 75,067  |
| 8         | 1935 | Stores Equipment                                      | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 8         | 1940 | Tools, Shop & Garage Equipment                        | \$ 17,304       | \$ 5,467  | \$ -      | \$ 22,771       | \$ 4,245                 | \$ 2,072  | \$ -      | \$ 6,317        | \$ 16,453      | \$ 20,037     | \$ 5,281   |
| 8         | 1945 | Measurement & Testing Equipment                       | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 8         | 1950 | Power Operated Equipment                              | \$ -            | \$ -      | \$ -      | \$ -            | \$ -                     | \$ -      | \$ -      | \$ -            | \$ -           | \$ -          | \$ -       |
| 8         | 1955 | Communications Equipment                              | \$ 355          | \$ -      | \$ -      | \$ 355          | \$ 355                   | \$ -      | \$ -      | \$ 355          | \$ -           | \$ 355        | \$ 355     |

[illegible]



|    |                  |
|----|------------------|
| 10 | Transportation   |
| 8  | Stores Equipment |
| 8  | Tools, Shop      |
| 8  | Meas/Testing     |
| 8  | Communication    |

**Less: Fully Allocated Depreciation**

[illegible]

Year 2020 IFRS

|    |                  | FASB: Fully Allocable Depreciation |            |
|----|------------------|------------------------------------|------------|
| 10 | Transportation   | Transportation                     |            |
| 8  | Stores Equipment | Stores Equipment                   |            |
| 8  | Tools, Shop      | Tools, Shop                        |            |
| 8  | Meas/Testing     | Meas/Testing                       |            |
| 8  | Communication    | Communication                      |            |
|    |                  | <b>Net Depreciation</b>            | \$ 131,750 |

Year 2021 IFRS



Appendix 2-BB  
Service Life Comparison  
Table F-1 from Kinetrics Report<sup>1</sup>

| Parent* | #  | Asset Details   |                   |       | Useful Life |     |        | USoA Account Number | USoA Account Description   | Current |      | Proposed |      | Outside Range of Min, Max TUL? |               |
|---------|----|---|-------------------|-------|-------------|-----|--------|---------------------|----------------------------|---------|------|----------|------|--------------------------------|---------------|
|         |    | Category  Component   Type  |                   |       | MIN UL      | TUL | MAX UL |                     |                            | Years   | Rate | Years    | Rate | Below Min TUL                  | Above Max TUL |
| OH      | 1  | Fully Dressed Wood Poles  | Overall           |       | 35          | 45  | 75     | 1830                | Poles, Towers & Fixtures   | 45      | 2%   | 45       | 2%   | No                             | No            |
|         |    |   | 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  |                   |       | 30          | 45  | 55     | 1835                | OH Conductor and devices   | 45      | 2%   | 45       | 2%   | No                             | No            |
|         | 5  | OH Line Switch Motor  |                   |       | 15          | 25  | 25     |                     |                            |         |      |          |      |                                |               |
| TS & MS | 6  | OH Line Switch RTU  | Overall           |       | 15          | 20  | 30     |                     |                            |         |      |          |      |                                |               |
|         | 7  | OH Integral Switches  |                   |       | 35          | 45  | 60     |                     |                            |         |      |          |      |                                |               |
|         | 8  | OH Conductors   |                   |       | 50          | 60  | 75     |                     |                            |         |      |          |      |                                |               |
|         | 9  | OH Transformers & Voltage Regulators  |                   |       | 30          | 40  | 60     | 1850                | Line Transformers          | 40      | 3%   | 40       | 3%   | No                             | No            |
|         | 10 | OH Shunt Capacitor Banks  |                   |       | 25          | 30  | 40     |                     |                            |         |      |          |      |                                |               |
|         | 11 | Reclosers   |                   |       | 25          | 40  | 55     |                     |                            |         |      |          |      |                                |               |
|         | 12 | Power Transformers  | Overall           |       | 30          | 45  | 60     |                     |                            |         |      |          |      |                                |               |
|         |    |   | Bushing           |       | 10          | 20  | 30     |                     |                            |         |      |          |      |                                |               |
|         |    |   | Tap Changer       |       | 20          | 30  | 60     |                     |                            |         |      |          |      |                                |               |
|         | 13 | Station Service Transformer   |                   |       | 30          | 45  | 55     |                     |                            |         |      |          |      |                                |               |
|         | 14 | Station Grounding Transformer   |                   |       | 30          | 40  | 40     |                     |                            |         |      |          |      |                                |               |
| UG      | 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  |                   |       | 35          | 45  | 65     |                     |                            |         |      |          |      |                                |               |
|         | 18 | Station Switch  |                   |       | 30          | 50  | 60     |                     |                            |         |      |          |      |                                |               |
|         | 19 | Electromechanical Relays  |                   |       | 25          | 35  | 50     |                     |                            |         |      |          |      |                                |               |
|         | 20 | Solid State Relays  |                   |       | 10          | 30  | 45     |                     |                            |         |      |          |      |                                |               |
|         | 21 | Digital & Numeric Relays  |                   |       | 15          | 20  | 20     |                     |                            |         |      |          |      |                                |               |
|         | 22 | Rigid Busbars   |                   |       | 30          | 55  | 60     |                     |                            |         |      |          |      |                                |               |
| S       | 23 | Steel Structure   |                   |       | 35          | 50  | 90     |                     |                            |         |      |          |      |                                |               |
|         | 24 | Primary Paper Insulated Lead Covered (PILC) Cables                                    |                   |       | 60          | 65  | 75     |                     |                            |         |      |          |      |                                |               |
|         | 25 | Primary Ethylene-Propylene Rubber (EPR) Cables  |                   |       | 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 |                   |       | 20          | 25  | 30     |                     |                            |         |      |          |      |                                |               |
|         | 27 | Primary Non-TR XLPE Cables in Duct  |                   |       | 20          | 25  | 30     |                     |                            |         |      |          |      |                                |               |
|         | 30 | Secondary PILC Cables   |                   |       | 70          | 75  | 80     |                     |                            |         |      |          |      |                                |               |
|         | 31 | Secondary Cables Direct Buried  |                   |       | 25          | 35  | 40     |                     |                            |         |      |          |      |                                |               |
|         | 32 | Secondary Cables in Duct  |                   |       | 35          | 40  | 60     |                     |                            |         |      |          |      |                                |               |
|         | 33 | Network Transformers  | Overall           |       | 20          | 35  | 50     |                     |                            |         |      |          |      |                                |               |
|         |    |   | Protector         |       | 20          | 35  | 40     |                     |                            |         |      |          |      |                                |               |
|         | 34 | Pad-Mounted Transformers  |                   |       | 25          | 40  | 45     |                     |                            |         |      |          |      |                                |               |
| S       | 35 | Submersible/Vault Transformers  |                   |       | 25          | 35  | 45     |                     |                            |         |      |          |      |                                |               |
|         | 36 | UG Foundation   |                   |       | 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   |                   |       | 20          | 35  | 50     |                     |                            |         |      |          |      |                                |               |
|         | 39 | Pad-Mounted Switchgear  |                   |       | 20          | 30  | 45     |                     |                            |         |      |          |      |                                |               |
|         | 40 | Ducts   |                   |       | 30          | 50  | 65     |                     |                            |         |      |          |      |                                |               |
|         | 41 | Concrete Encased Duct Banks   |                   |       | 35          | 55  | 80     |                     |                            |         |      |          |      |                                |               |
|         | 42 | Cable Chambers  |                   |       | 50          | 60  | 80     |                     |                            |         |      |          |      |                                |               |
|         | 43 | Remote SCADA  |                   |       | 15          | 20  | 30     |                     |                            |         |      |          |      |                                |               |

Table F-2 from Kinetrics Report<sup>1</sup>

| #  | Asset Details                             |                                 |                 | Useful Life Range |    | USoA Account Number | USoA Account Description         | Current |      | Proposed |      | Outside Range of Min, Max TUL? |                 |
|----|---|---------------------------------|-----------------|-------------------|----|---------------------|----------------------------------|---------|------|----------|------|--------------------------------|-----------------|
|    | Category  Component   Type                |                                 |                 |                   |    |                     |                                  | 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              |
| 3  | Administrative Buildings                  | Vans                            |                 | 5                 | 10 | 1930                | Pick up                          | 5       | 20%  | 5        | 20%  | No                             | No              |
| 4  | Leasehold Improvements                    |                                 |                 | 50                | 75 |                     |                                  | 50      | 2%   | 50       | 2%   | No                             | No              |
|    |   |                                 | 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              |
|    |   | Power Operated                  |                 | 5                 | 10 |                     |                                  |         |      |          |      |                                |                 |
| 7  | Equipment                                 | 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                             | Towers                          |                 | 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

CGAAP  
Revised CGAAP  
MIFRS

□□ Year 2015 IFRS

| Account | Description  | Book Values   |                                    |  |  |                                    |   |                        | Service Lives   |   |  |                                    | Depreciation Expense   |   |   |   |     | Depreciation Expense per Appendix 2-BA Fixed Assets, Column J | Variance <sup>6</sup> |           |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |   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    |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |    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  |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
|---------|--|---|------------------------------------|--|--|------------------------------------|---|------------------------|---|---|--|------------------------------------|--|---|---|---|-----|---|-----------------------|-----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|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|         |  | Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup> | Less Fully Depreciate <sup>d</sup> | Net Amount of Existing Assets Before Policy Change to be Depreciated | Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup> | Less Fully Depreciate <sup>d</sup> | Net Amount of Assets Acquired After Policy Change to be Depreciated | Current Year Additions | Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> | Depreciation Rate Assets Acquired After Policy Change | Life of Assets Acquired After Policy Change <sup>4</sup> | Depreciation Rate on New Additions | Depreciation Expense on Assets Existing Before Policy Change | Depreciation Expense on Assets Acquired After Policy Change | Depreciation Expense on Current Year Additions <sup>5</sup> | Total Current Year Depreciation Expense |     |   |                       |           |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |  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    |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |    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  |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
|         |  | a   | b                                  | c = a - b  | d  | e                                  | f = d - e   | g                      | h   | i = 1/h   | j  | k = 1/j                            | l = c/h  | m = f/j   | n = g*0.5/j   | o = l+m+n                               | p   |   |                       | q = p - o |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |
| 1611    | Computer Software (Formally known as Account 1925) | \$10,127  |                                    | \$10,127   |  |                                    | \$0   |                        | 3.50  | 28.57%  |  | 0.00%                              | \$2,893  | \$0   | \$0   | \$2,893                                 | \$0 | \$0   | \$0                   | \$0       | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Year 2016 IFRS

| Account | Description  | Book Values   |                                    |  |  |                                    |   |                        | Service Lives   |  |  |                                    | Depreciation Expense   |   |   |   |           | Depreciation Expense per Appendix 2-BA Fixed Assets, Column J | Variance <sup>6</sup> |
|---------|--|---|------------------------------------|--|--|------------------------------------|---|------------------------|---|--|--|------------------------------------|--|---|---|---|-----------|---|-----------------------|
|         |  | Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup> | Less Fully Depreciate <sup>d</sup> | Net Amount of Existing Assets Before Policy Change to be Depreciated | Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup> | Less Fully Depreciate <sup>d</sup> | Net Amount of Assets Acquired After Policy Change to be Depreciated | Current Year Additions | Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> | Depreciation Rate Assumed Acquired After Policy Change | Life of Assets Acquired After Policy Change <sup>4</sup> | Depreciation Rate on New Additions | Depreciation Expense on Assets Existing Before Policy Change | Depreciation Expense on Assets Acquired After Policy Change | Depreciation Expense on Current Year Additions <sup>5</sup> | 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                                 | p         | q=p-o   |                       |
| 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                                    | \$ 7,237  | \$7,237   |                       |
| 1825    | Storage Battery Equipment                          | \$ 0  |                                    | \$ 0   | \$ 0   |                                    | \$ 0  |                        |   | 0.00%  |  | 0.00%                              | \$ 0   | \$ 0  | \$ 0  | \$ 0                                    | \$17,510  | \$17,510  |                       |
| 1830    | Poles, Towers & Fixtures                           | \$136,170   | \$ 819                             | \$135,351  | \$109,330  |                                    | \$109,330   | \$ 69,251              | 33.72   | 2.97%  | 45.00  | 2.22%                              | \$4,014  | \$2,430   | \$769   | \$7,213                                 | \$283     | \$6,930   |                       |
| 1835    | Overhead Conductors & Devices                      | \$139,222   |                                    | \$139,222  | \$26,308   |                                    | \$26,308  | \$ 8,940               | 8.27  | 12.09%   | 45.00  | 2.22%                              | \$16,835   | \$585   | \$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                                  | \$79,163  | \$ 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                               | \$179,551   |                                    | \$179,551  | \$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                                    | \$3,418   | \$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  | \$259   | \$ 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                                    | \$ -959   | -\$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   | \$1,862   | \$130,145                               | \$126,307 | -\$3,838  |                       |

Year 2017 IFRS

| Account | Description  | Book Values   |   |  |  |   |   |                        | Service Lives   |  |  |                                    | Depreciation Expense   |   |   |   |           | Depreciation Expense per Appendix 2-BA Fixed Assets, Column J | Variance <sup>8</sup> |
|---------|--|---|---|--|--|---|---|------------------------|---|--|--|------------------------------------|--|---|---|---|-----------|---|-----------------------|
|         |  | Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup> | Less Fully Depreciate <sup>d</sup> <sup>7</sup> | Net Amount of Existing Assets Before Policy Change to be Depreciated | Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup> | Less Fully Depreciate <sup>d</sup> <sup>4</sup> | Net Amount of Assets Acquired After Policy Change to be Depreciated | Current Year Additions | Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> | Depreciation Rate Assessed After Policy Change | Life of Assets Acquired After Policy Change <sup>6</sup> | 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 <sup>5</sup> | 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=i+m+n                                 | p         | q=p-o   |                       |
| 1611    | Computer Software (Formally known as Account 1925) | \$ 4,340  |   | \$4,340  | \$0  |   | \$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   |                        |   | 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                                     | \$9,174   | \$9,174   |                       |
| 1825    | Storage Battery Equipment                          | \$0   |   | \$0  | \$0  |   | \$0   |                        |   | 0.00%  |  | 0.00%                              | \$0  | \$0   | \$0   | \$0                                     | \$18,393  | \$18,393  |                       |
| 1830    | Poles, Towers & Fittings                           | \$131,337   | \$ 2,474  | \$128,863  | \$175,382  |   | \$175,382   | \$101,232              | 31.03   | 3.22%  | 45.00  | 2.22%                              | \$4,153  | \$3,897   | \$1,125   | \$9,175                                 | \$305     | -\$3,869  |                       |
| 1835    | Overhead Conductors & Devices                      | \$122,388   | \$ 171  | \$122,217  | \$34,564   |   | \$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  |   | \$0   |                        | 14.72   | 6.79%  |  | 0.00%                              | \$306  | \$0   | \$0   | \$306                                   | \$4,410   | \$4,104   |                       |
| 1845    | Underground Conductors & Devices                   | \$47,378  |   | \$47,378   | \$0  |   | \$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  | \$ 34,314              | 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  |   | \$0   | \$ 1,468               | 18.51   | 5.40%  | 25.00  | 4.00%                              | \$1,915  | \$0   | \$29  | \$1,944                                 | \$43,914  | \$42,870  |                       |
| 1860    | Meters   | \$23,912  |   | \$23,912   | \$0  |   | \$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  |   | \$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   |                        |   | 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   |                        |   | 0.00%  |  | 0.00%                              | \$0  | \$0   | \$0   | \$0                                     | \$3,557   | \$3,557   |                       |
| 1915    | Office Furniture & Equipment (10 years)            | \$3,125   |   | \$3,125  | \$0  |   | \$0   |                        | 6.19  | 16.16%   |  | 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                      | \$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   |                        |   | 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                           | \$124,374   |   | \$124,374  | \$0  |   | \$0   |                        | 4.20  | 23.81%   |  | 0.00%                              | \$29,613   | \$0   | \$0   | \$29,613                                | \$5,155   | -\$24,458   |                       |
| 1935    | Stores Equipment                                   | \$0   |   | \$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  | \$ 1,850               | 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   |                        |   | 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                                     | -\$2,283  | -\$2,283  |                       |
| 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   |  | \$1,103,877   | \$ 4,496  | \$1,099,381  | \$296,425  | \$ -  | \$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 2-BA Fixed Assets, Column J | Variance <sup>e</sup> |       |
|---------|--|---|------------------------------------|--|--|------------------------------------|---|------------------------|---|--|--|------------------------------------|--|---|---|---|-----------|---|-----------------------|-------|
|         |  | Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup> | Less Fully Depreciate <sup>d</sup> | Net Amount of Existing Assets Before Policy Change to be Depreciated | Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup> | Less Fully Depreciate <sup>d</sup> | Net Amount of Assets Acquired After Policy Change to be Depreciated | Current Year Additions | Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> | Depreciation Rate Assumed Acquired After Policy Change | Life of Assets Acquired After Policy Change <sup>4</sup> | Depreciation Rate on New Additions | Depreciation Expense on Assets Existing Before Policy Change | Depreciation Expense on Assets Acquired After Policy Change | Depreciation Expense on Current Year Additions <sup>5</sup> | 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=i+m+n                                 | p         |   |                       | q=p-o |
|         |  |   |                                    |  |  |                                    |   |                        |   |  |  |                                    |  |   |   |   |           |   |                       |       |
| 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     | -\$1,120  |                       |       |
| 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   | \$2,260   |                       |       |
| 1855    | Services (Overhead & Underground)                  | \$17,767  |                                    | \$17,767   | \$1,438  |                                    | \$1,438   | \$ 13,743              | 17.40   | 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   | \$ 24,429              | 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  | \$1,604   | \$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              |   |  |  |                                    | \$99,762   | \$12,639  | \$10,325  | \$122,746                               | \$118,736 | -\$4,010  |                       |       |



| Account | Description  | Book Values   |                                       |  |  |                                       |   | Service Lives          |   |  |  | Depreciation Expense               |  |   |   |   | Depreciation Expense per Appendix 2 BA Fixed Assets, Column J | Variance <sup>e</sup> |
|---------|--|---|---------------------------------------|--|--|---------------------------------------|---|------------------------|---|--|--|------------------------------------|--|---|---|---|---|-----------------------|
|         |  | Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup> | Less Fully Depreciated <sup>d 7</sup> | Net Amount of Existing Assets Before Policy Change to be Depreciated | Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup> | Less Fully Depreciated <sup>d 4</sup> | Net Amount of Assets Acquired After Policy Change to be Depreciated | Current Year Additions | Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> | Depreciation Rate Assumed After Policy Change <sup>4</sup> | Life of Assets Acquired After Policy Change <sup>5</sup> | 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 <sup>6</sup> | 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 = f+m+n                               | p   | q = p-o               |
| 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   | \$ 91,129              | 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)                  | \$16,751  |                                       | \$16,751   | \$14,848   | \$ 696                                | \$14,153  | \$ 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   | \$45,543                                | \$8,570   | -\$36,973             |
| 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                      | \$782   |                                       | \$782  | \$1,645  |                                       | \$1,645   | \$ 7,346               | 1.00  | 100.00%  | 3.45   | 28.99%                             | \$782  | \$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  | 11.68%   | 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 <sup>e</sup> |
|---------|--|---|------------------------------------|--|--|------------------------------------|---|------------------------|---|--|--|------------------------------------|--|---|---|---|-----------|---|-----------------------|
|         |  | Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup> | Less Fully Depreciate <sup>d</sup> | Net Amount of Existing Assets Before Policy Change to be Depreciated | Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup> | Less Fully Depreciate <sup>d</sup> | Net Amount of Assets Acquired After Policy Change to be Depreciated | Current Year Additions | Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> | Depreciation Rate Assumed After Policy Change <sup>4</sup> | Life of Assets Acquired After Policy Change <sup>5</sup> | 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 <sup>6</sup> | 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                               | p         | q = p-o   |                       |
| 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%                              | \$4,875  | \$9,928   | \$1,222   | \$16,026                                | \$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  | \$1,822   | \$56  | \$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   | \$5,859   |                       |
| 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  | \$1,087   | \$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   | \$9,475   | \$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 2: BA Fixed Assets, Column J | Variance  |
|---------|--|---|--------------------------------------|--|--|--------------------------------------|---|------------------------|---|---|--|------------------------------------|--|---|---|---|--|-----------|
|         |  | Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) <sup>1</sup> | Less Fully Depreciate <sup>d 7</sup> | Net Amount of Existing Assets Before Policy Change to be Depreciated | Opening Gross Book Value of Assets Acquired After Policy Change <sup>2</sup> | Less Fully Depreciate <sup>d 4</sup> | Net Amount of Assets Acquired After Policy Change to be Depreciated | Current Year Additions | Average Remaining Life of Assets Existing Before Policy Change <sup>3</sup> | Depreciation Rate Assets Acquired After Policy Change | Life of Assets Acquired After Policy Change <sup>5</sup> | 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 <sup>6</sup> | 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  | \$9,680   | \$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  | \$2,426   | \$188   | \$6,530                                 | \$100  | -\$6,430  |
| 1855    | Services (Overhead & Underground)                  | \$14,859  |                                      | \$14,859   | \$25,548   |                                      | \$25,548  | \$ 2,500               | 16.01   | 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  | 24.63%  | 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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EB-2020-0027

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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<br>Historical Year | 2018<br>Historical Year | 2019<br>Historical Year | 2020<br>Bridge Year | 2021<br>Test Year |
|---|-------------------------|-------------------------|-------------------------|---------------------|-------------------|
|   |                         |                         |                         |                     |                   |
|   |                         |                         |                         |                     |                   |
|   |                         |                         |                         |                     |                   |
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|   |                         |                         |                         |                     |                   |
|   |                         |                         |                         |                     |                   |
|   |                         |                         |                         |                     |                   |
| <b>Total OM&amp;A Before Capitalization (B)</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<br>Historical Year | 2018<br>Historical Year | 2019<br>Historical Year | 2020<br>Bridge Year | 2021<br>Test Year | Directly<br>Attributable?<br>(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  |                         |                         |                         |                     |                   |                                       |  |
|  |                         |                         |                         |                     |                   |                                       |  |
| <b>Total Capitalized OM&amp;A (A)</b>  | \$ -                    | \$ -                    | \$ -                    | \$ -                | \$ -              |                                       |  |
| <b>% of Capitalized OM&amp;A (=A/B)</b>  | 0%                      | 0%                      | 0%                      | 0%                  | 0%                |                                       |  |

**TO BE UPDATED AT DRAFT RATE ORDER STAGE**

Date:

**Renewable Generation Connection Investment Summary (past investments or over the future rate setting period)**

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%)**

| Test Year |      |      |      |      |      |      |      |      |
|-----------|------|------|------|------|------|------|------|------|
| 2016      | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |

### Project 1

**Name:** REI Connection Project

[illegible]

## Project 2

**Name:** REI Connection Project

[illegible]

### Project 3

**Name:** REI Connection Project

|                             |     |     |     |     |     |     |     |     |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Capital Costs               | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Incremental OM&A (Start-Up) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Incremental OM&A (Ongoing)  | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

## Project 4

**Name:** REI Connection Project

[illegible]

## Project 5

**Name:** REI Connection Project

[illegible][illegible]

## Part B

**Expansion Investments (Direct Benefit at 17%)**

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|------|------|------|------|------|------|------|------|
|------|------|------|------|------|------|------|------|------|

## Project 1

**Name:** Expansion Connection Project

|     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

## Project 2

**Name:** Expansion Connection Project

|     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

### Project 3

**Name:** Expansion Connection Project

|     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

## Project 4

**Name:** Expansion Connection Project

|     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

## Project 5

**Name:** Expansion Connection Project

|     |     |     |     |     |     |     |     |     |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

|                                   |         |      |      |      |      |      |      |      |
|-----------------------------------|---------|------|------|------|------|------|------|------|
| Total Capital Costs               | \$ - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ |
| Total Incremental OM&A (Start-Up) | \$ - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ |
| Total Incremental OM&A (Ongoing)  | \$ - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ |

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### UCC for PILs Calculation

[illegible]

| Test Year      |            |                |            |                |            |       |                |            |       |                |            |
|----------------|------------|----------------|------------|----------------|------------|-------|----------------|------------|-------|----------------|------------|
| 2021           |            | 2022           |            | 2023           |            | Total | 2024           |            | Total | 2025           |            |
| Direct Benefit | Provincial | Direct Benefit | Provincial | Direct Benefit | Provincial |       | Direct Benefit | Provincial |       | Direct Benefit | Provincial |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| 0.00%          | 0.00%      | 0.00%          | 0.00%      | 0.00%          | 0.00%      |       | 0.00%          | 0.00%      |       | 0.00%          | 0.00%      |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |

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TO BE UPDATED AT DRAFT RATE ORDER STAGE

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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 8 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  | Direct Benefit<br>17% | Provincial<br>83% |      | Total | Direct Benefit<br>17% | Provincial<br>83% |      | Total | Direct Benefit<br>17% | Provincial<br>83% |      | Total | Direct Benefit<br>17% | Provincial<br>83% |      | Total | Direct Benefit<br>17% | Provincial<br>83% |      |
| Net Fixed Assets (average)                                      | \$ -   | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - |
| Incremental OM&A (on-going, N/A for Provincial Recovery)        | \$0    | \$ -                  | \$ -              | \$ - | \$0   | \$ -                  | \$ -              | \$ - | \$0   | \$ -                  | \$ -              | \$ - | \$0   | \$ -                  | \$ -              | \$ - | \$0   | \$ -                  | \$ -              | \$ - |
| Incremental OM&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  | 2015   | 2021                  |                   |      |       |                       |                   |      |       |                       |                   |      |       |                       |                   |      |       |                       |                   |      |
| Deemed LT Debt  | 4.00%  | 4.00%                 | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - |
| Deemed Equity   | 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   |        |                       | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - | \$ -  | \$ -                  | \$ -              | \$ - |
| OM&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 Adder 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

| Income Tax                     | 2016           |            | 2017           |            | 2018           |            | 2019           |            | 2020           |            |
|--------------------------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|
|                                | Direct Benefit | Provincial | Direct Benefit | Provincial | Direct Benefit | Provincial | Direct Benefit | Provincial | Direct Benefit | Provincial |
| 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                | \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |

Net Fixed Assets

Enter applicable amortization in years: 40

|  | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|------|------|------|------|------|------|------|------|------|------|------|
|  |      |      |      |      |      |      |      |      |      |      |      |
| 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

[illegible]

| Test Year      |            |                |            |                |            |       |                |            |       |                |            |
|----------------|------------|----------------|------------|----------------|------------|-------|----------------|------------|-------|----------------|------------|
| 2021           |            | 2022           |            | 2023           |            | Total | 2024           |            | Total | 2025           |            |
| Direct Benefit | Provincial | Direct Benefit | Provincial | Direct Benefit | Provincial |       | Direct Benefit | Provincial |       | Direct Benefit | Provincial |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| 0.00%          | 0.00%      | 0.00%          | 0.00%      | 0.00%          | 0.00%      |       | 0.00%          | 0.00%      |       | 0.00%          | 0.00%      |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |
| \$ -           | \$ -       | \$ -           | \$ -       | \$ -           | \$ -       |       | \$ -           | \$ -       |       | \$ -           | \$ -       |



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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% |



Date: 

**TO BE UPDATED AT THE DRAFT RATE ORDER STAGE**

## Appendix 2-H

### Other Operating Revenue

[illegible]

|      | CGAAP                 |
|------|-----------------------|
|      | Enter Transition Year |
|      | CGAAP                 |
|      |                       |
|      |                       |
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| \$ - | -                     |
| \$ - | -                     |
| \$ - | -                     |
| \$ - | -                     |

4398, 4405, 4410, 4415, 4420

**Note: Add all applicable accounts listed above to the table and include all relevant information**

### Account Breakdown Details

For each "Other Operating Revenue" and "Other Income or Deductions" Account, a detailed breakdown of the account components is required. See the example below for Account 4405, Interest and Dividend Income. Tables for the detailed breakdowns will be generated after cell B89 is filled in.

**Example: Account 4405 - Interest and Dividend Income**

|                                | 2015 Actual <sup>2</sup> | 2016 Actual <sup>2</sup> | 2017 Actual <sup>2</sup> | 2018 Actual <sup>2</sup> | 2019 Actual | Bridge Year | Test Year |
|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------|-------------|-----------|
|                                | 2015                     | 2016                     | 2017                     | 2018                     | 2019        | 2020        | 2021      |
| <b>Reporting Basis</b>         |                          |                          |                          |                          |             |             |           |
| Short-term Investment Interest |                          |                          |                          |                          |             |             |           |
| Bank Deposit Interest          |                          |                          |                          |                          |             |             |           |
| Miscellaneous Interest Revenue |                          |                          |                          |                          |             |             |           |
| etc. <sup>1</sup>              |                          |                          |                          |                          |             |             |           |
|                                |                          |                          |                          |                          |             |             |           |
|                                |                          |                          |                          |                          |             |             |           |
| <b>Total</b>                   | \$ -                     | \$ -                     | \$ -                     | \$ -                     | \$ -        | \$ -        | \$ -      |

|                       |   |
|-----------------------|---|
| CGAAP                 |   |
| Enter Transition Year |   |
| CGAAP                 |   |
|                       |   |
|                       |   |
|                       |   |
|                       |   |
| \$                    | - |

CGAAP. In column N, present CGAAP transition year information.

|  |  |
|--|--|
|  | Enter the number of "Other Operating Revenue" and "Other Income or Deductions" Accounts that require a detailed breakdown of the account components. |
|--|--|

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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    |

\*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.

From each of the 2006-2010 CDM Final Report, and the 2011 to 2017 CDM Final Reports, issued by the OPA/IESO for the distributor, the distributor should input the "gross" and "net" results of the cumulative CDM savings for 2019 into cells C57 to C66 and D57 to D66. The model will calculate the cumulative savings for all programs from 2006 to 2019 and determine the "net" to "gross" factor "g".

| Net-to-Gross Conversion                                   |                |              |                   |   |
|---|----------------|--------------|-------------------|---|
| Is CDM adjustment being done on a "net" or "gross" basis? |                |              |                   | net   |
|   | "Gross"<br>kWh | "Net"<br>kWh | Difference<br>kWh | "Net-to-Gross"<br>Conversion Factor<br>( 'g') |
| Persistence of Historical CDM programs                    |                |              |                   |   |
| 2006-2010 CDM programs                                    |                |              | 0                 |   |
| 2011 CDM program  |                |              | 0                 |   |
| 2012 CDM program  |                |              | 0                 |   |
| 2013 CDM program  |                |              | 0                 |   |
| 2014 CDM program  |                |              | 0                 |   |
| 2015 CDM program  |                |              | 0                 |   |
| 2016 CDM program  |                |              | 0                 |   |
| 2017 CDM program  |                |              | 0                 |   |
| 2018 CDM program*   |                |              | 0                 |   |
| 2019 CDM program (if applicable)*                         |                |              | 0                 |   |
| 2006 to 2019 OPA CDM programs: Persistence to 2021.       |                |              |                   | 0.00%   |

\*CDM programs distributors should rely on the results made available by the IESO in the Participant and Cost monthly reports

The default values below represent the factor used for how each year's CDM program is factored into the manual CDM adjustment. Distributors can choose alternative weights of "0", "0.5" or "1" from the drop-down menu for each cell, but must support its alternatives.

These factors do not mean that CDM programs are excluded, but the assumption that impacts of previous year CDM programs are already implicitly reflected in the actual data for historical years that are used to derive the load forecast prior to any manual CDM adjustment for the 2021 test year.

| Weight Factor for Inclusion in CDM Adjustment to 2021 Load Forecast    |   |   |   |   |  |  |  |
|--|---|---|---|---|--|--|--|
|  | 2015  | 2016  | 2017  | 2018*   | 2019**   | 2020**   | 2021***  |
| Weight Factor for each year's CDM program impact on 2021 load forecast | 0   | 0   | 0   | 0   | 0  | 0.5  | 1  |
| Default Value selection rationale.                                     | Full year impact of 2015 CDM is assumed to be reflected in the base forecast, as the full year persistence of 2015 CDM programs is in the 2018 historical actual data. No further impact is necessary for the manual adjustment to the load forecast. | Full year impact of 2016 CDM is assumed to be reflected in the base forecast, as the full year persistence of 2016 CDM programs is in the 2018 historical actual data. No further impact is necessary for the manual adjustment to the load forecast. | Full year impact of 2017 CDM is assumed to be reflected in the base forecast, as the full year persistence of 2017 CDM programs is in the 2018 historical actual data. No further impact is necessary for the manual adjustment to the load forecast. | Default is 0. Full year impact of 2018 CDM is assumed to be reflected in the base forecast. | Default is 0. Full year impact of 2019 CDM is assumed to be reflected in the base forecast. Adjust based on distributor's circumstance | Default is 0.5. Adjust based on distributor's circumstance | Default is 1. Adjust based on distributor's circumstance |

\* For 2018 CDM programs distributors should rely on the results made available by the IESO in the Participant and Cost monthly reports

\*\* For 2019 and 2020 CDM program activity, the distributor should include only those projected CDM savings from projects that it has contractual obligations with a customer under the former CFF.

\*\*\* This may include the persistence of any remaining CDM projects that the distributor is contractually obligated to complete under the former CFF, as applicable. If this includes CDM activity that is beyond the CFF framework or other programs, please file project-level supporting documentation in accordance with section 2.3.1.3 of Chapter 2 Filing Requirements to support the breakdown of your proposal.

### 2021 LRAMVA and 2021 CDM adjustment to Load Forecast

One manual adjustment for CDM impacts to the 2021 load forecast is made. There is a different but related threshold amount that is used for the 2021 LRAMVA amount for Account 1568.

The amount used for the CDM threshold and the LRAMVA is the kWh that will be used to determine the base amount for the LRAMVA balance for 2021. This allows for a comparison between projected CDM savings and actual CDM savings.

If used to determine the manual CDM adjustment for the system purchased kWh, the proposed loss factor should correspond with the proposed total loss factor calculated in Appendix 2-R.

The Manual Adjustment for the 2021 Load Forecast is the amount manually subtracted from the system-wide load forecast (either based on a purchased or billed basis) derived from the base forecast from historical data. If the distributor has developed their load forecast on a system purchased basis, then the manual adjustment should be on a system purchased basis, including the adjustment for losses. If the load forecast has been developed on a billed basis, either on a system basis or on a class-specific basis, the manual adjustment should be on a billed basis, excluding losses.

The distributor should determine the allocation of the savings to all customer classes in a reasonable manner (e.g. taking into account what programs and what IESO-measured impacts were directed at specific customer classes), for both the LRAMVA and for the load forecast adjustment.

|   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Total for 2021 |
|---|------|------|------|------|------|------|------|----------------|
| Amount used for CDM threshold for LRAMVA (2021) |      |      |      |      |      |      |      |                |

|   |               |   |   |
|---|---------------|---|---|
|   |               |   |   |
| 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.

File Number: EB-2020-0027

Exhibit:

Tab:

Schedule:

Page:

Date:

## 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 kVA) 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<br>(for 2021 Cost<br>of Service) | Customers / Connections |                  | Consumption (kWh) <sup>(3)</sup> |                       |                  | Demand (kW or kVA) |                       |                  | Revenues       |                    |
|------------------------|--|-------------------------|------------------|----------------------------------|-----------------------|------------------|--------------------|-----------------------|------------------|----------------|--------------------|
|                        |  |                         |                  | Weather-actual                   | Weather-normalized    |                  | Weather-actual     | Weather-normalized    |                  | Weather-actual | Weather-normalized |
| Historical             | 2015   | Actual                  |                  | Actual                           | Actual <sup>(1)</sup> |                  | Actual             | Actual <sup>(1)</sup> |                  | Actual         |                    |
| Historical             | 2016   | Actual                  |                  | Actual                           | Actual <sup>(1)</sup> |                  | Actual             | Actual <sup>(1)</sup> |                  | Actual         |                    |
| Historical             | 2017   | Actual                  | OEB-approved (2) | Actual                           | Actual <sup>(1)</sup> | OEB-approved (2) | Actual             | Actual <sup>(1)</sup> | OEB-approved (2) | Actual         |                    |
| Historical             | 2018   | Actual                  |                  | Actual                           | Actual <sup>(1)</sup> |                  | Actual             | Actual <sup>(1)</sup> |                  | Actual         |                    |
| Historical             | 2019   | Actual                  |                  | Actual                           | Actual <sup>(1)</sup> |                  | Actual             | Actual <sup>(1)</sup> |                  | Actual         |                    |
| Bridge Year (Forecast) | 2020   | Forecast                |                  |                                  | Forecast              |                  |                    | Forecast              |                  |                | Forecast           |
| Test Year (Forecast)   | 2021   | Forecast                |                  |                                  | Forecast              |                  |                    | Forecast              |                  |                | Forecast           |

### Notes:

- <sup>(1)</sup> "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.
- <sup>(2)</sup> 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.
- <sup>(3)</sup> Consumption must be provided on a total distribution system basis as well as at a customer class level.
- <sup>(4)</sup> 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:

|  |   |
|--|---|
| <div style="background-color: #d9ead3; border: 1px solid black; width: 20px; height: 10px; display: inline-block;"></div> Data input             | <div style="background-color: #d9d9e3; border: 1px solid black; width: 20px; height: 10px; display: inline-block;"></div> Drop-down List            |
| <div style="background-color: #cccccc; border: 1px solid black; width: 20px; height: 10px; display: inline-block;"></div> No data entry required | <div style="background-color: #ffffff; border: 1px solid black; width: 20px; height: 10px; display: inline-block;"></div> Blank or calculated value |

#### Distribution System (Total)

|             | Calendar Year<br>(for 2021 Cost<br>of Service) |  | Consumption (kWh) <sup>(3)</sup> |                               |                        |                        |
|-------------|--|--|----------------------------------|-------------------------------|------------------------|------------------------|
|             |  |  |                                  | Actual<br>(Weather<br>actual) | Weather-<br>normalized | Weather-<br>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-<br>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<br>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<br>(for 2021 Cost<br>of Service) | Customers |       |              | Consumption (kWh) <sup>(3)</sup> |                        |                        |              | Consumption (kWh) per Customer |                        |                        |              |
|-------------|--|-----------|-------|--------------|----------------------------------|------------------------|------------------------|--------------|--------------------------------|------------------------|------------------------|--------------|
|             |  |           |       |              | Actual<br>(Weather<br>actual)    | Weather-<br>normalized | Weather-<br>normalized |              | Actual<br>(Weather<br>actual)  | Weather-<br>normalized | Weather-<br>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<br>Versus OEB-<br>approved | Year              | Year-over-year | Test Year Versus<br>OEB-approved | Year              | Year-over-year | Test Year<br>Versus OEB-<br>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<br>Mean | -2.1%          | 0.0%                             | Geometric<br>Mean | -2.1%          | 0.1%                                 |

|                        | Calendar Year<br>(for 2021 Cost<br>of Service) | Revenues |            |              |
|------------------------|--|----------|------------|--------------|
|                        |  |          |            |              |
| 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<br>Versus OEB-<br>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&lt; 50kW

Is the customer class billed on consumption (kWh) or demand (kW or kVA)?

kWh

|             | Calendar Year<br>(for 2021 Cost<br>of Service) | Customers |     |              | Consumption (kWh) <sup>(3)</sup> |                        |                        |              | Consumption (kWh) per Customer |                        |                        |              |
|-------------|--|-----------|-----|--------------|----------------------------------|------------------------|------------------------|--------------|--------------------------------|------------------------|------------------------|--------------|
|             |  |           |     |              | Actual<br>(Weather<br>actual)    | Weather-<br>normalized | Weather-<br>normalized |              | Actual<br>(Weather<br>actual)  | Weather-<br>normalized | Weather-<br>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<br>Versus OEB-<br>approved | Year              | Year-over-year | Test Year Versus<br>OEB-approved | Year              | Year-over-year | Test Year<br>Versus OEB-<br>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%                             | 2020              |                | 1.0%                                 |
|                   | 2021           | 1.8%           |                                      | 2021              |                | 0.0%                             | 2021              |                | -1.7%                                |
|                   | Geometric Mean | 1.1%           |                                      | Geometric<br>Mean | -0.1%          | 0.5%                             | Geometric<br>Mean | -0.7%          | -0.6%                                |

|                        | Calendar Year<br>(for 2021 Cost<br>of Service) | Revenues |            |              |
|------------------------|--|----------|------------|--------------|
|                        |  |          |            |              |
| 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<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Customers |    |              | Consumption (kW) <sup>(B)</sup> |                               |                        |                        | Consumption (kWh) per Customer |                               |                        |                        |
|-------------|--|-----------|----|--------------|---------------------------------|-------------------------------|------------------------|------------------------|--------------------------------|-------------------------------|------------------------|------------------------|
|             |  |           |    |              |                                 | Actual<br>(Weather<br>actual) | Weather-<br>normalized | Weather-<br>normalized |                                | Actual<br>(Weather<br>actual) | Weather-<br>normalized | Weather-<br>normalized |
| Historical  | 2015   | Actual    | 42 | OEB-approved |                                 | 71,584.33                     | 71,584.33              | OEB-approved           |                                | Actual                        | 1,697.65               | 1,697.65 OEB-approved  |
| Historical  | 2016   | Actual    | 43 |              |                                 | 69,687.00                     | 69,687.00              |                        |                                | Actual                        | 1,620.63               | 1,620.63               |
| Historical  | 2017   | Actual    | 42 |              |                                 | 69,073.19                     | 69,073.19              |                        |                                | Actual                        | 1,647.87               | 1,647.87               |
| Historical  | 2018   | Actual    | 36 |              |                                 | 66,209.04                     | 66,209.04              |                        |                                | Actual                        | 1,839.14               | 1,839.14               |
| Historical  | 2019   | Actual    | 36 |              |                                 | 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<br>Versus OEB-<br>approved | Year           | Year-over-year |       | Test Year Versus<br>OEB-approved | Year           | Year-over-year |       | Test Year<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Revenues |            |              |
|------------------------|--|----------|------------|--------------|
|                        |  |          |            |              |
| 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<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Customers |   |              | Consumption (kW) <sup>(3)</sup> |                               |                        |                        | Consumption (kWh) per Customer |                               |                        |                        |
|-------------|--|-----------|---|--------------|---------------------------------|-------------------------------|------------------------|------------------------|--------------------------------|-------------------------------|------------------------|------------------------|
|             |  |           |   |              |                                 | Actual<br>(Weather<br>actual) | Weather-<br>normalized | Weather-<br>normalized |                                | Actual<br>(Weather<br>actual) | Weather-<br>normalized | Weather-<br>normalized |
| Historical  | 2015   | Actual    | 2 | OEB-approved |                                 | 58,405.14                     | 58,405.14              | OEB-approved           |                                | Actual                        | 29,202.57              | 29,202.57 OEB-approved |
| Historical  | 2016   | Actual    | 2 |              |                                 | 56,342.98                     | 56,342.98              |                        |                                | Actual                        | 28,171.49              | 28,171.49              |
| Historical  | 2017   | Actual    | 2 |              |                                 | 56,199.82                     | 56,199.82              |                        |                                | Actual                        | 28,099.91              | 28,099.91              |
| Historical  | 2018   | Actual    | 2 |              |                                 | 56,066.54                     | 56,066.54              |                        |                                | Actual                        | 28,033.27              | 28,033.27              |
| Historical  | 2019   | Actual    | 2 |              |                                 | 60,137.31                     | 60,137.31              |                        |                                | Actual                        | 30,068.66              | 30,068.66              |
| Bridge Year | 2020   | Forecast  | 2 |              |                                 |                               | 57,467.89              |                        |                                | Forecast                      | 0.00                   | 28,733.95              |
| Test Year   | 2021   | Forecast  | 2 |              |                                 |                               | 57,467.89              |                        |                                | Forecast                      | 0.00                   | 28,733.95              |

| Variance Analysis | Year           | Year-over-year | Test Year<br>Versus OEB-<br>approved | Year           | Year-over-year |       | Test Year Versus<br>OEB-approved | Year           | Year-over-year |       | Test Year<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Revenues |           |              |
|------------------------|--|----------|-----------|--------------|
|                        |  |          |           |              |
| 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<br>Versus OEB-<br>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: Sentinel

Is the customer class billed on consumption (kWh) or demand (kW or kVA)?

kW

|             | Calendar Year<br>(for 2021 Cost<br>of Service) | Customers |    |              | Consumption (kW) <sup>(B)</sup> |                        |       |                        | Consumption (kWh) per Customer |                               |                        |                        |
|-------------|--|-----------|----|--------------|---------------------------------|------------------------|-------|------------------------|--------------------------------|-------------------------------|------------------------|------------------------|
|             |  |           |    |              | Actual<br>(Weather<br>actual)   | Weather-<br>normalized |       | Weather-<br>normalized |                                | Actual<br>(Weather<br>actual) | Weather-<br>normalized | Weather-<br>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<br>(for 2021 Cost<br>of Service) | Revenues |          |              |
|------------------------|--|----------|----------|--------------|
|                        |  |          |          |              |
| 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<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Customers |     |              | Consumption (kW) <sup>(B)</sup> |                        |                        |              | Consumption (kWh) per Customer |                        |                        |              |
|-------------|--|-----------|-----|--------------|---------------------------------|------------------------|------------------------|--------------|--------------------------------|------------------------|------------------------|--------------|
|             |  |           |     |              | Actual<br>(Weather<br>actual)   | Weather-<br>normalized | Weather-<br>normalized |              | Actual<br>(Weather<br>actual)  | Weather-<br>normalized | Weather-<br>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<br>Versus OEB-<br>approved | Year           | Year-over-year | Test Year Versus<br>OEB-approved | Year           | Year-over-year | Test Year<br>Versus OEB-<br>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%                             | 2020           |                | 0.0%                                 |
|                   | 2021           | 0.5%           |                                      | 2021           |                | 0.5%                             | 2021           |                | 0.0%                                 |
|                   | Geometric Mean | 0.6%           |                                      | Geometric Mean | -24.5%         | -15.3%                           | Geometric Mean | -25.0%         | -15.9%                               |

|                        | Calendar Year<br>(for 2021 Cost<br>of Service) | Revenues |           |              |
|------------------------|--|----------|-----------|--------------|
|                        |  |          |           |              |
| 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<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Customers |  |              | Consumption (kWh) <sup>(3)</sup> |                        |              |                        | Consumption (kWh) per Customer |                               |                        |                        |
|-------------|--|-----------|--|--------------|----------------------------------|------------------------|--------------|------------------------|--------------------------------|-------------------------------|------------------------|------------------------|
|             |  |           |  |              | Actual<br>(Weather<br>actual)    | Weather-<br>normalized |              | Weather-<br>normalized |                                | Actual<br>(Weather<br>actual) | Weather-<br>normalized | Weather-<br>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<br>Versus OEB-<br>approved | Year           | Year-over-year | Test Year Versus<br>OEB-approved | Year           | Year-over-year | Test Year<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Revenues |  |              |
|------------------------|--|----------|--|--------------|
| 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<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Customers |              |  | Consumption (kWh) <sup>(3)</sup> |                        |                        |  | Consumption (kWh) per Customer |                        |                        |  |
|-------------|--|-----------|--------------|--|----------------------------------|------------------------|------------------------|--|--------------------------------|------------------------|------------------------|--|
|             |  |           |              |  | Actual<br>(Weather<br>actual)    | Weather-<br>normalized | Weather-<br>normalized |  | Actual<br>(Weather<br>actual)  | Weather-<br>normalized | Weather-<br>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<br>Versus OEB-<br>approved | Year              | Year-over-year | Test Year Versus<br>OEB-approved | Year              | Year-over-year | Test Year<br>Versus OEB-<br>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<br>Mean |                |                                  | Geometric<br>Mean |                |                                      |

|                        | Calendar Year<br>(for 2021 Cost<br>of Service) | Revenues |              |  |
|------------------------|--|----------|--------------|--|
| 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<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Customers |  |              | Consumption (kWh) <sup>(9)</sup> |                        |              |                        | Consumption (kWh) per Customer |                               |                        |                        |
|-------------|--|-----------|--|--------------|----------------------------------|------------------------|--------------|------------------------|--------------------------------|-------------------------------|------------------------|------------------------|
|             |  |           |  |              | Actual<br>(Weather<br>actual)    | Weather-<br>normalized |              | Weather-<br>normalized |                                | Actual<br>(Weather<br>actual) | Weather-<br>normalized | Weather-<br>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<br>Versus OEB-<br>approved | Year              | Year-over-year | Test Year Versus<br>OEB-approved | Year              | Year-over-year | Test Year<br>Versus OEB-<br>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<br>Mean |                |                                  | Geometric<br>Mean |                |                                      |

|                        | Calendar Year<br>(for 2021 Cost<br>of Service) | Revenues |  |              |
|------------------------|--|----------|--|--------------|
| 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<br>Versus OEB-<br>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<br>(for 2021 Cost<br>of Service) | Customers |                    |              | Consumption (kWh) <sup>(9)</sup> |                    |              |                    | Consumption (kWh) per Customer |                    |              |                    |
|-------------|--|-----------|--------------------|--------------|----------------------------------|--------------------|--------------|--------------------|--------------------------------|--------------------|--------------|--------------------|
|             |  | Actual    | Weather-normalized | OEB-approved | Actual<br>(Weather<br>actual)    | Weather-normalized | OEB-approved | Weather-normalized | Actual<br>(Weather<br>actual)  | Weather-normalized | OEB-approved | 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<br>(for 2021 Cost<br>of Service) | Revenues |                    |              |
|------------------------|--|----------|--------------------|--------------|
|                        |  | Actual   | Weather-normalized | 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 |                |                               |

**Note:** If there are more than ten (10) customer classes, please contact OEB Staff to add tables for additional customer classes.



## Appendix 2-JA

|                            | 2015 Last<br>Rebasing Year<br>CER Approved | 2015 Last<br>Rebasing Year<br>Actuals | 2016 Actuals | 2017 Actuals | 2018 Actuals | 2019 Actuals | 2020 Bridge<br>Year | 2021 Test<br>Year |
|----------------------------|--|---------------------------------------|--------------|--------------|--------------|--------------|---------------------|-------------------|
| Operations                 | \$ 145,880                                 | \$ 175,120                            | \$ 129,481   | \$ 180,412   | \$ 185,467   | \$ 183,673   | \$ 212,300          | \$ 181,784        |
| Maintenance                | \$ 232,200                                 | \$ 423,200                            | \$ 292,000   | \$ 217,748   | \$ 217,748   | \$ 250,871   | \$ 318,458          | \$ 318,458        |
| Billing and Collecting     | \$ 282,200                                 | \$ 354,200                            | \$ 287,904   | \$ 311,126   | \$ 285,881   | \$ 303,101   | \$ 320,500          | \$ 328,564        |
| Community Relations        | \$ 8,000                                   | \$ 10,000                             | \$ 6,000     | \$ 6,000     | \$ 9,048     | \$ 3,805     | \$ 5,000            | \$ 6,000          |
| Administrative and General | \$ 280,414                                 | \$ 298,626                            | \$ 330,678   | \$ 337,292   | \$ 339,937   | \$ 319,891   | \$ 328,400          | \$ 381,880        |
|                            | \$ 1,099,294                               | \$ 1,216,146                          | \$ 1,046,816 | \$ 1,063,387 | \$ 1,231,718 | \$ 1,188,747 | \$ 1,289,458        | \$ 1,297,448      |
|                            |  |                                       | \$ 7.3%      | 4.3%         | 7.3%         | 6.8%         | 8.4%                | 7.2%              |

2 Recoverable OMSA that is included on these tables should be identical to the recoverable OMSA that is shown for the corresponding periods on Appendix 2-JB.

[illegible]

|                     |              |
|---------------------|--------------|
| <b>File Number:</b> | EB-2020-0027 |
| <b>Exhibit:</b>     |              |
| <b>Tab:</b>         |              |
| <b>Schedule:</b>    |              |
| <b>Page:</b>        |              |
| <b>Date:</b>        |              |

**Appendix 2-JB**  
**Recoverable OM&A Cost Driver Table<sup>1,3</sup>**

| <b>OM&amp;A</b>  | <b>Last Rebasng Year<br/>(2015 Actuals)</b> | <b>2016 Actuals</b> | <b>2017 Actuals</b> | <b>2018 Actuals</b> | <b>2019 Actuals</b> | <b>2020 Bridge Year</b> | <b>2021 Test Year</b> |
|--|---|---------------------|---------------------|---------------------|---------------------|-------------------------|-----------------------|
| <b>Reporting Basis</b>   |   |                     |                     |                     |                     |                         |                       |
| <b>Opening Balance²</b>  | \$ 1,018,127                                | \$ 1,215,979        | \$ 1,047,826        | \$ 1,092,597        | \$ 1,121,717        | \$ 1,101,749            | \$ 1,204,850          |
| Operations   |   |                     |                     |                     |                     |                         |                       |
| 5020-Overhead Distribution Lines and Feeders - Operation Labour                | \$ 6,472                                    | -\$ 7,386           | \$ 9,808            |                     | \$ 7,602            |                         |                       |
| 5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses | -\$ 54,677                                  |                     | \$ 7,133            | \$ 9,550            |                     |                         |                       |
| 5035-Overhead Distribution Transformers- Operation                             |   |                     | -\$ 7,320           |                     |                     |                         |                       |
| 5040-Underground Distribution Lines and Feeders - Operation Labour             |   |                     | \$ 6,744            | -\$ 6,744           |                     |                         |                       |
| 5055-Underground Distribution Transformers - Operation                         |   |                     | \$ 6,902            | -\$ 6,050           |                     |                         |                       |
| 5070-Customer Premises - Operation Labour                                      | \$ 40,032                                   | -\$ 18,802          |                     |                     | \$ 9,347            |                         |                       |
| 5085-Miscellaneous Distribution Expense  | \$ 30,423                                   | -\$ 19,577          | \$ 9,468            |                     | -\$ 25,830          | \$ 38,506               | -\$ 34,200            |
| Maintenance  |   |                     |                     |                     |                     |                         |                       |
| 5105-Maintenance Supervision and Engineering                                   | \$ 10,041                                   |                     |                     |                     |                     |                         |                       |
| 5120-Maintenance of Poles, Towers and Fixtures                                 | -\$ 33,700                                  | \$ 34,121           |                     | \$ 23,774           | -\$ 51,464          |                         | \$ 31,600             |
| 5125-Maintenance of Overhead Conductors and Devices                            | -\$ 77,690                                  | \$ 41,094           |                     | \$ 18,570           | -\$ 33,908          | \$ 14,673               |                       |
| 5130-Maintenance of Overhead Services  | -\$ 21,029                                  | \$ 10,681           | -\$ 10,103          |                     | \$ 8,448            |                         |                       |
| 5135-Overhead Distribution Lines and Feeders - Right of Way                    | \$ 18,530                                   | -\$ 5,820           |                     | -\$ 6,941           | \$ 11,521           | -\$ 5,593               |                       |
| 5145-Maintenance of Underground Conduit  |   |                     |                     |                     | \$ 17,494           | -\$ 13,355              |                       |
| 5150-Maintenance of Underground Conductors and Devices                         |   |                     |                     |                     | \$ 19,251           | -\$ 17,149              |                       |
| 5155-Maintenance of Underground Services                                       | -\$ 16,092                                  |                     | -\$ 5,045           | \$ 8,033            | 19,693              | -\$ 9,163               |                       |
| 5175-Maintenance of Meters   | \$ 215,382                                  | -\$ 218,628         |                     | \$ 12,606           |                     | -\$ 7,069               |                       |
| Billing and Collecting   |   |                     |                     |                     |                     |                         |                       |
| 5310-Meter Reading Expense   |   | -\$ 5,052           |                     |                     |                     |                         |                       |
| 5315-Customer Billing  |   | -\$ 16,473          | \$ 21,676           | -\$ 11,800          | \$ 5,076            | \$ 12,458               |                       |
| 5320-Collecting  | \$ 16,732                                   |                     |                     |                     |                     |                         |                       |
| 5335-Bad Debt Expense  | -\$ 7,550                                   |                     |                     | -\$ 9,888           | \$ 7,462            |                         |                       |
| 5340-Miscellaneous Customer Accounts Expenses                                  | \$ 10,528                                   |                     |                     |                     |                     |                         |                       |
| Administration   |   |                     |                     |                     |                     |                         |                       |
| 5610-Management Salaries and Expenses  |   |                     |                     | \$ 88,687           |                     | \$ 10,323               |                       |
| 5615-General Administrative Salaries and Expenses                              | -\$ 9,129                                   | \$ 8,102            |                     | -\$ 100,551         |                     |                         |                       |
| 5630-Outside Services Employed   | \$ 56,585                                   | \$ 20,853           | \$ 10,930           | \$ 7,281            | -\$ 26,113          | \$ 33,464               | -\$ 7,000             |
| 5655-Regulatory Expenses   | -\$ 9,656                                   | \$ 17,044           | -\$ 20,830          |                     |                     | \$ 21,604               |                       |
| 5665-Miscellaneous General Expenses  |   | -\$ 7,572           | \$ 6,700            |                     | \$ 9,001            | \$ 5,803                | -\$ 9,000             |
| Misc. Decrease>5000  | -\$ 4,632                                   | -\$ 18,165          | -\$ 21,342          |                     | -\$ 19,229          |                         |                       |
| Misc. Increase <5000   | \$ 27,283                                   | \$ 17,425           | \$ 22,731           | \$ 9,912            | \$ 21,681           | \$ 18,600               | \$ 21,198             |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
|  |   |                     |                     |                     |                     |                         |                       |
| <b>Closing Balance²</b>  | \$ 1,215,979                                | \$ 1,047,826        | \$ 1,092,597        | \$ 1,121,717        | \$ 1,101,749        | \$ 1,204,850            | \$ 1,207,448          |

**Notes:**

- 1 For each year, a detailed explanation for each cost driver and associated amount is required in Exhibit 4.
- 2 Opening Balance for "Last Rebasing Year" (cell B15) should be equal to the OEB-Approved amount. For purposes of assessing incremental cost drivers, the closing balance for each year becomes the opening balance for the next year.
- 3 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 information is required.

- 1 Please provide a breakdown of the major components of each OM&A Program undertaken in each year. Please ensure that all programs below the materiality threshold are included in the miscellaneous line. Add more Programs as required.

|    |  |  |   |              |              |              |              |                  |                |
|----|--|--|---|--------------|--------------|--------------|--------------|------------------|----------------|
|    | 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<br>Year (2015 OEB<br>Approved) | Last Rebasing<br>Year (2015<br>Actuals) | 2016 Actuals | 2017 Actuals | 2018 Actuals | 2019 Actuals | 2020 Bridge Year | 2021 Test Year |
| 13 | Number of Employees (FTEs including Part-Time) <sup>1</sup>                                      |  |   |              |              |              |              |                  |                |
| 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 <sup>1</sup>

|   | Last Rebasing Year<br>2015 - OEB<br>Approved | Last Rebasing<br>Year 2015 -<br>Actual | 2016 Actuals | 2017 Actuals | 2018 Actuals | 2019 Actuals | 2020 Bridge<br>Year | 2021 Test Year |
|---|--|--|--------------|--------------|--------------|--------------|---------------------|----------------|
| <b>Reporting Basis</b>                                    |  |  |              |              |              |              |                     |                |
| <b>OM&amp;A Costs</b>                                     |  |  |              |              |              |              |                     |                |
| 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<br>Appendix 2-JB <sup>5</sup> |  |  |              |              |              |              |                     |                |
| Number of Customers <sup>2,4</sup>                        | 2,781  | 2,760                                  | 2,756        | 2,753        | 2,750        | 2,756        | 2,759               | 2,759          |
| Number of FTEs <sup>3,4</sup>                             | 7  | 7                                      | 7            | 7            | 7            | 7            | 7                   | 7              |
| Customers/FTEs  | 397  | 394                                    | 394          | 393          | 393          | 394          | 394                 | 394            |
| <b>OM&amp;A cost per customer</b>                         |  |  |              |              |              |              |                     |                |
| 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            |
| <b>OM&amp;A cost per FTE</b>                              |  |  |              |              |              |              |                     |                |
| 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.

TO BE UPDATED AT THE DRAFT RATE ORDER STAGE

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Appendix 2-M  
Regulatory Cost Schedule

| Regulatory Cost Category   | USoA Account | USoA Account Balance | Last Rebasings Year (2015 OEB Approved) | Last Rebasings 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)            | $(J) = [(I)-(G)]/(G)$ |
| <b>Regulatory Costs (Ongoing)</b>  |              |                      |   |                                   |                                |                  |                   |                |                       |
| 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 <sup>1</sup>            | 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 Intervenor 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   |              |                      |   |                                   |                                |                  |                   |                |                       |
| <b>Regulatory Costs (One-Time)</b>   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 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. <sup>1</sup> |              |                      |   |                                   |                                |                  |                   |                |                       |
| 6 Intervenor costs   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 7 OEB Section 30 Costs (application-related)   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 8 AEIS   |              |                      |   |                                   |                                |                  |                   | 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 Intervenor costs  |              |                      |   |                                   |                                |                  |                   | 25,000         |                       |
| 20 Rate Order  |              |                      |   |                                   |                                |                  |                   | 0              |                       |
| 21   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 22   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 23   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 24   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 25   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 26   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 27   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 28   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 29   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 30   |              |                      |   |                                   |                                |                  |                   |                |                       |
| 1 Sub-total - Ongoing Costs <sup>2</sup>   |              | \$ 44,646            | \$ 59,300                               | \$ -                              | \$ 46,878                      | \$ 44,646        | -4.76%            | \$ 64,850      | 44.81%                |
| 2 Sub-total - One-time Costs <sup>3</sup>  |              | \$ -                 | \$ -                                    | \$ -                              | \$ -                           | \$ -             |                   | \$ 92,000      |                       |
| 3 Total  |              | \$ 44,646            | \$ 59,300                               | \$ -                              | \$ 46,878                      | \$ 44,646        | -4.76%            | \$ 83,050      | 89.02%                |

| 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:
- <sup>1</sup> Please identify the resources involved.
- <sup>2</sup> Sum of all ongoing costs.
- <sup>3</sup> Sum of all one-time costs related to this application.

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**Appendix 2-N**  
**Shared Services and Corporate Cost Allocation<sup>1</sup>**

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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    |
|----------|---------------------|----------------------|-------------|-----------|-----------|
|          |                     | (%)                  | (\$)        | (%)       | (\$)      |
|          | <b>Debt</b>         |                      |             |           |           |
| 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        | <b>Total Debt</b>   | 60.0%                | \$1,448,914 | 2.78%     | \$40,232  |
|          | <b>Equity</b>       |                      |             |           |           |
| 4        | Common Equity       | 40.00%               | \$965,943   | 8.34%     | \$80,560  |
| 5        | Preferred Shares    |                      | \$ -        |           | \$ -      |
| 6        | <b>Total Equity</b> | 40.0%                | \$965,943   | 8.34%     | \$80,560  |
| 7        | <b>Total</b>        | 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    |
|----------|---------------------|----------------------|-------------|-----------|-----------|
|          |                     | (%)                  | (\$)        | (%)       | (\$)      |
|          | <b>Debt</b>         |                      |             |           |           |
| 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        | <b>Total Debt</b>   | 60.0%                | \$1,448,914 | 4.35%     | \$62,989  |
|          | <b>Equity</b>       |                      |             |           |           |
| 4        | Common Equity       | 40.00%               | \$965,943   | 9.19%     | \$88,770  |
| 5        | Preferred Shares    |                      | \$ -        |           | \$ -      |
| 6        | <b>Total Equity</b> | 40.0%                | \$965,943   | 9.19%     | \$88,770  |
| 7        | <b>Total</b>        | 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<br>associated with<br>asset class | Original cost of asset<br>class | Accumulated<br>amortization of asset<br>class | Annual amortization of<br>asset class | Net Book Value of asset<br>class |
| <b>Totals for Host<br/>Distributor:</b>         | (\$)   | (\$)                            | (\$)  | (\$)                                  |                                  |
| Distribution Stations                           |  |                                 |   |                                       | \$ -                             |
| Low Voltage Line                                |  |                                 |   |                                       | \$ -                             |
| <b>LV Line category # 2<br/>(if applicable)</b> |  |                                 |   |                                       | \$ -                             |
| TS (owned by host)                              |  |                                 |   |                                       | \$ -                             |
| add rows if necessary...                        |  |                                 |   |                                       | \$ -                             |
|   |  |                                 |   |                                       | \$ -                             |
|   |  |                                 |   |                                       | \$ -                             |

| (1)                              | (7)  | (8)  | (9)  | (10)   | (11)  |
|----------------------------------|--|--|--|--|---|
| Asset Class                      | Total line length or<br>station capacity in<br>asset class | Line length or capacity<br>required to provide LV<br>service to Embedded<br>Distributor(s) | Annual total demand on<br>station/line providing<br>LV services (sum of 12<br>monthly peaks) | Annual billed<br>Embedded Distributor<br>demand on station/line<br>providing LV services | Embedded<br>Distributor(s)'<br>Responsibility Share |
| Embedded Distributor's<br>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<br>used to Provide LV<br>services | Taxes/PILs | Annual amortization on<br>assets used to provide<br>LV services | OM&A costs with<br>burden associated with<br>assets used to provide<br>LV services | Total annual cost<br>associated with assets<br>used to provide LV<br>services | Monthly cost associated<br>with the delivery of LV<br>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   |
|                             |  |            |   |  |   |  |
| <b>Total</b>                |  |            |   |  | \$ -  | <b>0.00</b>  |

| (17)             | (18)<br>Capital Structure<br>(%) | (19)<br>Cost Rate<br>(%) | (20)                                | (21)<br>(%) |
|------------------|----------------------------------|--------------------------|-------------------------------------|-------------|
| Long-Term Debt   |                                  |                          | Weighted Average Cost<br>of Capital | 0.00%       |
| Short-term Debt  |                                  |                          |                                     |             |
|                  |                                  |                          |                                     |             |
| Common Equity    |                                  |                          | Tax/PILs Rate                       |             |
| Preferred Shares |                                  |                          |                                     |             |
|                  |                                  |                          |                                     |             |
| <b>Total</b>     | 0.00%                            |                          | Working Capital<br>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.,  $B = 1.01 \times E$ ). 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

| Forecasted Commodity Prices |                                       | 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

| 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

| <i>Electricity Commodity</i>    |       | 2021 Test Year | RPP  |           |
|---------------------------------|-------|----------------|------|-----------|
| Class per Load Forecast         | Units | Volume         | Rate | \$        |
| 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                 |       | -              |      | -         |
| -                               |       | -              |      | -         |
| -                               |       | -              |      | -         |
| -                               |       | -              |      | -         |
| <b>SUB-TOTAL</b>                |       | 36,997,224     |      | 4,737,429 |

| <i>Global Adjustment non-RPP</i> |       | Volume | Rate | \$ |
|----------------------------------|-------|--------|------|----|
| 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  |
| <b>SUB-TOTAL</b>                 |       | 0      |      | 0  |

| <i>Transmission - Network</i>   |       | Volume     | Rate   | \$      |
|---------------------------------|-------|------------|--------|---------|
| 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   |
|                                 |       |            |        | -       |
|                                 |       |            |        | -       |
|                                 |       |            |        | -       |
|                                 |       |            |        | -       |



|                  |  |  |  |         |  |
|------------------|--|--|--|---------|--|
| <b>SUB-TOTAL</b> |  |  |  | 530,002 |  |
|------------------|--|--|--|---------|--|

|                                  |              |            |        |         |  |
|----------------------------------|--------------|------------|--------|---------|--|
| <i>Transmission - Connection</i> | <b>Units</b> |            |        |         |  |
| <b>Class per Load Forecast</b>   |              | Volume     | Rate   | \$      |  |
| 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   |  |
|                                  |              |            |        | -       |  |
|                                  |              |            |        | -       |  |
|                                  |              |            |        | -       |  |
| <b>SUB-TOTAL</b>                 |              |            |        | 467,172 |  |

|                                 |              |            |        |         |  |
|---------------------------------|--------------|------------|--------|---------|--|
| <i>Wholesale Market Service</i> | <b>Units</b> |            |        |         |  |
| <b>Class per Load Forecast</b>  |              | Volume     | Rate   | \$      |  |
| 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   |  |
|                                 |              |            |        | -       |  |
|                                 |              |            |        | -       |  |
|                                 |              |            |        | -       |  |
| <b>SUB-TOTAL</b>                |              |            |        | 248,082 |  |

|                                 |              |        |      |    |  |
|---------------------------------|--------------|--------|------|----|--|
| <i>Class A CBR</i>              | <b>Units</b> |        |      |    |  |
| <b>Class per Load Forecast</b>  |              | Volume | Rate | \$ |  |
| Residential                     |              |        |      | -  |  |
| General Service < 50 kW         |              |        |      | -  |  |
| General Service > 50 to 4999 kW |              |        |      | -  |  |
| Intermediate                    |              |        |      | -  |  |
| Sentinel                        |              |        |      | -  |  |
| Street Lighting                 |              |        |      | -  |  |
|                                 |              |        |      | -  |  |
|                                 |              |        |      | -  |  |
|                                 |              |        |      | -  |  |
|                                 |              |        |      | -  |  |
| <b>SUB-TOTAL</b>                |              |        |      | -  |  |

|                                 |              |            |        |       |  |
|---------------------------------|--------------|------------|--------|-------|--|
| <i>Class B CBR</i>              | <b>Units</b> |            |        |       |  |
| <b>Class per Load Forecast</b>  |              | Volume     | Rate   | \$    |  |
| 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   |  |

|                                 |              |            |        |        |
|---------------------------------|--------------|------------|--------|--------|
|                                 |              |            |        | -      |
|                                 |              |            |        | -      |
|                                 |              |            |        | -      |
| <b>SUB-TOTAL</b>                |              |            |        | 33,078 |
| <i>RRRP</i>                     | <b>Units</b> |            |        |        |
| <b>Class per Load Forecast</b>  |              | 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    |
|                                 |              |            |        | -      |
|                                 |              |            |        | -      |
|                                 |              |            |        | -      |
| <b>SUB-TOTAL</b>                |              |            |        | 41,347 |

|  |              |            |      |         |
|--|--------------|------------|------|---------|
| <i>Low Voltage - No TLF adjustment</i> | <b>Units</b> |            |      |         |
| <b>Class per Load Forecast</b>         |              | 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     |
|  |              |            |      | -       |
|  |              |            |      | -       |
|  |              |            |      | -       |
| <b>SUB-TOTAL</b>                       |              |            |      | 145,356 |

|                                  |        |           |      |                  |
|----------------------------------|--------|-----------|------|------------------|
| <i>Smart Meter Entity Charge</i> |        |           |      |                  |
| <b>Class per Load Forecast</b>   |        | Customers | Rate | \$               |
| Residential                      |        | 2,250     | 0.57 | 15,388           |
| General Service < 50 kW          |        | 470       | 0.57 | 3,215            |
|                                  |        |           |      | -                |
| <b>SUB-TOTAL</b>                 |        |           |      | 18,603           |
|                                  |        |           |      |                  |
| <b>SUB- TOTAL</b>                |        |           |      | 6,221,068        |
| <b>OER CREDIT<sup>3</sup></b>    | 31.80% |           |      | (1,978,300)      |
| <b>TOTAL</b>                     |        |           |      | <b>4,242,768</b> |

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)      |
| <b>TOTAL</b>            | <b>\$ 8,042,287</b> |



|        |                   | -  | 530,002 |
|--------|-------------------|----|---------|
| Volume | Rate              | \$ | Total   |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  | 467,172 |
| Volume | Rate              | \$ | Total   |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  |         |
|        |                   | -  | 248,082 |
| Volume | Rate <sup>4</sup> | \$ | 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)      |
|           |      | <b>3,799,518</b> | <b>8,042,287</b> |

charges are excluded for the purpose of calculating the cost of power.

ier is a customer who participate in the ICI, pays global adjustment (GA) based on their percentage contribution to