



EXHIBIT 4 – OPERATING EXPENSES

2021 Cost of Service

Hearst Power Distribution Company Ltd.
EB-2020-0027

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4.1 OVERVIEW

4.1.1 OVERVIEW

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

While preparing its 2020 Bridge and 2021 Test budgets, HPDCL took into consideration the bill impacts associated with these OM&A costs. For the several iterations of the budget, the bill impacts were analyzed and the OM&A budget modified to minimize bill impacts to the customers as much as possible. HPDCL's Board of Directors continue to meet on a frequent basis and has been heavily involved in the determining of the final 2021 proposed budget and its customer engagement activities.

HPDCL's 2021 Test Year operating costs are projected to be \$1,207,448, which represents an increase of \$188,224 from its 2015 Cost of Service or 18.5%. Details are presented in Table 1 - Total OM&A below. Table 2 - Total OM&A shows historical and budgeted OM&A costs by major function.

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Table 1 - Total OM&A

	2015 Board Approved	2021	Diff
<i>Operations</i>	\$145,860	\$181,784	\$35,924
<i>Maintenance</i>	\$322,700	\$310,458	-\$12,243
<i>Billing and Collecting</i>	\$282,250	\$328,564	\$46,314
<i>Community Relations</i>	\$8,000	\$5,063	-\$2,938
<i>Administrative and General</i>	\$260,414	\$381,580	\$121,166
Total	\$1,019,224	\$1,207,448	\$188,224

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Table 2 - Total OM&A

	Board Approved	2015	2016	2017	2018
<i>Operations</i>	\$145,860	\$175,120	\$129,461	\$180,412	\$165,467
<i>Maintenance</i>	\$322,700	\$422,733	\$282,006	\$257,745	\$317,482
Subtotal	\$468,560	\$597,853	\$411,467	\$438,157	\$482,950
<i>%Change (year over year)</i>		27.6%	-31.2%	6.5%	10.2%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>					
<i>Billing and Collecting</i>	\$282,250	\$304,232	\$287,594	\$311,125	\$289,861
<i>Community Relations</i>	\$8,000	\$15,068	\$9,089	\$6,063	\$9,048
<i>Administrative and General+LEAP</i>	\$260,414	\$298,826	\$339,676	\$337,252	\$339,857
Subtotal	\$550,664	\$618,126	\$636,359	\$654,440	\$638,766
<i>%Change (year over year)</i>		12.3%	2.9%	2.8%	-2.4%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>					
Total	\$1,019,224	\$1,215,979	\$1,047,826	\$1,092,597	\$1,121,716
<i>%Change (year over year)</i>		19.3%	-13.8%	4.3%	2.7%

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	2019	2020	2021
<i>Operations</i>	\$169,073	\$212,350	\$181,784
<i>Maintenance</i>	\$305,687	\$274,000	\$310,458
Subtotal	\$474,760	\$486,350	\$492,241
<i>%Change (year over year)</i>	-1.7%	11.0%	1.2%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>			5.1%
<i>Billing and Collecting</i>	\$303,101	\$320,550	\$328,564
<i>Community Relations</i>	\$3,895	\$5,000	\$5,063
<i>Administrative and General+LEAP</i>	\$319,991	\$392,950	\$381,580
Subtotal	\$626,987	\$718,500	\$715,206
<i>%Change (year over year)</i>	-1.8%	9.8%	-0.5%
Total	\$1,101,747	\$1,204,850	\$1,207,448
<i>%Change (year over year)</i>	-1.8%	9.4%	0.2%

The overall costs have remained relatively steady between 2016 to 2019. The 2015 fluctuation is directly attributed to the Smart Meter Disposition. .

Billing and Collecting shows an increase from the last board approved Cost of Service. The increase can be attributed to staffing and inflationary increases such as software, outside services, paper, stamps, and salaries.

HPDCL is of the opinion that there is a minimum cost required to operate any utility and as a small rural utility, its proposed OM&A reflects the minimum required costs. That said, HPDCL will continue to seek savings and efficiencies to minimize costs increases for its customers. The proposed OM&A expenses for 2020 -2021 are in line with what HPDCL expects regular yearly OM&A costs will be going forward.

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

Inflation Rate and Assumptions

The CPI rate is a measure that can fluctuate significantly from quarter to quarter. Using the most recent rate does not always reflect the historical trends nor predicted trends; therefore HPDCL typically uses the flat rate of 2% of inflation for budgeting purposes.

1 Other Assumptions

2 All Outside employees are unionized and adjusted yearly based on a Collective Agreement.
3 Office workers employees, which are non-unionized, are either adjusted yearly based on the
4 inflation factor included the Collective Agreement for Outside Workers and/or adjusted on a
5 yearly basis to reflect the inflation factor (ref: Section 4.2.4). The utility does not expect any
6 significant changes in its business environment (ref: Business Plan) and expects no material
7 growth going forward (ref: Exhibit 3). The utility does not expect to hire any additional
8 employees in the 2021 -2025 period and proposes to keep the same corporate structure going
9 forward.

10 HPDCL notes that it does not capitalize administrative burdens. Therefore, there were no
11 increases in OM&A because of the MIFRS policy. Appendix 2-D Overhead Expenses is not
12 applicable in HPDCL's case.

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

15 **Table 3 – OEB Appendix 2-JA – Summary of Recoverable OM&A Expenses**

	Board Approved 2015	2015	2016	2017	2018	2019	2020	2021
<i>Operations</i>	\$145,860	\$175,120	\$129,461	\$180,412	\$165,467	\$169,073	\$212,350	\$181,784
<i>Maintenance</i>	\$322,700	\$422,733	\$282,006	\$257,745	\$317,482	\$305,687	\$274,000	\$310,458
<i>Subtotal</i>	\$468,560	\$597,853	\$411,467	\$438,157	\$482,950	\$474,760	\$486,350	\$492,241
<i>%Change (year over year)</i>		27.6%	-31.2%	6.5%	10.2%	-1.7%	11.0%	1.2%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>								5.1%
<i>Billing and Collecting</i>	\$282,250	\$304,232	\$287,594	\$311,125	\$289,861	\$303,101	\$320,550	\$328,564
<i>Community Relations</i>	\$8,000	\$15,068	\$9,089	\$6,063	\$9,048	\$3,895	\$5,000	\$5,063
<i>Administrative and General+LEAP</i>	\$260,414	\$298,826	\$339,676	\$337,252	\$339,857	\$319,991	\$392,950	\$381,580
<i>Subtotal</i>	\$550,664	\$618,126	\$636,359	\$654,440	\$638,766	\$626,987	\$718,500	\$715,206

%Change (year over year)		12.3%	2.9%	2.8%	-2.4%	-1.8%	9.8%	-0.5%
%Change (Test Year vs Last Rebasing Year - Actual)								29.9%
Total	\$1,019,224	\$1,215,979	\$1,047,826	\$1,092,597	\$1,121,716	\$1,101,747	\$1,204,850	\$1,207,448
%Change (year over year)		19.3%	-13.8%	4.3%	2.7%	-1.8%	9.4%	0.2%

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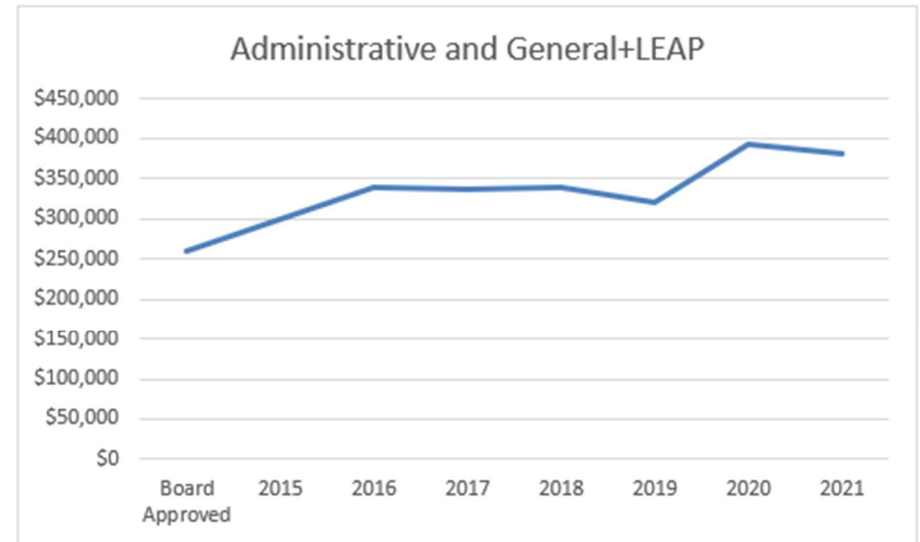
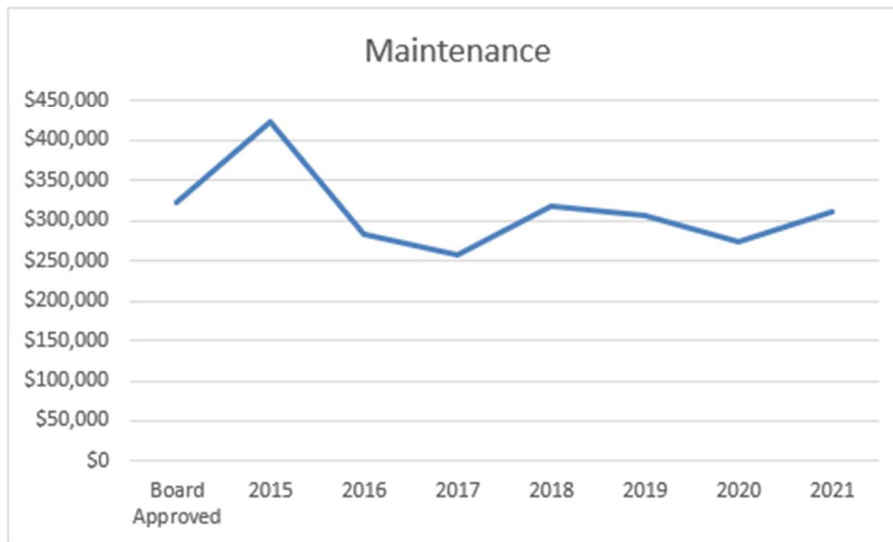
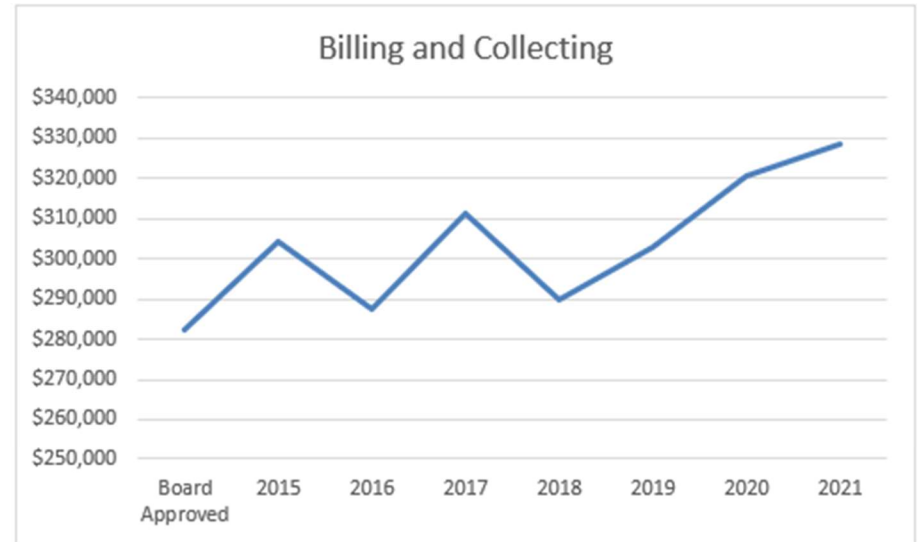
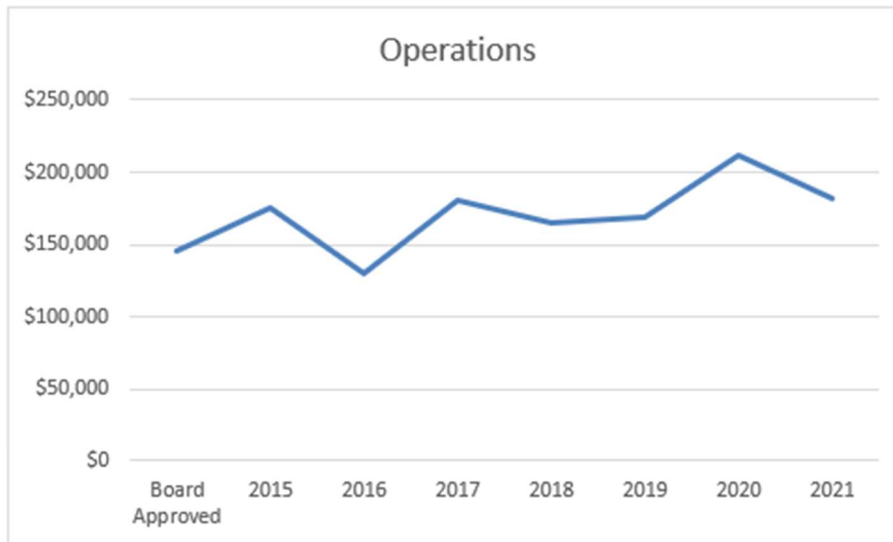
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Table 4 – Year over Year Variances

	Board Approved	2015 over BA	2016 over 2015	2017 over 2016	2018 over 2017	2019 over 2018	2020 over 2019	2021 Over 2020
<i>Operations</i>	\$145,860	\$29,260	-\$45,659	\$50,951	-\$14,945	\$3,606	\$43,277	- \$30,566
<i>Maintenance</i>	\$322,700	\$100,033	-\$140,726	-\$24,261	\$59,737	-\$11,796	-\$31,687	\$36,458
<i>Billing and Collecting</i>	\$282,250	\$21,983	-\$16,638	\$23,530	-\$21,264	\$13,240	\$17,449	\$8,014
<i>Community Relations</i>	\$8,000	\$7,068	-\$5,979	-\$3,026	\$2,985	-\$5,152	\$1,105	\$63
<i>Administrative and General</i>	\$260,414	\$38,412	\$40,850	-\$2,424	\$2,605	-\$19,867	\$72,959	- \$11,370
Total	\$1,019,224	\$196,756	*\$168,152	\$44,770	\$29,118	-\$19,969	\$103,103	\$2,599
<i>\$ Change (year over year)</i>		19.30%	-13.83%	4.27%	2.67%	-1.78%	9.36%	0.22%

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



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Table 5 – Detailed OM&A Year over Year Spending

	Board Appr.							
	2015	2015	2016	2017	2018	2019	2020	2021
Operations								
5005-Operation Supervision and Engineering	\$0	\$0	\$461	\$0	\$0	\$0	\$0	\$0
5020-Overhead Distribution Lines and Feeders - Operation Labour	\$4,209	\$10,681	\$3,295	\$13,103	\$9,328	\$16,930	\$15,000	\$15,375
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	\$98,419	\$43,742	\$47,020	\$51,461	\$61,011	\$64,377	\$71,000	\$72,775
5035-Overhead Distribution Transformers- Operation	\$0	\$120	\$187	\$7,320	\$0	\$7	\$0	\$0
5040-Underground Distribution Lines and Feeders - Operation Labour	\$0	\$0	\$0	\$6,744	\$0	\$0	\$0	\$0
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	\$544	\$634	\$50	\$39	\$240	\$2,668	\$0	\$0
5050-Underground Sub transmission Feeders - Operation	\$0	\$0	\$0	\$0	\$242	\$0	\$0	\$0
5055-Underground Distribution Transformers - Operation	\$0	\$302	\$115	\$7,017	\$967	\$4,233	\$0	\$0
5065-Meter Expense	\$4,748	\$6,673	\$2,017	\$3,849	\$1,934	\$715	\$1,500	\$1,538
5070-Customer Premises - Operation Labour	\$0	\$40,032	\$21,231	\$25,614	\$23,357	\$32,704	\$38,000	\$38,950
5075-Customer Premises - Materials and Expenses	\$0	\$439	\$320	\$169	\$580	\$987	\$750	\$769
5085-Miscellaneous Distribution Expense	\$31,368	\$61,791	\$42,214	\$51,682	\$54,324	\$28,494	\$67,000	\$32,800
5090-Underground Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5095-Overhead Distribution Lines and Feeders - Rental Paid	\$5,475	\$7,055	\$9,300	\$9,315	\$9,383	\$13,782	\$15,000	\$15,375
5096-Other Rent	\$1,097	\$3,650	\$3,250	\$4,100	\$4,100	\$4,175	\$4,100	\$4,203
Total - Operations	\$145,860	\$175,120	\$129,461	\$180,412	\$165,467	\$169,073	\$212,350	\$181,784
Maintenance								
5105-Maintenance Supervision and Engineering	\$7,788	\$17,829	\$16,316	\$14,731	\$17,413	\$18,341	\$19,500	\$19,988
5120-Maintenance of Poles, Towers and Fixtures	\$75,000	\$41,300	\$75,421	\$77,095	\$100,870	\$49,405	\$50,000	\$81,600
5125-Maintenance of Overhead Conductors and Devices	\$117,067	\$39,377	\$80,471	\$80,665	\$99,235	\$65,327	\$80,000	\$81,600
5130-Maintenance of Overhead Services	\$25,000	\$3,971	\$14,652	\$4,549	\$7,084	\$15,532	\$15,000	\$15,375
5135-Overhead Distribution Lines and Feeders - Right of Way	\$0	\$18,530	\$12,710	\$9,513	\$2,572	\$14,093	\$8,500	\$8,670
5145-Maintenance of Underground Conduit	\$562	\$565	-\$51	\$1,994	\$861	\$18,355	\$5,000	\$5,100
5150-Maintenance of Underground Conductors and Devices	\$2,733	\$6,265	\$7,382	\$3,566	\$2,898	\$22,149	\$5,000	\$5,100
5155-Maintenance of Underground Services	\$24,705	\$8,613	\$9,236	\$4,191	\$4,470	\$24,163	\$15,000	\$15,375
5160-Maintenance of Line Transformers	\$60,000	\$61,057	\$59,271	\$55,833	\$63,866	\$61,253	\$66,000	\$67,650
5175-Maintenance of Meters	\$9,845	\$225,227	\$6,599	\$5,608	\$18,214	\$17,069	\$10,000	\$10,000
Total - Maintenance	\$322,700	\$422,733	\$282,006	\$257,745	\$317,482	\$305,687	\$274,000	\$310,458
Billing and Collecting								
5305-Supervision	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5310-Meter Reading Expense	\$22,602	\$23,405	\$18,353	\$18,453	\$18,703	\$16,649	\$17,750	\$18,194
5315-Customer Billing	\$206,421	\$208,062	\$191,589	\$213,266	\$201,465	\$206,542	\$219,000	\$224,475

Hearst Power Distribution Company Ltd
EB-2020-0027

2021 Cost of Service Inc
Exhibit 4 – Operating Expenses
December 11, 2020

5320-Collecting	\$26,160	\$42,892	\$42,890	\$41,748	\$42,048	\$44,427	\$46,000	\$47,150
5325-Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5330-Collection Charges	\$1,618	\$1,447	\$1,139	\$1,333	\$781	\$711	\$800	\$820
5335-Bad Debt Expense	\$14,557	\$7,006	\$11,302	\$13,838	\$3,950	\$11,412	\$13,000	\$13,325
5340-Miscellaneous Customer Accounts Expenses	\$10,892	\$21,420	\$22,321	\$22,487	\$22,914	\$23,361	\$24,000	\$24,600
Total - Billing and Collecting	\$282,250	\$304,232	\$287,594	\$311,125	\$289,861	\$303,101	\$320,550	\$328,564
Community Relations								
5410-Community Relations - Sundry	\$0	\$3,958	\$4,488	\$3,870	\$4,114	\$1,763	\$2,500	\$2,563
5415-Energy Conservation	\$0	\$2,317	\$0	\$0	\$0	\$0	\$0	\$0
5420-Community Safety Program	\$0	\$3,175	\$1,874	\$135	\$1,372	\$0	\$0	\$0
5515-Advertising Expense	\$8,000	\$5,618	\$2,727	\$2,058	\$3,561	\$2,133	\$2,500	\$2,500
Total - Community Relations	\$8,000	\$15,068	\$9,089	\$6,063	\$9,048	\$3,895	\$5,000	\$5,063
Administrative and General Expenses								
5605-Executive Salaries and Expenses	\$12,500	\$11,300	\$11,852	\$10,328	\$11,937	\$12,324	\$13,500	\$13,838
5610-Management Salaries and Expenses	\$0	\$0	\$0	\$0	\$88,687	\$88,177	\$98,500	\$103,425
5615-General Administrative Salaries and Expenses	\$101,250	\$92,121	\$100,223	\$100,551	\$0	\$0	\$0	\$0
5620-Office Supplies and Expenses	\$6,500	\$7,572	\$6,221	\$9,206	\$12,172	\$9,842	\$10,500	\$10,763
5625-Administrative Expense Transferred/Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5630-Outside Services Employed	\$27,000	\$83,585	\$104,439	\$115,368	\$122,649	\$96,536	\$130,000	\$123,000
5635-Property Insurance	\$6,764	\$6,153	\$9,105	\$9,507	\$10,157	\$9,093	\$10,000	\$10,250
5655-Regulatory Expenses	\$59,300	\$49,644	\$66,689	\$45,859	\$45,702	\$44,646	\$66,250	\$64,650
5660-General Advertising Expenses	\$0	\$92	\$0	\$0	\$0	\$0	\$0	\$0
5665-Miscellaneous General Expenses	\$29,000	\$30,526	\$22,955	\$29,655	\$29,196	\$38,197	\$44,000	\$35,000
5670-Rent	\$13,600	\$13,380	\$13,608	\$13,880	\$16,172	\$14,398	\$15,200	\$15,580
5680-Electrical Safety Authority Fees	\$2,500	\$2,457	\$2,632	\$2,898	\$2,686	\$2,778	\$3,000	\$3,075
6205-Donations	\$0	\$0	\$0	\$0	\$500	\$0	\$0	\$0
6205-Sub-account LEAP Funding	\$2,000	\$2,000	\$2,000	\$0	\$0	\$4,000	\$2,000	\$2,000
6305-Extraordinary Income	\$0	-\$5	-\$46	\$0	\$0	\$0	\$0	\$0
Total - Administrative and General Expenses	\$260,414	\$298,826	\$339,676	\$337,252	\$339,857	\$319,991	\$392,950	\$381,580
	\$1,019,224	\$1,215,979	\$1,047,826	\$1,092,597	\$1,121,716	\$1,101,747	\$1,204,850	\$1,207,448
Adjustments for non-recoverable items								
Non-Recoverable donations					\$500			
Total OM&A	\$1,019,224	\$1,215,979	\$1,047,826	\$1,092,597	\$1,122,216	\$1,101,747	\$1,204,850	\$1,207,448

4.2 SUMMARY & COST DRIVER TABLES

4.2.1 SUMMARY OF COST DRIVERS

In accordance with the OEB's minimum filing requirements, OEB Appendix 2-JB, OM&A Cost Drivers, presented below outlines the key drivers of OM&A costs over the period of 2015 to 2021. An overview of the reasons behind the costs drivers is presented following the table, and detailed explanations are presented in Section 4.2.2-Year over Year Variance Analysis.

Table 6 – OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table

Reporting Basis		2015	2016	2017	2018	2019	2020	2021
OM&A								
Opening Balance		\$1,018,127.00	\$1,215,979.00	\$1,047,826.00	\$1,092,597.00	\$1,121,716.00	\$1,101,748.00	\$1,204,850.00
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			\$9,550			
5035-Overhead Distribution Transformers- Operation				\$7,133	-\$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	\$38,505.93	-\$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	\$14,673.13	
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	-\$5,592.74	
5145-Maintenance of Underground Conduit						\$17,494	-\$13,354.98	
5150-Maintenance of Underground Conductors and Devices						\$19,251	-\$17,149.37	
5155-Maintenance of Underground Services		-\$16,092		-\$5,045	\$8,033	\$19,693	-\$9,163.16	
5175-Maintenance of Meters		\$215,382	-\$218,628		\$12,606		-\$7,069.4	
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	\$33,464.12	-\$7,000
5655-Regulatory Expenses		-\$9,656	\$17,044	-\$20,830			\$21,603.54	
5665-Miscellaneous General Expenses			-\$7,572	\$6,700		\$9,001	\$5,803.14	-\$9,000

<i>Misc. Decrease > 5000</i>	<i>-\$4,632</i>	<i>-\$18,165</i>	<i>-\$21,342</i>		<i>-\$19,229</i>		
<i>Misc. Increase < 5000</i>	\$27,283	\$17,425	\$22,731	\$9,912	\$21,681	\$18,600	\$21,198
<i>Closing Balance</i>	\$1,215,979	\$1,047,826	\$1,092,597	\$1,121,716	\$1,101,748	\$1,204,850	\$1,207,448
<i>OM&A Summary Integrity Check</i>	\$1,215,979	\$1,047,826	\$1,092,597	\$1,121,716	\$1,101,747	\$1,204,850	\$1,207,448
<i>Difference</i>	\$0	\$0	\$0	\$0	\$1	\$0	\$1

HPDCL only experienced very few expenses above the materiality threshold of \$50,000 during the 2015 BA to 2021 period. HPDCL felt that, given the size of the utility, certain variances below the threshold are worth explaining.

OPERATIONS

5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses

2015BA – 2015 ; Decrease of -\$54,677

As noted in the 2015 COS and 2015 DSP, more capital work was required, therefore labour normally allocated to expenses were capitalized to poles, OH Cond + Devices & Services; This particular account was also impacted by the retirement of a Lead Hand which translates to one less employee on payroll for 4 months

5070-Customer Premises - Operation Labour

2015BA – 2015 ; Increase of \$40,032

In 2015, service locates expenses previously booked to 5155 were now tracked in account 5070. In addition, more locates were performed due to GPS mapping of lines.

2015 – 2016 ; Decrease of -\$18,802

Return to normal level of expenses in 2016. Part of the variance can be attributed to the 2015 increase. Service locates expenses previously booked to 5155 were now tracked in account 5070 offsets the variance.

5085-Miscellaneous Distribution Expense

2015BA – 2015 ; Increase of \$30,424

Costs related to warehouse repair and maintenance work (yard, storage, fence, entrance, container cleanups) as well as a warehouse lighting retrofit was incurred.

2015 – 2016 ; Decrease of -\$19,577

Return to normal. Part of the variance can be attributed to the 2015 increase.

2018 – 2019 ; Decrease of -\$25,830

Labor cost decrease in 2019 due to 1 less worker for 6 months and busy with third party underground fiber expansion projects as well a road reconstruction projects, therefore offsetting some labor cost to account 5145, 5150, 5155.

2019 – 2020 ; Increase of \$38,505

Employee salaries allocated to this account due to COVID-19 during time where there was a lockdown in the Province. Increase in this account is offset by lower O&M other accounts (5135, 5145, 5150, 5155, 5175) when compared to previous years.

MAINTENANCE

5105-Maintenance Supervision and Engineering

2015BA – 2015 ; Increase of \$10,041

The retirement of a Lead hand in 2015 required additional in-field training and shadowing of the retiring employee (time spent with existing Lead hand) as Supervisor.

5120-Maintenance of Poles, Towers and Fixtures

2015BA – 2015 ; Decrease of -\$33,700

As per 2015 COS and DSP, more capital work required, therefore workforce cost is offset to capital - poles, OH Conductors and Devices & Services; Also impacted by retirement of Lead hand which equals one less worker on payroll for 4 months

2015 – 2016 ; Increase of \$34,121

The variance is explained by the much lower 2015 value. 2016 represented a return to normal level of spending.

2017 – 2018 ; Increase of \$23,774

HPDCL incurred labour dispute settlement cost which were spread over multiple account including \$4,945 in this account; New Fiber-to-the-home deployment required many poles and fixtures to be brought up to code for new third party attachments (some costs were the responsibility of third parties but some were the responsibility of Hearst Power)

2018 – 2019 ; Decrease of -\$51,464

Labor cost decrease from previous year due to missing 1 power lineman for 6 months;
Third party underground fiber-to-the-home deployment in a large sector exposed the
electrical service and gave opportunity to complete U/G maintenance and repair work
therefore offsetting labor expense from accounts 5120 and 5125 to accounts 5145, 5150,
5155.

5125-Maintenance of Overhead Conductors and Devices

2015BA – 2015 ; Decrease of -\$77,690

As per 2015 COS and DSP, more capital work required, therefore workforce cost is offset
to capital - poles, OH Conductors, Devices & Services; Also impacted by retirement of
Leadhand which equals one less worker on payroll for 4 months

2015 – 2016 ; Increase of \$41,094

The variance is explained by the much lower 2015 value. 2016 represented a return to
normal level of spending.

2017 – 2018 ; Increase of \$18,570

Labour dispute settlement cost spread over multiple account including \$5,247 in this
account; New Fiber-to-the-home deployment required many overhead wires be brought
up to code for a new third-party attachment (some costs were the responsibility of third
parties but some were the responsibility of Hearst Power)

2018 – 2019 ; Decrease of -\$33,908

Labor cost decrease from previous year due to missing 1 power lineman for 6 months;
Third party underground fiber-to-the-home deployment in a large sector exposed the
electrical service and gave opportunity to complete U/G maintenance and repair work
therefore offsetting labor expense from accounts 5120 and 5125 to accounts 5145, 5150,
5155.

5130-Maintenance of Overhead Services

2015BA – 2015 ; Decrease of -\$21,029

As per 2015 COS and DSP, more capital work required, therefore workforce cost is offset to capital - poles, OH Conductor + Devices & Services; Also impacted by retirement of Leadhand which equals one less worker on payroll for 4 months

2015 – 2016 ; Increase of \$10,681

Single year increase (2016) due to more work (labor and material) completed for that year.

2016 – 2017 ; Decrease of -\$10,103

Year over year variance due to single year increase in 2016. Expenses in year 2017 have returned similar to 2015 level.

5135-Overhead Distribution Lines and Feeders - Right of Way

2015BA – 2015 ; Increase of \$18,530

Use of third party for brush cutting services

2018 – 2019 ; Increase of \$11,521

Due to the purchase of a new woodchipper, more Right of way clearing was able to be performed in 2019. Offsetting labor expense in account 5120 and 5125.

5145-Maintenance of Underground Conduit

2018 – 2019 ; Increase of \$17,494

Third party underground fiber-to-the-home deployment in a large sector exposed the electrical service and gave opportunity to complete maintenance and repair work. Offsetting labor expense in account 5120 and 5125.

2019 – 2020 ; Decrease of -\$13,354

Year over year variance due to single year increase in 2019. Expenses in year 2020 have returned similar to 2018 level.

5150-Maintenance of Underground Conductors and Devices

2018 – 2019 ; Increase of \$19,251

Third party underground fiber-to-the-home deployment in a large sector exposed the electrical service and gave opportunity to complete maintenance and repair work. Offsetting labor expense in account 5120 and 5125.

2019 – 2020 ; Decrease of -\$17,149

Year over year variance due to single year increase in 2019. Expenses in year 2020 have returned similar to 2018 level.

5155-Maintenance of Underground Services

2015BA – 2015 ; Decrease of -\$16,092

In 2015, service locates expenses started to be accounted in account 5070 instead of 5155.

2018 – 2019 ; Increase of \$19,693

Third party underground fiber-to-the-home deployment in a large sector exposed the electrical service and gave opportunity to complete maintenance and repair work. Offsetting labor expense in account 5120 and 5125.

5175-Maintenance of Meters

2015BA – 2015 ; Increase of \$215,382

Smart meter Disposal approved by OEB for account 5175 = \$217,302.77

2015 – 2016 ; Decrease of -\$218,628

Return to normal. Year to year difference is due to previous year smart meter disposal

2017 – 2018 ; Increase of \$12,606

Sent large batch of smart meters that were purchased during the smart meter roll-out for testing and re-seal. Extension of these meters was granted up to 2027.

BILLING AND COLLECTING

5315-Customer Billing

2015 – 2016 ; Decrease of -\$16,473

Billing clerk labor cost decrease over 2015 (\$23k) because 2015 was a cost of service year which cause significant overtime work

2016 – 2017 ; Increase of \$21,676

Increase of \$7,792 in billing labor cost over 2016 and \$13,885 in billing system fees (ERTH holdings/Harris/NorthStar)

2017 – 2018 ; Decrease of -\$11,800

Billing clerk position vacant for 2-3 months

2019 – 2020 ; Increase of \$12,458

End of new billing clerk probation period (2 years) - salary realignment

5320-Collecting

2015BA – 2015 ; Increase of \$16,732

Front desk services for cash, checks and Interac payment increase by Corporation of the Town of Hearst in new inter-corporate agreement as well a credit card acceptance system setup with third party.

5340-Miscellaneous Customer Accounts Expenses

2015BA – 2015 ; Increase of \$10,528

24/7 Emergency service call center 7 yr. contract ended in 2014, new third party agreement forced an increase of \$10k

ADMINISTRATION

5610-Management Salaries and Expenses

2017 – 2018 ; Increase of \$88,687

Started account General Manager salary in account 5610 instead of account 5615. Account 5610 and 5615 are for the same management salary. Actual variance is - \$11,864 (-\$100,551 + \$88,687). Decrease expense from previous year due to creation of new CDM pilot project, therefore transferred more manager's salary to account 3480 - Non-regulated expenses

2019 – 2020 ; Increase of \$10,323

Due to cancelation of CDM and Affordability Fund programs, no more management salaries can be transferred over to account 3480 - Non-Reg expenses

5615-General Administrative Salaries and Expenses

2017 – 2018 ; Decrease of -\$100,551

Started account General Manager salary in account 5610 instead of account 5615. Account 5610 and 5615 are for the same management salary. Actual variance is - \$11,864 (-\$100,551 + \$88,687). Decrease expense from previous year due to creation of new CDM pilot project, therefore transferred more manager's salary to account 3480 - Non-regulated expenses

5630-Outside Services Employed

2015BA – 2015 ; Increase of \$56,585

Smart meter third party services that were previously entered in variance accounts by now accounted in 5655 after approved (OEB) smart meter disposal in 2015

2015 – 2016 ; Increase of \$20,853

Third party consultant costs new CDM plan (\$24,552.40)

2016 – 2017 ; Increase of \$10,930

Legal fees provision for Burman Energy's Superior court of justice claim for breach of contract (\$35,000 provisionnal)

2018 – 2019 ; Decrease of -\$26,113

Less third-party outsourcing for the year.

2019 – 2020 ; Increase of \$33,464

Increase is due to cybersecurity consulting, billing software programming due to OEB prescribed changes, customer portal upgrades and “Green Button” implementation, MIST metering consultant & programming, outside services for MIST meter readings as well as legal fees for Burman Energy dispute.

5655-Regulatory Expenses

2015 – 2016 ; Increase of \$17,044

Intervenor invoice of \$19,650 for 2015 Cost of Service.

2016 – 2017 ; Decrease of -\$20,830

Return to normal (single year increase in 2016)

2019 – 2020 ; Increase of \$21,603

Regulatory cost for building a Cost-of-Service application (Engineering Consultant for DSP, Legal fees and Accounting firm for financials)

4.2.2 YEAR OVER YEAR VARIANCE ANALYSIS

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

Table 7 – 2015 Actual vs. 2015 Board Approved- to Table 13 – 2021 Test vs. 2020 Bridge below show the year over year variances of OM&A expenses for 2015 Board Approved to the 2021 Test Year. An overview of significant variances are explained below each table.

Table 7 – 2015 Actual vs. 2015 Board Approved

	Board Approved	2015	Var \$	Var %
<i>Operations and Maintenance</i>	\$468,560	\$597,853	\$129,293	27.59%
<i>Billing and Collecting</i>	\$282,250	\$304,232	\$21,983	7.79%
<i>Community Relations</i>	\$8,000	\$15,068	\$7,068	88.35%
<i>Administrative and General+LEAP</i>	\$260,414	\$298,826	\$38,412	14.75%
Total	\$1,019,224	\$1,215,979	\$196,755	19.30%

The total OM&A costs in 2015 were \$196,755 greater than the 2015 Board Approved amount. The major reasons for the variance between Board Approved and Actual was due to the approval to transfer smart meter disposals in the amount of \$217,302 to expense. Third party services related to smart meters were also transferred from the deferral account to 5630. Other unplanned costs include work on the warehouse as well as unplanned costs related to emergency calls.

Table 8 - 2016 Actual vs. 2015 Actual

	2015	2016	Var \$	Var %
<i>Operations and Maintenance</i>	\$597,853	\$411,467	-\$186,386	-31.18%
<i>Billing and Collecting</i>	\$304,232	\$287,594	-\$16,638	-5.47%
<i>Community Relations</i>	\$15,068	\$9,089	-\$5,979	-39.68%
<i>Administrative and General+LEAP</i>	\$298,826	\$339,676	\$40,850	13.67%
Total	\$1,215,979	\$1,047,826	-\$168,153	-13.83%

The total OM&A expenses in 2016 were \$168,153 lower than the 2015 Actual amount. The main contributor to the variance is a return to normal spending with respect to the previous year's costs related to smart meters. Variances are magnified as a result of 2016 being an unusual year in Operation & Maintenance expense due to having 2 out of 4 linemen in the apprentice classification which represented a lower than usual workforce cost for this section.

Table 9 - 2017 Actual vs. 2016 Actual

	2016	2017	Var \$	Var %
<i>Operations and Maintenance</i>	\$411,467	\$438,157	\$26,690	6.49%
<i>Billing and Collecting</i>	\$287,594	\$311,125	\$23,530	8.18%
<i>Community Relations</i>	\$9,089	\$6,063	-\$3,026	-33.29%
<i>Administrative and General+LEAP</i>	\$339,676	\$337,252	-\$2,424	-0.71%
Total	\$1,047,826	\$1,092,597	\$44,771	4.27%

The total OM&A expenses in 2017 were \$44,771 greater than 2016 Actual.

The main contributor to the variance is an inflation increase in Operation and Maintenance as well as transformer condition assessment and maintenance was completed. Billing and Collecting also saw inflation increase as well as an increase of billing system fees from one of HPDCL's suppliers (ERTH)

Table 10 - 2018 Actual vs. 2017 Actual

	2017	2018	Var \$	Var %
<i>Operations and Maintenance</i>	\$438,157	\$482,950	\$44,793	10.22%
<i>Billing and Collecting</i>	\$311,125	\$289,861	-\$21,264	-6.83%
<i>Community Relations</i>	\$6,063	\$9,048	\$2,985	49.23%
<i>Administrative and General+LEAP</i>	\$337,252	\$339,857	\$2,605	0.77%
Total	\$1,092,597	\$1,121,716	\$29,119	2.67%

The total OM&A expenses in 2018 are \$29,119 more than 2017 Actual.

Expenses related to Operations and Maintenance are higher than 2017 by \$44,793 as a result of inflation and costs related to labour disputes (\$25k cost) which were allocated to several Operation and Maintenance accounts. The increase in O&A is offset by decreases in various accounts related to Billing and Collecting (reduction in bad debt and a billing clerk position being vacant for several months).

Table 11 - 2019 Actual vs. 2018 Actual

	2018	2019	Var \$	Var %
<i>Operations and Maintenance</i>	\$482,950	\$474,760	-\$8,190	-1.70%
<i>Billing and Collecting</i>	\$289,861	\$303,101	\$13,240	4.57%
<i>Community Relations</i>	\$9,048	\$3,895	-\$5,152	-56.94%
<i>Administrative and General+LEAP</i>	\$339,857	\$319,991	-\$19,867	-5.85%
Total	\$1,121,716	\$1,101,747	-\$19,968	-1.78%

The total OM&A expenses in 2019 were -\$19,968 less than 2018 Actual.

2019 saw a decrease in Operation and Maintenance costs as a result of a short-term vacancy and an increase in capital work. The decrease is somewhat offset by an increase in work as the opportunity to tend to the underground system came about.

A decrease of -24K in Administrative and General costs was with respect to outside service which was not deemed as necessary for year.

Table 12 – 2020 Bridge vs. 2019 Actual

	2019	2020	Var \$	Var %
<i>Operations and Maintenance</i>	\$474,760	\$486,350	\$11,590	2.44%
<i>Billing and Collecting</i>	\$303,101	\$320,550	\$17,449	5.76%
<i>Community Relations</i>	\$3,895	\$5,000	\$1,105	28.35%
<i>Administrative and General+LEAP</i>	\$319,991	\$392,950	\$72,959	22.80%
Total	\$1,101,747	\$1,204,850	\$103,103	9.36%

The total increase from 2019 to 2020 in the amount of \$103,103 is for the most part attributable to the increase in Administrative and General costs of \$72,959. The increase is due to one-time costs in regulatory and outside services expenses including fees, consultants for rate application and Distribution System Plan quantified which represent an increase of \$53k in 2020. Also, \$20k is included in 2020 for two Powerlineman trainings in the GTA area (\$10k per training), which is one more training when compared to 2019, therefore an increase of \$10k. Also, since CDM and Affordability Fund program are terminated, the General Manager salary will no longer be assigned to these non-regulation expenses account and thus will create a \$10k increase in account #5615.

Table 13 – 2021 Test vs. 2020 Bridge

	2020	2021	Var \$	Var %
<i>Operations and Maintenance</i>	\$486,350	\$492,241	\$5,891	1.21%
<i>Billing and Collecting</i>	\$320,550	\$328,564	\$8,014	2.50%
<i>Community Relations</i>	\$5,000	\$5,063	\$63	1.25%
<i>Administrative and General+LEAP</i>	\$392,950	\$381,580	-\$11,370	-2.89%
Total	\$1,204,850	\$1,207,448	\$2,597	0.22%

The total change from 2020 to 2021 is marginal at \$2,597. The 2020 level of spending is expected to continue for 2021 and beyond.

Cost per Customer

OEB Appendix 2-L Employee Costs at

1 Table 14 – OEB Appendix 2-L Recoverable OM&A Cost per Customer and FTE below shows an
2 OM&A cost per customer of \$438 in 2021 in comparison to \$367 in the 2015 . HPDCL is also
3 aware that the utility's requirements have increased significantly over the past six years and that
4 the utility employees have been taking on more workload to be able to respond to the increase
5 in these regulatory requirements. The Administration costs per FTE has increase from \$145,603
6 to \$172,493. The increase in efficiency from 2015 to 2021 is also reflected HPDCL's PEG ranking.
7 HPDCL's actual costs (2019) of \$1,454,857 is \$482,771 lower than it's Predicted costs of
8 \$1,937,628. Despite being ranked in the 2nd most cost-efficient PEG grouping in 2019, HPDCL
9 commits to continuing to look for ways of finding efficiencies to help avoid cost increases for its
10 customers when feasible.

11

1 **Table 14 – OEB Appendix 2-L Recoverable OM&A Cost per Customer and FTE**

	Last Rebasing Year 2015 - Board Approved	Last Rebasing Year 2015 - Actual	2016	2017	2018	2019	2020	2021
Reporting Basis								
OM&A Costs								
O&M	\$468,560	\$597,853	\$411,467	\$438,157	\$482,950	\$474,760	\$486,350	\$492,241
Admin Expenses	\$550,664	\$618,126	\$636,359	\$654,440	\$638,766	\$626,987	\$718,500	\$715,206
Total Recoverable OM&A from Appendix 2-JB⁵	\$1,019,224	\$1,215,979	\$1,047,826	\$1,092,597	\$1,121,716	\$1,101,747	\$1,204,850	\$1,207,448
Number of Customers^{2,4}	2779.00	2760	2756	2753	2750	2756	2759	2759
Number of FTEs^{3,4}	7.00	6.75	6.50	7.00	7.00	6.50	7.00	7.00
Customers/FTEs	397	409	424	393	393	424	394	394
OM&A cost per customer								
O&M per customer	\$169	\$217	\$149	\$159	\$176	\$172	\$176	\$178
Admin per customer	\$198	\$224	\$231	\$238	\$232	\$227	\$260	\$259
Total OM&A per customer	\$367	\$441	\$380	\$397	\$408	\$400	\$437	\$438
OM&A cost per FTE								
O&M per FTE	\$66,937	\$88,571	\$63,303	\$62,594	\$68,993	\$73,040	\$69,479	\$70,320
Admin per FTE	\$78,666	\$91,574	\$97,901	\$93,491	\$91,252	\$96,460	\$102,643	\$102,172
Total OM&A per FTE	\$145,603	\$180,145	\$161,204	\$156,085	\$160,245	\$169,500	\$172,121	\$172,493

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4.2.4 ACTUAL VS INFLATION

Utilities are under constant pressure to relate their spending to cost inflation; therefore, in the preparation of the Test Year budget, HPDCL has calculated the year over year inflationary increase in OM&A costs at a rate of 2% and compared to its 2021 proposed OM&A costs. The COVID-19 impact in 2020 is shown by an increase in Operations costs and a reduction in Maintenance cost due to the classification of the work assigned in the period of April and May 2020. For that period, in standard years, the work to be completed would have fallen in distribution system plant maintenance but instead the re-assigned (due to COVID-19) work fell into account #5085 - miscellaneous distribution expense.

The table below show HPDCL's actual year over year variances vs a hypothetical year over year variance.

Table 15 – 2015-2021 OM&A

	Board Approved	2015	2016	2017	2018	2019	2020	2021
<i>Operations</i>	\$145,860	\$175,120	\$129,461	\$180,412	\$165,467	\$169,073	\$212,350	\$181,784
<i>Maintenance</i>	\$322,700	\$422,733	\$282,006	\$257,745	\$317,482	\$305,687	\$274,000	\$310,458
<i>Billing and Collecting</i>	\$282,250	\$304,232	\$287,594	\$311,125	\$289,861	\$303,101	\$320,550	\$328,564
<i>Community Relations</i>	\$8,000	\$15,068	\$9,089	\$6,063	\$9,048	\$3,895	\$5,000	\$5,063
<i>Administrative and General</i>	\$260,414	\$298,826	\$339,676	\$337,252	\$339,857	\$319,991	\$392,950	\$381,580
Total	\$1,019,224	\$1,215,979	\$1,047,826	\$1,092,597	\$1,121,716	\$1,101,747	\$1,204,850	\$1,207,448
<i>%Change (year over year)</i>		19.3%	-13.8%	4.3%	2.7%	-1.8%	9.4%	0.2%

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Table 16 – Hypothetical Inflationary Increase of 2%

	Board Approved	2015	2016	2017	2018	2019	2020	2021
<i>Operations</i>	\$145,860	\$148,777	\$151,753	\$154,788	\$157,884	\$161,041	\$164,262	\$167,547
<i>Maintenance</i>	\$322,700	\$329,154	\$335,737	\$342,452	\$349,301	\$356,287	\$363,413	\$370,681
<i>Billing and Collecting</i>	\$282,250	\$287,895	\$293,652	\$299,525	\$305,516	\$311,626	\$317,859	\$324,216
<i>Community Relations</i>	\$8,000	\$8,160	\$8,323	\$8,490	\$8,659	\$8,833	\$9,009	\$9,189
<i>Administrative and General</i>	\$260,414	\$265,622	\$270,935	\$276,354	\$281,881	\$287,518	\$293,269	\$299,134
Total	\$1,019,224	\$1,039,608	\$1,060,400	\$1,081,608	\$1,103,240	\$1,125,305	\$1,147,811	\$1,170,768
<i>%Change (year over year)</i>		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

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4.3 PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

4.3.1 PROGRAM VARIANCES AND DESCRIPTIONS

Appendix 2-JC below shows the year over year variances of OM&A programs for 2015 Board Approved to 2021. The utility used programs it introduced in its 2015 Cost of Service.

HPDCL notes does not currently track its costs in these categories; the programs are created to meet the filing requirements. HPDC creates and tracks its budgets using USoA accounts and the traditional grouping of Operation, Maintenance, Billing and Collecting and Administration.

Furthermore, HPDCL notes that for each change within its control, the utility often will try to explore alternatives however being remote makes it difficult to explore realistic cost savings opportunities as service options are very limited.

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Table 17 - OEB Appendix 2-JC – OM&A Programs Table

Reporting Basis Programs									Test Year Versus Last Rebasings	Test Year Versus Most Current Actuals
	2015 BA	2015	2016	2017	2018	2019	2020	2021	Variance (\$)	Variance (\$)
Customer Focus										
360 Communication	\$8,000	\$5,618	\$2,727	\$2,058	\$3,561	\$2,133	\$2,500	\$2,500	-\$5,500	\$367
Customer Service, Mailing Costs, Billing and Collections2	\$274,193	\$304,797	\$282,513	\$306,493	\$298,083	\$301,531	\$318,050	\$326,001	\$51,808	\$24,470
Bad Debts	\$14,557	\$7,006	\$11,302	\$13,838	\$3,950	\$11,412	\$13,000	\$13,325	-\$1,232	\$1,913
Locates	\$24,705	\$40,472	\$21,550	\$25,783	\$23,937	\$33,691	\$38,750	\$39,719	\$15,014	\$6,028
Sub-Total	\$321,455	\$357,893	\$318,092	\$348,172	\$329,531	\$348,767	\$372,300	\$381,545	\$60,090	\$32,778
Operational Effectiveness										
Meters	\$14,593	\$231,900	\$8,617	\$9,458	\$20,148	\$17,785	\$11,500	\$11,538	-\$3,055	-\$6,247
Overhead lines	\$250,170	\$123,476	\$167,635	\$175,925	\$188,612	\$190,048	\$204,500	\$209,170	-\$41,000	\$19,122
Underground Lines	\$3,839	\$16,378	\$16,732	\$23,550	\$9,678	\$71,568	\$25,000	\$25,575	\$21,736	-\$45,993
Operations & engineering, Inspection drafting & design construction services	\$7,788	\$17,829	\$16,777	\$14,731	\$17,413	\$18,341	\$19,500	\$19,988	\$12,200	\$1,647
Distribution Transformers	\$60,000	\$61,057	\$59,271	\$55,833	\$63,866	\$61,253	\$66,000	\$67,650	\$7,650	\$6,397
Poles Towers & Fixtures	\$75,000	\$41,300	\$75,421	\$77,095	\$100,870	\$49,405	\$50,000	\$81,600	\$6,600	\$32,195
Warehouse and garage building costs	\$31,368	\$61,791	\$42,214	\$51,682	\$54,324	\$28,494	\$67,000	\$32,800	\$1,432	\$4,306
Admin, Legal, Professional and Insurance Services1	\$120,514	\$109,666	\$121,180	\$120,387	\$110,781	\$109,594	\$122,000	\$127,513	\$6,999	\$17,919
- Other (Misc. Gen. Expenses, Rent)	\$42,600	\$47,552	\$39,766	\$47,635	\$49,468	\$56,770	\$63,300	\$54,783	\$12,183	-\$1,987
Sub-Total	\$605,872	\$710,949	\$547,613	\$576,296	\$615,160	\$603,258	\$628,800	\$630,617	\$24,745	\$27,359
Public and Regulatory Responsiveness										
Regulatory & Compliance1	\$88,800	\$135,687	\$173,760	\$164,125	\$171,037	\$143,960	\$199,250	\$190,725	\$101,925	\$46,765
Community and Public Assistance	\$0	\$9,450	\$6,362	\$4,005	\$5,486	\$1,763	\$2,500	\$2,563	\$2,563	\$800

2

<i>Donations - LEAP Funding</i>	<i>\$2,000</i>	<i>\$2,000</i>	<i>\$2,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$4,000</i>	<i>\$2,000</i>	<i>\$2,000</i>	<i>\$0</i>	<i>-\$2,000</i>
Sub-Total	\$90,800	\$147,137	\$182,122	\$168,130	\$176,523	\$149,723	\$203,750	\$195,288	\$104,488	\$45,565
TOTAL OM&A	\$1,018,127	\$1,215,979	\$1,047,827	\$1,092,598	\$1,121,214	\$1,101,748	\$1,204,850	\$1,207,450	\$189,323	\$105,702

- *Variances highlighted in yellow are explained in the section below.*

PROGRAM VARIANCE ANALYSIS

Customer Service, Mailing Costs, Billing and Collections

- **2021-2019: \$24,470**
- **2021-2015BA: \$51,808**

Increase in costs can be explained by a salary align for billing clerk after 2-year probation had expired. There was also an increase in billing system fees (ERTH holdings/Harris/NorthStar). Both costs were outside of the utility's control.

Costs were also incurred as a result of a change in front desk services for cash, checks and Interac payment. An increase by Corporation of the Town of Hearst in new inter-corporate agreement as well a credit card acceptance system setup with third party.

Emergency service call center 7 yr. contract ended in 2014, new third-party agreement forced an increase of \$10k. All the above costs were out of the utility's control.

Locates

- **2021-2015BA: \$15,014**

Locates have increased at a steady pace since 2015Board Approved. Locates are demand based on fall outside of the utility's control.

Meters, Overhead lines, underground lines, Operations & engineering, Inspection drafting & design construction services, Distribution Transformers, Poles Towers & Fixtures

- **2021-2019: \$7,121**
- **2021-2015BA: \$4,131**

<i>Program</i>	2015BA	2021	Var	2019	2021	Var
<i>Meters</i>	\$14,593	\$11,538	-\$3,055	\$17,785	\$11,538	-\$6,247
<i>Overhead lines</i>	\$250,170	\$209,170	-\$41,000	\$190,048	\$209,170	\$19,122
<i>Underground Lines</i>	\$3,839	\$25,575	\$21,736	\$71,568	\$25,575	-\$45,993
<i>Operations & engineering, Inspection drafting & design construction services</i>	\$7,788	\$19,988	\$12,200	\$18,341	\$19,988	\$1,647
<i>Distribution Transformers</i>	\$60,000	\$67,650	\$7,650	\$61,253	\$67,650	\$6,397
<i>Poles Towers & Fixtures</i>	\$75,000	\$81,600	\$6,600	\$49,405	\$81,600	\$32,195
Sub-Total	\$411,390	\$415,521	\$4,131	\$408,400	\$415,521	\$7,121

The variance by program can be explained by the reallocation of work to other areas within operations/maintenance. They are based on the needs of the distribution system as they occur. It is worth noting that the variance for all operation and maintenance type programs show little variance from 2015 Board Approved to 2019 to 2021. Costs related to maintenance and operations are necessary to the continuation of the service and therefore fall outside of the utility's control.

Regulatory & Compliance

- **2021-2019: \$46,765**
- **2021-2015BA: \$101,925**

Smart meter third party services that were previously entered in variance accounts by now accounted in 5655 after approved (OEB) smart meter disposal in 2015 (56k). HPDCL incurred increase in legal fees and third-party consultant costs related to CDM (24K)

From 2019 to 2021, the increase is due to cybersecurity consulting, billing software programming due to OEB prescribed changes, customer portal upgrades and "Green Button" implementation, MIST metering consultant & programming, outside services for MIST meter readings. (33K)

Increase of 10K in costs related to the application (54K vs 64K)

All of the above costs fall outside of the utility's control.

PROGRAM DESCRIPTION - CUSTOMER FOCUS

360° Communication

The Organizational Effectiveness and Communications programs involves developing and maintaining effective employee, customer and shareholder relations. It also involves organizational development, and reaching out to customers in many forms, such as social media and online communication.

Customer Service, Mailing Costs, Billing and Collections

This program focuses on frontline contact with customers, the preparation of customer bills and the collection of the billed amounts owing. Costs related to this program ensure customer questions and queries are answered in a timely manner and that HPDC's customers are satisfied with the services that they receive. The Customer Services area is also responsible for activities such as payment processing and applications for service (new and changes).

Bad Debts

Bad debts expense is the amount of receivables that the utility is not able to collect from its customers.

Locates

The Locate program includes the costs of providing locate services on customer premises.

PROGRAM DESCRIPTION - OPERATIONAL EFFECTIVENESS

Meters

This involves the installation, testing, and commissioning of new metering and for the ongoing operations of existing metering, both simple and complex metering installations. Metering also investigates theft of power. This department also provides emergency response to customer trouble call requests

Overhead and Underground Lines

Maintenance work performed outside of the capital budget accounts is captured through the operating maintenance accounts. This work can be either planned or unplanned, and can involve capital work under the general service capital budgets. Maintenance and operating budgets are typically prepared based on historical values. The field inspection program identifies a number of immediate concerns and concerns requiring immediate analysis. Most of the concerns were slated under planned work and categorized as priority scheduled work or normal scheduled work.

Operations, Engineering, Inspection, Drafting & Design, Construction Services

This program involves connection requests from builders and developers for the design of distribution system capital projects, collection, analysis and allocation of materials, system planning, project planning and coordination and management of the distribution system design.

It is also responsible for overall coordination of construction activities to enhance, modify and renew the distribution system.

Poles Towers & Fixtures

This program covers the cost for wood pole testing and treatment. Along with checking obstructions, grade, accessibility, rot, cracks, infestations, identification, insulators, feathering, down guys, span guys, mounted equipment and third-party attachments, and check above and below ground for rot, voids, and infestations, chemical treatments may be applied to mitigate further damage to the pole. If any poles are found to be in a dangerous condition, the poles are then recommended for replacement.

Warehouse and Garage Building costs

This program accounts for any general repairs and maintenance to the buildings.

Note: In the year 2020, due to COVID-19, Powerlinemen salaries were entered in this account in lieu of other O&M accounts since the work was realigned to line up with Provincial Emergency measures.

Legal, Accounting and Professional Services

The program includes costs such as legal and administrative costs incurred annually as part of the utility's business operations. These costs also include general accounting and audit costs. This program covers preparation of statutory, management and financial reporting; accounts payable and general accounting; treasury functions, including borrowing and cash management; financial risk management; accounting systems and internal control processes; preparation of consolidated budgets and forecasts; and tax compliance. The executive team is responsible for the decision making for all financial and non- financial aspects of the utility. This program also covers professional costs associated with Regulatory Affairs. HPDC has hired a third-party service to handle all preparation of regulatory filings, rate applications, and input to the regulatory bodies. This function is also responsible for monitoring all applicable legislation.

PROGRAM DESCRIPTION - MISCELLANEOUS – GENERAL EXPENSES

Health & Safety Training Costs

HPDC's Health and Safety costs consists in training the staff in the following areas.

- Identifying, reacting to, and mitigating risk in the workplace
- Acting within compliance and safety work practice codes
- Developing preventable measures and objectives tied to performance
- Monitoring and conducting corrective action, as necessary

PROGRAM DESCRIPTION - PUBLIC & REGULATORY RESPONSIVENESS

Regulatory Compliance and Outside Services

These costs are related to the utility's commitment to comply with Ontario's evolving energy market, changing government policy and evolving regulatory framework. The increasing complexity in the regulatory environment, such as RRFE, Distribution System Plan, smart meters, tends to influenced OM&A spending. HPDC is constantly searching for ways to minimize costs by collaborating, sharing costs, and developing synergies with other utilities.

Community and Public Assistance

Community support and participation in activities for nonprofit organizations or group is an important factor for HPDC in order to maintain higher level of respect from customers. Safety Awareness training is offered to Emergency First Responders (Ambulance, Firefighters, OPP, etc.) and safety educational booklets are handed to local schools.

4.4 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

HPDC currently employs 7 employees, including:

- A General Manager
- A field Superintendent/Leadhand
- An administrative assistant
- A billing and customer service clerk
- 3 linemen

The General Manager is responsible for all internal and external financial activities of the company including liaison with banks and other financial institutions; providing financial reports to its Board of Directors and its Shareholder; development of budgets and tracking the company's progress towards achieving approved financial targets and capital investments. He is the liaison with regulatory bodies including the OEB; accountants, purchasing and stores; Canada Revenue Agency, IESO and Hydro One, as well as conservation and demand management. The General Manager also oversees the operation of the distribution system, customer service, billing and metering. The General Manager is also responsible for providing human resource support including salary and benefit services; maintaining effective communications throughout the company; and ensuring that operations and office staff have access to the highest quality information and training to allow them to perform their work safely and efficiently.

The field Superintendent/Leadhand, is responsible for ensuring that employees, contractors and public remain safe when interfacing with the distribution system; ensuring the reliable operation – including maintenance and repair – of the distribution system and general plant; planning, organizing and controlling Capital project related to the distribution plant and ensuring that customer requests for electricity service are provided promptly and according to code.

The Assistant Administrator is responsible for metering, bookkeeping, customer billing as well as many other financial and administrative tasks to support the General Manager.

The billing and customer service clerk is responsible for external communications with customers, public and media as well as assistance on metering and customer billing.

4.4.1 COMPENSATION - NON-UNION/UNION

Compensation for unionized employees is negotiated through the collective bargaining process. When negotiating wage levels, consideration is given to the skill sets required to work within the distribution system, as well as the competitive wage levels of its geographic market.

HPDC is bound by a Collective Agreements with Canadian Union OF Public Employees Local 1536-02 representing Trades workers. In Oct 2020, the utility negotiated a 2-year collective agreement with both bargaining units, in place effective April 1, 2020. Wage increases were negotiated at + \$0.50/hr. in year 1 and 1.25% in year 2. HPDCL notes that its it is not proposing any changes to its workforce and that its strategy has not changed since its last Cost of Service.

4.4.2 PENSION AND BENEFITS

Table 19 - OEB Appendix 2-K – Employee Compensation below shows employee compensation from 2015BA to 2021. The number of employees is based on the compensation of the number of full-time equivalent (FTE) positions throughout each of the fiscal years.

A detailed summary of benefit program costs is presented below:

Table 18 - Benefit Expenses

	2015	2016	2017	2018	2019	2020	2021
<i>Benefit</i>	Actual	Actual	Actual	Actual	Actual	Bridge	Test
<i>Statutory Holidays</i>	11,975	11,799	13,751	15,711	13,553	13,824	14,100
<i>CPP & E.I.</i>	25,976	24,560	25,896	25,736	28,179	28,743	29,317
<i>WSIB</i>	5,344	4,807	5,336	5,640	6,058	6,179	6,303
<i>Company Health Benefits</i>	47,239	46,115	49,873	47,705	39,825	40,621	49,434
<i>OMERS</i>	44,387	47,181	52,461	51,552	54,877	47,037	47,978
<i>Health - EHT</i>	10,757	9,352	10,359	11,267	11,582	11,813	12,049
<i>Sickness, Bereavement, Other</i>	27,754	5,853	8,870	40,227	25,926	23,083	18,938

<i>Total Benefit Costs</i>	173,433	149,667	166,546	197,838	179,999	171,300	178,120
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As per Table 19 below, Total Compensation have increased 19.39% between the 2015 Actual and 2021 Test Years as a result of statutory rate increases and wage increases, both due to inflation and apprentices moving up the remuneration table as experience is gained.

Table 19 - OEB Appendix 2-K – Employee Compensation

	2015	2016	2017	2018	2019	2020	2021
Number of Employees (FTEs including Part-Time)¹							
<i>Management (including executive)</i>	1	1	1	1	1	1	1
<i>Non-Management (union and non-union)</i>	6	6	6	6	6	6	6
<i>Total</i>	7	7	7	7	7	7	7
Total Salary and Wages including overtime and incentive pay							
<i>Management (including executive)</i>	\$80,771	\$85,573	\$86,312	\$87,843	\$89,981	\$91,000	\$91,425
<i>Non-Management (union and non-union)</i>	\$313,141	\$325,304	\$367,873	\$354,333	\$344,797	\$392,000	\$407,800
<i>Total</i>	\$393,911	\$410,878	\$454,185	\$442,176	\$434,778	\$483,000	\$499,225
Total Benefits (Current + Accrued) -							
<i>Management (including executive)</i>	\$13,335	\$14,650	\$14,239	\$12,812	\$14,696	\$14,500	\$15,000
<i>Non-Management (union and non-union)</i>	\$160,098	\$135,017	\$152,307	\$185,026	\$165,303	\$156,800	\$163,120
<i>Total</i>	\$173,433	\$149,667	\$166,546	\$197,838	\$179,999	\$171,300	\$178,120
Total Compensation (Salary, Wages, & Benefits)							
<i>Management (including executive)</i>	\$94,105	\$100,223	\$100,551	\$100,655	\$104,677	\$105,500	\$106,425
<i>Non-Management (union and non-union)</i>	\$473,239	\$460,322	\$520,180	\$539,359	\$510,100	\$548,800	\$570,920
<i>Total</i>	\$567,344	\$560,544	\$620,731	\$640,014	\$614,776	\$654,300	\$677,345

4.4.3 POST-EMPLOYMENT RETIREMENT BENEFITS (OPEBS)

HPDCL participates in the OMERS retirement plan. The table below shows the OPEB costs included in OM&A. A breakdown of the pension and OPEBs amounts included in OM&A is provided below.

Table 20 - Post employment benefits

	OPEB Costs
2015	1,980.60
2016	3,961.20
2017	3,952.09
2018	3,894.48
2019	3,412.08
2020	5,709.00
2021	5,424.66
2022	4,002.96
2023	1,900.00
2024	1,900.00
2025	1,900.00

Pension and OPEB costs are proposed to be recovered cash basis as has been the case since the last Cost of Service therefore HPDCL requests to continue to use the same method for the test year and beyond. HPDCL understands that cash basis; is contrary to the Board's default preference for the accrual accounting methodology. However, continuing a cash basis maintains consistency with the previous COS decision and past practice. The rational for using a cash basis is.

a) pension and OPEB costs were included in rates on a cash basis in 2015, such that changing to accrual now and going forward would require a review of the transition impacts. This is consistent with board policy, which cites consistency as one reason to support an alternate method promoting stability and predictability in.

b) The 2015 filing states that because HPDCL participate in the OMERS pension plan, which the board notes mean there is no difference between the accrual and cash accounting methods in terms of end value. Furthermore, the Board noted that even when on accrual accounting some utilities do not bother with actuarial reports for their OPEB costs because the numbers are so small, resulting in no difference between cash and accrual accounting:

HPDCL does not have an Actuarial Report.

4.4.4 STAFFING AND COMPENSATION STRATEGY

Finding qualified staff in smaller rural areas can be challenging, therefore, similar to other smaller utilities HPDCL prefers to invest time and energy in training its existing employees rather than hiring skilled workers.

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

HPDCL does not use specific benchmarking studies to determine salary ranges. That said, HPDCL is aware of the salary ranges in similar utilities in Ontario and salary range of local similar workforces and use these salaries as a guideline.

Periodically, the utility's Board of Director along with management input will readjust employee salary to be in line with its neighboring cohorts, however, as a rule, the utility tries to apply the yearly inflation factor as determined by Statistic Canada to salaries and wages. It is also important to note that as existing staff gain training and expertise, management may choose to increase salaries according to new qualifications.

The salaries and wage amounts include all salaries and wages paid, inclusive of overtime, and vacations. The benefit amounts include the employer's portion of statutory holidays, sick leave, bereavement leave, union meetings and other miscellaneous paid leave or labor dispute settlement amounts, Provincial benefits (CPP and EI), employer contributions to EHT, WSIB, OMERS pension plan and HPDCL's costs for providing extended health care, dental, long-term disability, life insurance and the Employee Assistance Program.

Employee Staffing Levels:

The level of staffing has not changed since its last Cost of Service and there are no anticipated staffing increases for the 2021 Test Year.

4.5 SHARED SERVICES & CORPORATE COST ALLOCATION

HPDCL provides services to and receives services from Town of Hearst. HPDCL is owned by the Town of Hearst; this ownership structure is documented in Exhibit 1.

The Services Agreement between HPDCL and the Town of Hearst was signed on August 1, 2018 and came into effect on January 1, 2018, which term shall end as of December 31, 2020. This agreement is provided Appendix X. Pursuant to the Services Agreement, HPDCL provides Water and Wastewater billing services for Town of Hearst. These services include all associated clerical, labour and administrative services for meter reading, bill preparation and presentment, payment processing, collections, bad debt management, customer care.

Since the utility shares physical space with the Town of Hearst, HPDCL compensates the Town for access to client reception area, central communication and cashier services, payroll for HPDC employees including bi-weekly pay and associated cost reports, enrolment and administration of fringe benefits including remittance of payroll deductions and annual T4s. The utility also rents 3 offices and has access to office equipment room, storage rooms, vaults, coffee rooms, meeting rooms and client parking spaces. The utility also has access to a 24/7 communication services. These costs detailed at Appendix A of the Inter-corporate Service Agreement are part of the utility's OM&A.

All costs shared between Hearst Power Distribution Co. Ltd. and the Town of Hearst exists to provide greater return on each dollar spent. Costs related to the water billing are divided and paid as per a defined Inter-corporate Service agreement between the two entities. In accordance with Article 340 of the APH, the utility confirms that there is no cross-subsidization between regulated and non-regulated or non-rate-regulated distributor lines of business. The Services Agreement specifies the transfer pricing for these services; the transfer pricing methodology adheres to the ARC's transfer pricing rules. No Board of Director costs for affiliates have been included in LDC costs. The OEB Appendix 2-N Shared Services/Corporate Cost Allocation is presented at the next page. Variances from 2015 Board Approved to 2021 follow Appendix 2-N.

Pricing Methodology

All shared between Hearst Power Distribution Co. Ltd. and the Town of Hearst exist to provide greater return on each dollar spent. Rate payers see their water and hydro meter on the same bill therefore the expense is split as per a defined Service agreement between the two entities. The foundation of the inter-corporate service agreement stands for no markup for services exchange by both parties; the actual cost or best estimate is what is charged out. The current inter-corporate service agreement takes into account the estimated time spent on issues that are non-utility related by the office staff (based on historic actuals), and a set percentage charged back to the Town Water department (for example) for all shared billing supplies and expense which is based on actual meter counts.

Shared Services and Corporate Cost Allocation

Year:
2021

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Hearst Power Distribution Co. Ltd. (HPDC)	Town of Hearst	Street Lighting, MicroFit & Misc. repair, and maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$15,000	\$14,000
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Water meter repair & maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$3,500	\$3,500
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (2017)	Third party attachments (Telecom) - assistance with overhead outside plant	VARIABLE (COST AND MARKET BASED) - Actual employee cost (included O/H) + equipment and material cost	\$5,000	\$4,250
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (2017)	Third party attachments (Telecom) - Pole Rental	MARKET BASED - Price per pole as per OEB regulation	\$30,127	\$0
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Salaries - Clerical (Town Receptionist, Cashier, Payroll clerk, Janitor, etc.)	FIXED (COST BASED) - As per Intercompany Service Agreement- based on actual cost		\$42,337
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	24 hr Emergency Answering service	FIXED (COST BASED) - As per Intercompany Service Agreement- based on actual cost		\$24,408
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Office Rental (3 offices)	FIXED (MARKET BASED)		\$14,892

Year:
2020

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Hearst Power Distribution Co. Ltd. (HPDC)	Town of Hearst	Street Lighting, MicroFit & Misc. repair and maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$10,790	\$10,876
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Water meter repair & maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$1,727	\$1,712
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (2017)	Third party attachments (Telecom) - assistance with overhead outside plant	VARIABLE (COST AND MARKET BASED) - Actual employee cost (included O/H) + equipment and material cost	\$7,947	\$7,124
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (2017)	Third party attachments (Telecom) - Pole Rental	MARKET BASED - Price per pole as per OEB regulation	\$30,127	\$0
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Salaries - Clerical (Town Receptionist, Cashier, Payroll clerk, Janitor, etc.)	FIXED (COST BASED) - As per Intercompany Service Agreement- based on actual cost		\$41,712
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	24 hr Emergency Answering service	FIXED (COST BASED) - As per Intercompany Service Agreement- based on actual cost		\$24,048
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Office Rental (3 offices)	FIXED (MARKET BASED)		\$14,672

Year:
2019

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Hearst Power Distribution Co. Ltd. (HPDC)	Town of Hearst	Street Lighting, MicroFit & Misc. repair and maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$21,504	\$21,306
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Water meter repair & maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$3,868	\$3,674
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (2017)	Third party attachments (Telecom) - assistance with overhead outside plant	VARIABLE (COST AND MARKET BASED) - Actual employee cost (included O/H) + equipment and material cost	\$49,431	\$43,385
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (2017)	Third party attachments (Telecom) - Pole Rental	MARKET BASED - Price per pole as per OEB regulation	\$20,321	\$0
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Salaries - Clerical (Town Receptionist, Cashier, Payroll clerk, Janitor, etc.)	FIXED (COST BASED) - As per Intercompany Service Agreement-based on actual cost		\$40,934
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	24 hr Emergency Answering service	FIXED (COST BASED) - As per Intercompany Service Agreement-based on actual cost		\$23,599
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Office Rental (3 offices)	FIXED (MARKET BASED)		\$14,398

Year:
2018

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Hearst Power Distribution Co. Ltd. (HPDC)	Town of Hearst	Street Lighting, MicroFit & Misc. repair and maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$16,032	\$15,016
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Water meter repair & maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$3,907	\$3,728
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (**New Affiliate** incorporated in 2017)	Third party attachments (Telecom) - Engineering, Labor, equipment and parts assistance with overhead outside plant	VARIABLE (COST AND MARKET BASED) - Actual employee cost (included O/H) + equipment and material cost	\$56,417	\$37,967
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Salaries - Clerical (Town Receptionist, Cashier, Payroll clerk, Janitor, etc.)	COST BASED - As per Intercompany Service Agreement- based on actual cost		\$40,210
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	24 hr Emergency Answering service	COST BASED - As per Intercompany Service Agreement- based on actual cost		\$22,914
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Office Rental (3 offices)	MARKET BASED		\$14,143

Year:
2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Hearst Power Distribution Co. Ltd. (HPDC)	Town of Hearst	Street Lighting, MicroFit & Misc. repair, and maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$27,013	\$21,304
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Water meter repair & maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$3,190	\$2,548
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (**New Affiliate** incorporated in 2017)	Third party attachments (Telecom) - Engineering, Labor, equipment and parts assistance with overhead outside plant	VARIABLE (COST AND MARKET BASED) - Actual employee cost (included O/H) + equipment and material cost	\$81,154	\$61,126
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Salaries - Clerical (Town Receptionist, Cashier, Payroll clerk, Janitor, etc.)	COST BASED - As per Intercorporate Service Agreement- based on actual cost		\$39,460
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	24 hr Emergency Answering service	COST BASED - As per Intercorporate Service Agreement- based on actual cost		\$22,487
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Office Rental (3 offices)	MARKET BASED		\$13,880

Year:
2016

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Hearst Power Distribution Co. Ltd. (HPDC)	Town of Hearst			\$35,281	\$27,409
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Water meter repair & maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$5,062	\$4,396
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Salaries - Clerical (Town Receptionist, Cashier, Payroll clerk, Janitor, etc.)	COST BASED - As per Intercorporate Service Agreement- based on actual cost		\$38,687
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	24 hr Emergency Answering service	COST BASED - As per Intercorporate Service Agreement- based on actual cost		\$22,321
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Office Rental (3 offices)	MARKET BASED		\$13,608

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Year:
2015

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Hearst Power Distribution Co. Ltd. (HPDC)	Town of Hearst	Street Lighting, MicroFit & Misc. repair and maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$54,578	\$30,833
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Water meter repair & maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$6,870	\$4,706
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Salaries - Clerical (Town Receptionist, Cashier, Payroll clerk, Janitor, etc.)	COST BASED - As per Intercorporate Service Agreement- based on actual cost		\$38,040
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	24 hr Emergency Answering service	COST BASED - As per Intercorporate Service Agreement- based on actual cost		\$21,420
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Office Rental (3 offices)	MARKET BASED		\$13,380

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Table 21 – Variances on Shared Services

**Shared
Services**

Name of Company		Service Offered	Pricing Methodology	Cost for the Service	Cost for the Service	Var	Cost for the Service	Var	Cost for the Service	Var	Cost for the Service	Var	Cost for the Service	Var	Cost for the Service
From	To			2015	2016		2017		2018		2019		2020		2021
				\$	\$		\$		\$		\$		\$		\$
Hearst Power Distribution Co. Ltd. (HPDC)	Town of Hearst	Street Lighting, MicroFits & Misc repair and maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$30,833	\$27,409	-\$3,425	\$21,304	-\$6,105	\$15,016	-\$6,287	\$21,306	\$6,289	\$10,876	-\$10,430	\$14,000
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Water meter repair & maintenance	VARIABLE (COST BASED) - Actual employee cost (included O/H) + equipment and material cost	\$4,706	\$4,396	-\$310	\$2,548	-\$1,848	\$3,728	\$1,180	\$3,674	-\$54	\$1,712	-\$1,962	\$3,500
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (2017)	Third party attachments (Telecom) - assistance with overhead outside plant	VARIABLE (COST AND MARKET BASED) - Actual employee cost (included O/H) + equipment and material cost			\$0	\$61,126	\$61,126	\$37,967	-\$23,159	\$43,385	\$5,419	\$7,124	-\$36,261	\$4,250
Hearst Power Distribution Co. Ltd. (HPDC)	Hearst Connect Corporation (2017)	Third party attachments (Telecom) - Pole Rental	MARKET BASED - Price per pole as per OEB regulation			\$0		\$0		\$0	\$0	\$0	\$0	\$0	\$0

Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Salaries - Clerical (Town Receptionist, Cashier, Payroll clerk, Janitor, etc)	FIXED (COST BASED) - As per Intercompany Service Agreement-based on actual cost	\$38,040	\$38,687	\$647	\$39,460	\$774	\$40,210	\$750	\$40,934	\$724	\$41,712	\$778	\$42,337
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	24 hr Emergency Answering service	FIXED (COST BASED) - As per Intercompany Service Agreement-based on actual cost	\$21,420	\$22,321	\$901	\$22,487	\$165	\$22,914	\$427	\$23,599	\$685	\$24,048	\$448	\$24,408
Town of Hearst	Hearst Power Distribution Co. Ltd. (HPDC)	Office Rental (3 offices)	FIXED (MARKET BASED)	\$13,380	\$13,608	\$228	\$13,880	\$272	\$14,143	\$264	\$14,398	\$255	\$14,672	\$274	\$14,892

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	Amt. Alloc.	Amt. Alloc.	Var	Amt. Alloc.	Var	Amt. Alloc.	Var	Amt. Alloc.	Var	Amt. Alloc.	Var	Amt. Alloc.
From	To														
				\$	\$		\$		\$		\$		\$		\$
Hearst Power Distribution Co. Ltd. (HPDC)	PUC Water (Town of Hearst)	Billing Labor, Supplies and expenses	COST BASED - 40% of HPDC billing supplies and expenses charged to PUC	\$60,476	\$64,136	\$3,660	\$66,918	\$2,782	\$67,164	\$245	\$67,800	\$636	\$69,495	\$1,695	\$70,885

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- 2 Year over year variances is based solely on the amount of work that is requested and as indicated above, costs are based on actual employee
- 3 costs including overhead, equipment, and materials. Also as indicated in the tables above, some relationships between the parties are set as
- 4 fixed and based on actual costs as determined in the agreement while others are based on the work done.

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

4.6.1 NON-AFFILIATE SERVICES

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

HPDCL's procurement policy reads as follows:

Procurement of Goods and/or Services

Where the required product or service can be specified, (and such goods are not stocked in the central stores), it shall be acquired by Purchase Order.

Where it is estimated that the value of the goods and services, inclusive of all delivery charges, will cost:

a) \$0 to \$99

The purchase can be approved by either the General Manager, the Lead hand or a Director. A Purchase Order is necessary.

b) \$100 to \$1,999

At least two (2) quotations shall be obtained, where possible and practicable. Quotation may be verbal. The purchase is to be approved by the General Manager. A Purchase Order is necessary.

c) \$2,000 to \$9,999

At least three (3) written quotations shall be obtained, where possible, using a formal Request for Quotation where practicable or else, an informal Request for Quotation or some other

method adapted to the particular circumstances. The purchase is to be approved by the General Manager. A Purchase Order is necessary.

d) \$10,000 to \$49,999

The General Manager shall issue a Request for Quotation. If only one quotation is received, HPDC may exercise its right to cancel the call for quotations. Quotations will be formally opened in public in presence of at least one HPDC employee and one witness as designated. Prices or terms of purchase may be disclosed except that copies of quotations and other documents received from a prospective supplier shall remain confidential. A Purchase Order is necessary

e) \$50,000 and over

The General Manager shall issue a Call for Tender for all approved projects based on defined requirements and tender documents shall be subject to prior approval of the board of Directors. a. Tenders require a reply by a designated date and time, signed by the General Manager, authorized to bind the Corporation. Any requested bid deposits, security or bonds must be included with the submission. Replies are delivered directly to the General Manager and are opened at a public meeting. If only one tender is received, Hearst Power Distribution Co. Ltd. has the option of not opening the bid and closing the call for tender.

b. Each sealed bid received in response to a formal bid request is reviewed to determine whether a bid irregularity exists.

c. A report initiated by the issuing General Manager shall be prepared for the board of Director's consideration and approval.

d. Upon board of Director's approval, a legally binding agreement is executed by the General Manager, or under special and appropriate circumstances, a purchase order is issued.

4.6.2 ONE TIME COSTS

There is only one noteworthy one-time cost included in the Test Year that warrant an explanation which is the costs associated with the Cost of Service application. In compliance with policy and requirements, the costs are being amortized over a period of 5 years. Regulatory Costs, which are explained in detail in the next section, include costs related to the Distribution System Plan, third party accounting and interrogatory fees. These costs apply to the 2020 and 2021 Bridge & Test Year.

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

4.6.3 REGULATORY COSTS

The costs related to Cost of Service application include costs of having an Engineering firm develop the Distribution System Plan, legal review, external accounting fees related to populating the PILs model and reviewing balances in the deferral and variance accounts.

The regulatory costs proposed in this application does not include provisions for legal fees related to an Oral Hearing. If the parties are unable to reach a full settlement, HPDCL reserves the right to add Oral Hearing costs to the total OM&A for the test year. All regulatory costs listed below are tracked in account 5655 – Regulatory Expenses. Costs directly associated with the Cost of Service application are amortized over a period of 5 years (2021-2025).

Table 22 - Regulatory Costs specific to the 2021 Cost of Service

AESI	\$36,000.00
<i>Legal Fees</i>	\$15,000.00
<i>Accounting Fees</i>	\$15,000.00
<i>External Costs</i>	\$0.00
<i>External Costs</i>	\$0.00
<i>External Costs</i>	\$0.00
<i>Production & Submission</i>	\$500.00
<i>Public Notice</i>	\$500.00
<i>Interrogatories (Accounting/Legal)</i>	\$0.00
<i>Settlement/Oral hearing</i>	\$0.00
<i>Reply submission</i>	\$0.00
<i>Intervenor costs</i>	\$25,000.00
<i>Rate Order</i>	\$0.00
Total Cost of Service Filing costs	\$92,000.00

The table above shows a breakdown of average costs for the Cost of Service. Table 23 – OEB Appendix 2-M Regulatory Costs on the next page shows Appendix 2-M which details regulatory costs for five historical years, bridge, and test year. The predicted regulatory costs of 92K are amortized over 5 years resulting in an increase of \$18,400 for 2021 .

In its 2010 Cost of Service, the OEB approved \$306,064 / 4 or \$76,516 per year. Regulatory Costs for 2015 were approved at \$52,300/year for 2015-2020. The 2015 regulatory costs included OEB assessment, OEB Section 30 Costs, yearly fees to Tandem Energy Services, costs association with the development of the DSP and intervener costs. HPDC notes that the costs of the 2015 DSP (\$35,000) were also amortized over 2015-2020.

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Table 23 – OEB Appendix 2-M Regulatory Costs

	Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	Last Rebasing Year Board Approved	2016	2017	2018	2019	2020	2021
1	OEB Annual Assessment			On-Going		\$8,133	\$12,547	\$13,733	\$12,557	\$12,438	\$13,000
2	OEB Section 30 Costs (Applicant-originated)										
3	OEB Section 30 Costs (OEB-initiated)										
4	Expert Witness costs for regulatory matters										
5	Legal costs for regulatory matters										
6	Consultants' costs for regulatory matters			On-Going		\$40,702	\$34,492	\$32,125	\$32,177	\$32,208	\$33,250
7	Operating expenses associated with staff resources allocated to regulatory matters			One-Time		\$810			\$968		\$18,400
8	Operating expenses associated with other resources allocated to regulatory matters										
9	Other regulatory agency fees or assessments										
10	Any other costs for regulatory matters (please define)										
11	Intervenor costs						19,650				
12	Sub-total - Ongoing Costs					\$48,834	\$47,039	\$45,859	\$44,734	\$44,646	\$64,650
13	Sub-total - One-time Costs					\$810	\$19,650	\$0	\$968	\$0	\$0
14	Total					\$49,644	\$66,689	\$45,859	\$45,702	\$44,646	\$64,650

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4.7 LEAP, CHARTIABLE & POLITICAL DONATIONS

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

HPDCL has partnered with Cochrane District Social Services Administration Board to assist in program intended to provide emergency relief to eligible low-income customers who may be having trouble paying current arrears be our lead agency.

In compliance with OEB policy, HPDCL:

- Collects money from ratepayers for LEAP EFA in the amount approved by the OEB;
- Transfers program funds to Cochrane District Social Services Administration Board;
- Establish partnerships, contracts, and operational procedures with Lead Agencies.
- Receive, recording and taking appropriate action upon notification from an Intake Agency (or Lead Agency as appropriate) that an assessment of eligibility is being undertaken;
- Receive, recording and taking appropriate action upon notification from an Intake Agency (or Lead Agency as appropriate) of decisions on applications;
- Confirm customer and account information used in determining program eligibility, including information on payment history; and

HPDCL Reports to the OEB in accordance with OEB reporting requirements through filings 2.1.16.

HPDCL attests that the test year revenue requirement does not includes legacy low-income energy assistance programs.

4.8 DEPRECIATION, AMORTIZATION, AND DEPLETION

4.8.2 DEPRECIATION RATES AND METHODOLOGY

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

Continuity Statements of the historical and forecasted depreciation expenses are presented on the next page and are filed in Excel format along with this application.

Table 24 - Depreciation Schedule 2015

Account	Description	Book Values							Service Lives				Depreciation Expense					Variance ⁶
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁵	Total Current Year Depreciation Expense		
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g/0.5h	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	\$2,894	\$1
1612	Land Rights (Formally known as Account 1906)			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1805	Land			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1808	Buildings			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1810	Leasehold Improvements			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1815	Transformer Station Equipment > 50 kV			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1820	Distribution Station Equipment < 50 kV			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1825	Storage Battery Equipment			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers & Fixtures	\$140,321		\$140,321			\$0	\$ 110,558	33.81	2.96%	45.00	2.22%	\$4,151	\$0	\$1,228	\$5,379	\$6,539	\$1,160
1835	Overhead Conductors & Devices	\$163,156		\$163,156			\$0	\$ 26,604	6.82	14.67%	45.00	2.22%	\$23,934	\$0	\$296	\$24,229	\$19,675	-\$4,554
1840	Underground Conduit	\$5,091		\$5,091			\$0		16.67	6.00%		0.00%	\$305	\$0	\$0	\$305	\$287	-\$18
1845	Underground Conductors & Devices	\$52,043		\$52,043			\$0		21.24	4.71%		0.00%	\$2,450	\$0	\$0	\$2,450	\$2,278	-\$172
1850	Line Transformers	\$82,168		\$82,168			\$0	\$ 31,897	27.53	3.63%	40.00	2.50%	\$2,985	\$0	\$399	\$3,383	\$3,641	\$257
1855	Services (Overhead & Underground)	\$20,814		\$20,814			\$0		20.47	4.89%		0.00%	\$1,017	\$0	\$0	\$1,017	\$1,015	-\$2
1860	Meters	\$32,377		\$32,377			\$0		32.63	3.06%		0.00%	\$992	\$0	\$0	\$992	\$9,467	\$8,475
1860	Meters (Smart Meters)	\$443,344		\$443,344			\$0		10.10	9.91%		0.00%	\$43,915	\$0	\$0	\$43,915	\$303,523	\$259,608
1905	Land	\$7,600		\$7,600			\$0		-	0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1908	Buildings & Fixtures	\$186,662		\$186,662			\$0	\$ 10,574	26.25	3.81%	20.98	4.77%	\$7,111	\$0	\$252	\$7,363	\$6,094	-\$1,269
1910	Leasehold Improvements			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$1,521	\$1,521
1915	Office Furniture & Equipment (10 years)	\$4,260		\$4,260			\$0		6.76	14.79%		0.00%	\$630	\$0	\$0	\$630	\$755	\$125
1915	Office Furniture & Equipment (5 years)			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equipment - Hardware	\$13,286		\$13,286			\$0	\$ 1,440	3.73	26.81%	5.00	20.00%	\$3,562	\$0	\$144	\$3,706	\$4,852	\$1,146
1920	Computer Equip. -Hardware(Post Mar. 22/04)			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1920	Computer Equip. -Hardware(Post Mar. 19/07)			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1930	Transportation Equipment	\$183,539		\$183,539			\$0		6.20	16.13%		0.00%	\$29,613	\$0	\$0	\$29,613	\$34,232	\$4,619
1935	Stores Equipment			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1940	Tools, Shop & Garage Equipment	\$7,506		\$7,506			\$0	\$ 7,353	7.06	14.16%	5.00	20.00%	\$1,063	\$0	\$735	\$1,798	\$1,799	\$1
1945	Measurement & Testing Equipment			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1950	Power Operated Equipment			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communications Equipment			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1955	Communication Equipment (Smart Meters)			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1960	Miscellaneous Equipment			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1970	Load Management Controls Customer Premises			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1975	Load Management Controls Utility Premises			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1980	System Supervisor Equipment			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1985	Miscellaneous Fixed Assets			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1990	Other Tangible Property			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
1995	Contributions & Grants			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
2005	Property Under Finance Lease			\$0			\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$1,352,354	\$ -	\$1,352,354	\$0	\$ -	\$0	\$ 188,426					\$124,621	\$0	\$3,054	\$127,675	\$398,572	\$270,897

Table 25 - Depreciation Schedule 2016

Account	Description	Book Values							Service Lives				Depreciation Expense					Depreciated on Expense per Appendix 2 BA Fixed Assets, Column J	Variance ⁶
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciated on Expense on Assets Existing Before Policy Change ⁵	Depreciated on Expense on Assets Acquired After Policy Change	Depreciated on Current Year Additions ⁵	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 = 1/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	\$2,894	\$0	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment > 50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment < 50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$7,237	\$24	
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	\$17,510	-\$8	
1840	Underground Conduit	\$4,786		\$4,786	\$0		\$0		16.32	5.91%		0.00%	\$283	\$0	\$0	\$283	\$283	\$0	
1845	Underground Conductors & Devices	\$49,593		\$49,593	\$0		\$0		22.39	4.47%		0.00%	\$2,215	\$0	\$0	\$2,215	\$2,215	\$0	
1850	Line Transformers	\$79,183	\$ 13	\$79,170	\$31,498		\$31,498	\$ 9,880	27.55	3.63%	40.00	2.50%	\$2,874	\$787	\$124	\$3,785	\$3,785	\$1	
1855	Services (Overhead & Underground)	\$19,797		\$19,797	\$0		\$0		19.50	5.13%		0.00%	\$1,015	\$0	\$0	\$1,015	\$1,015	-\$1	
1860	Meters	\$31,385		\$31,385	\$0		\$0		4.20	23.81%		0.00%	\$7,473	\$0	\$0	\$7,473	\$7,481	\$8	
1860	Meters (Smart Meters)	\$399,429		\$399,429	\$0		\$0		9.10	10.99%		0.00%	\$43,913	\$0	\$0	\$43,913	\$43,914	\$2	
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	\$8,232	\$0	
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1915	Office Furniture & Equipment (10 years)	\$3,630		\$3,630	\$0		\$0		7.19	13.91%		0.00%	\$505	\$0	\$0	\$505	\$505	\$0	
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	\$3,418	\$2	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$29,599	-\$14	
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	\$2,072	\$1	
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	-\$959	-\$959	
2005	Property Under Finance Lease	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
Total		\$1,227,733	\$ 832	\$1,226,901	\$185,372	\$ -	\$185,372	\$ 118,173					\$123,025	\$5,239	\$1,882	\$130,145	\$129,201	-\$944	

Table 26 - Depreciation Schedule 2017

Account	Description	Book Values							Service Lives				Depreciation Expense					Depreciation on Expense per Appendix 2, BA Fixed Assets, Column J	Variance ⁴
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation on Expense on Assets Existing Before Policy Change ⁵	Depreciation on Expense on Assets Acquired After Policy Change	Depreciation on Current Year Additions ⁶	Total Current Year Depreciation on 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)	\$4,340		\$4,340	\$0		\$0	\$ 1,116	2.50	40.00%	5.00	20.00%	\$1,736	\$0	\$112	\$1,848	\$1,848	-\$1	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1830	Poles, Towers & Fixtures	\$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	\$9,174	-\$1	
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	\$18,393	-\$12	
1840	Underground Conduit	\$4,503		\$4,503	\$0		\$0		14.72	6.79%		0.00%	\$306	\$0	\$0	\$306	\$306	\$0	
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	\$2,308	-\$1	
1850	Line Transformers	\$76,297	\$ 1,851	\$74,446	\$40,467		\$40,467	\$ 34,314	25.07	3.99%	40.00	2.50%	\$2,370	\$1,012	\$429	\$4,410	\$4,410	\$0	
1855	Services (Overhead & Underground)	\$18,782		\$18,782	\$0		\$0	\$ 1,468	18.51	5.40%	25.00	4.00%	\$1,015	\$0	\$29	\$1,044	\$1,044	\$0	
1860	Meters	\$23,912		\$23,912	\$0		\$0		3.19	31.35%		0.00%	\$7,496	\$0	\$0	\$7,496	\$7,481	-\$15	
1860	Meters (Smart Meters)	\$355,517		\$355,517	\$0		\$0		8.10	12.35%		0.00%	\$43,891	\$0	\$0	\$43,891	\$43,914	\$23	
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	\$8,847	\$0	
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1915	Office Furniture & Equipment (10 years)	\$3,125		\$3,125	\$0		\$0		6.19	16.16%		0.00%	\$505	\$0	\$0	\$505	\$505	\$0	
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	\$3,557	\$10	
1920	Computer Equip. -Hardware (Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$29,599	-\$14	
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	\$5,155	-\$13	
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	-\$2,283	-\$2,283	
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	\$134,256	-\$2,306	

Table 27 - Depreciation Schedule 2018

Account	Description	Book Values							Service Lives				Depreciation Expense					Depreciation on Expense per Appendix 2, BA Fixed Assets, Column J	Variance ⁴
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation on Expense on Assets Existing Before Policy Change	Depreciation on Expense on Assets Acquired After Policy Change	Depreciation on Expense on Current Year Additions ⁵	Total Current Year Depreciation on 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 1325)	\$2,604		\$2,604	\$1,004		\$1,004		1.48	67.48%	5.00	20.00%	\$1,757	\$201	\$0	\$1,958	\$1,958	\$0	
1612	Land Rights (Formally known as Account 1306)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1830	Poles, Towers & Fixtures	\$124,711	\$ 314	\$124,396	\$271,531		\$271,531	\$ 100,286	28.24	3.54%	45.00	2.22%	\$4,405	\$6,035	\$1,114	\$11,555	\$11,555	\$1	
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	\$9,337	-\$2	
1840	Underground Conduit	\$4,197		\$4,197	\$0		\$0		12.55	7.97%		0.00%	\$334	\$0	\$0	\$334	\$334	\$0	
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	\$2,155	\$0	
1850	Line Transformers	\$71,476	\$ 19	\$71,457	\$73,341		\$73,341	\$ 17,030	22.51	4.44%	40.00	2.50%	\$3,174	\$1,834	\$213	\$5,221	\$5,220	-\$1	
1855	Services (Overhead & Underground)	\$17,767		\$17,767	\$1,438		\$1,438	\$ 13,743	17.49	5.72%	25.00	4.00%	\$1,016	\$58	\$275	\$1,348	\$1,348	\$0	
1860	Meters	\$16,416		\$16,416	\$0		\$0	\$ 2,19	2.19	45.57%		0.00%	\$7,481	\$0	\$0	\$7,481	\$7,481	\$0	
1860	Meters (Smart Meters)	\$311,626		\$311,626	\$0		\$0	\$ 24,423	7.10	14.09%	15.00	6.67%	\$43,916	\$0	\$814	\$44,730	\$44,729	-\$1	
1905	Land	\$7,600		\$7,600	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1908	Buildings & Fixtures	\$165,296		\$165,296	\$32,134		\$32,134	\$ 16,732	28.97	3.45%	20.00	5.00%	\$5,706	\$1,607	\$418	\$7,731	\$7,731	\$0	
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$1,394	-\$1	
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	\$2,993	\$0	
1920	Computer Equip. -Hardware (Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	20.00%	5.00	20.00%	\$18,397	\$0	\$6,148	\$24,545	\$24,545	\$0	
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	\$1,960	-\$1	
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	-\$2,046	-\$2,046	
2005	Property Under Finance Lease	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
	Total	\$973,718	\$ 3,153	\$970,565	\$452,424	\$ -	\$452,424	\$ 278,156					\$99,782	\$12,639	\$10,325	\$122,746	\$120,695	-\$2,051	

Table 28 - Depreciation Schedule 2019

Account	Description	Book Values							Service Lives				Depreciation Expense					Depreciation on Expense per Appendix 2, BA Fixed Assets, Column J	Variance ⁶
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation on Expense on Assets Existing Before Policy Change	Depreciation on Expense on Assets Acquired After Policy Change	Depreciation on Expense on Current Year Additions ⁵	Total Current Year Depreciation on Expense			
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g * 0.5/j	o = l+m+n			
1611	Computer Software (Formally known as Account 1925)	\$847		\$847	\$804		\$804		1.00	100.00%	2.99	33.46%	\$847	\$269	\$0	\$1,116	\$1,091	-\$25	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment > 50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment < 50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1830	Poles, Towers & Fixtures	\$119,391	\$ 33	\$119,358	\$364,728		\$364,728	\$ 91,129	25.32	3.95%	45.00	2.22%	\$4,738	\$8,105	\$1,013	\$13,855	\$13,855	\$0	
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	\$6,857	\$0	
1840	Underground Conduit	\$3,862		\$3,862	\$0		\$0		10.43	9.59%		0.00%	\$370	\$0	\$0	\$370	\$370	\$0	
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	\$2,271	\$0	
1850	Line Transformers	\$68,283	\$ 8	\$68,275	\$88,324		\$88,324	\$ 13,909	19.86	5.04%	40.00	2.50%	\$3,438	\$2,208	\$174	\$5,820	\$5,819	-\$1	
1855	Services (Overhead & Underground)	\$16,751		\$16,751	\$14,849	\$ 696	\$14,153	\$ 13,345	16.30	6.13%	25.00	4.00%	\$1,028	\$566	\$267	\$1,861	\$1,860	\$0	
1860	Meters	\$8,935		\$8,935	\$0		\$0		8.85	11.30%		0.00%	\$1,010	\$0	\$0	\$1,010	\$1,010	-\$1	
186U	Meters (Smart Meters)	\$267,710		\$267,710	\$23,615		\$23,615		6.09	16.42%	15.00	6.67%	\$43,369	\$1,574	\$0	\$45,543	\$45,543	\$0	
1905	Land	\$7,600		\$7,600	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1908	Buildings & Fixtures	\$159,530		\$159,530	\$46,841		\$46,841		25.62	3.90%	20.00	5.00%	\$6,229	\$2,342	\$0	\$8,571	\$8,570	-\$1	
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$2,358	\$0	
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	\$2,325	\$2	
1920	Computer Equip. –Hardware (Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$20,001	\$0	
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)	-319.53%	10.00	10.00%	-\$2,205	\$1,299	\$2,273	\$1,367	\$1,368	\$1	
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	-\$2,682	-\$2,682	
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	\$110,616	-\$2,706	

Table 29 - Depreciation Schedule 2020

Account	Description	Book Values							Service Lives				Depreciation Expense					Depreciation Expense per Appendix 2 BA Fixed Assets, Column J	Variance ⁶
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation on Expense on Assets Existing Before Policy Change	Depreciation on Expense on Assets Acquired After Policy Change	Depreciation on Expense on Current Year Additions ⁵	Total Current Year Depreciation on Expense			
		a	b	c = a-b	d	e	f = d - e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = 1/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	\$223	\$0	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment >50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment <50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$16,025	\$16,269	\$245	
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	\$9,555	\$0	
1840	Underground Conduit	\$3,492		\$3,492	\$0		\$0		10.46	9.56%		0.00%	\$334	\$0	\$0	\$334	\$334	\$0	
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	\$2,155	\$0	
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	\$6,193	\$0	
1855	Services (Overhead & Underground)	\$15,724		\$15,724	\$26,664		\$26,664	\$ 2,500	18.18	5.50%	25.00	4.00%	\$865	\$1,067	\$50	\$1,981	\$2,142	\$161	
1860	Meters	\$7,925		\$7,925	\$0		\$0		1.06	94.40%		0.00%	\$7,481	\$0	\$0	\$7,481	\$7,481	-\$1	
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	\$45,062	\$0	
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	\$8,981	-\$1	
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$2,301	\$0	
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	\$1,862	\$0	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$25,241	\$0	
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	\$7,006	-\$2	
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	-\$3,055	-\$3,055	
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	\$131,750	-\$2,653	

Table 30 - Depreciation Schedule 2021

Account	Description	Book Values							Service Lives				Depreciation Expense					Depreciated on Expense per Appendix 2 BA Fixed Assets, Column J	Variance ⁶
		Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation on Expense on Assets Existing Before Policy Change	Depreciation on Expense on Assets Acquired After Policy Change	Depreciation on Expense on Current Year Additions ⁵	Total Current Year Depreciation on 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	\$312		\$312			0.00%	1.40	71.43%	\$0	\$223	\$0	\$223	\$220	-\$3	
1612	Land Rights (Formally known as Account 1906)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1805	Land	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1808	Buildings	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1810	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1815	Transformer Station Equipment > 50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1820	Distribution Station Equipment < 50 kV	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1825	Storage Battery Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1830	Poles, Towers & Fixtures	\$110,345		\$110,345	\$435,530		\$435,530	\$ 100,000	21.18	4.72%	45.00	2.22%	\$5,210	\$9,680	\$1,111	\$16,001	\$16,000	-\$1	
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	\$7,000	\$0	
1840	Underground Conduit	\$3,158		\$3,158	\$0		\$0		8.54	11.71%		0.00%	\$370	\$0	\$0	\$370	\$370	\$1	
1845	Underground Conductors & Devices	\$38,578		\$38,578	\$1,105		\$1,105		13.56	5.11%	40.00	2.50%	\$1,372	\$28	\$0	\$2,000	\$2,000	\$0	
1850	Line Transformers	\$61,453		\$61,453	\$97,043		\$97,043	\$ 15,000	15.69	6.37%	40.00	2.50%	\$3,917	\$2,426	\$188	\$6,530	\$6,530	\$0	
1855	Services (Overhead & Underground)	\$14,859		\$14,859	\$25,548		\$25,548	\$ 2,500	16.01	6.25%	25.00	4.00%	\$928	\$1,022	\$50	\$2,000	\$2,000	\$0	
1860	Meters	\$444		\$444	\$0		\$0		4.44	22.52%		0.00%	\$100	\$0	\$0	\$100	\$100	\$0	
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	\$45,900	-\$4	
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	\$2,082	\$0	\$9,001	\$9,000	-\$1	
1910	Leasehold Improvements	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$2,600	-\$19	
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	\$1,100	-\$17	
1920	Computer Equip. –Hardware (Post Mar. 22/04)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	\$43,190		\$43,190	\$37,902		\$37,902	\$ 265,000	4.06	24.63%	5.00	20.00%	\$12,116	\$7,580	\$26,500	\$46,196	\$46,200	\$4	
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	\$43,137		\$43,137			0.00%	10.00	10.00%	\$0	\$4,914	\$0	\$4,914	\$4,900	-\$14	
1945	Measurement & Testing Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1950	Power Operated Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communications Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1955	Communication Equipment (Smart Meters)	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1960	Miscellaneous Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1970	Load Management Controls Customer Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1975	Load Management Controls Utility Premises	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1980	System Supervisor Equipment	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
1985	Miscellaneous Fixed Assets	\$0		\$0	\$0		\$0			0.00%		0.00%	\$0	\$0	\$0	\$0	\$0	\$0	
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	-\$3,485	-\$3,485	
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	\$140,435	-\$3,540	

4.8.3 DEPRECIATION EXPENSE ASSOCIATED WITH RETIREMENT OBLIGATION

HPDCL does not have any asset retirement obligations (AROs) or any associated depreciation or accretion expenses related to an asset retirement obligation.

4.8.4 ADOPTION OF THE HALF YEAR RULE

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

4.8.5 DEPRECIATION AND CAPITALIZATION POLICY

HPDCL's Depreciation rates and Capitalization Policy are presented below and also presented in Exhibit 2.

Capitalization Policy

HPDCL's capitalization policy has not changed since its last Cost of Service in 2015 other than it now records capital assets at cost in accordance with MIFRS accounting principles as well as guidelines set out by the Ontario Energy Board, where applicable.

All expenditures by the Corporation are classified as either capital or operating expenditures. The intention of these classifications is to allocate costs across accounting periods in a manner that appropriately matches those costs with the related current and future economic benefits. The amount to be capitalized is the cost to acquire or construct a capital asset, including any ancillary costs incurred to place a capital asset into its intended state of operation. HPDCL does not currently capitalize interest on funds used for construction.

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

CAPITALIZATION POLICY UNDER IFRS

The Cost of an item of property, plant and equipment (PP&E) is recognized as an asset if and only if:

- a) It is probable that future economic benefits will flow to the company; and
- b) The cost of the item can be measured reliably

The cost of an item of PP&E includes any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating the manner intended by management. All costs shall be documented, recorded historically, including methods and sources used to establish any estimated costs.

Certain costs are explicitly prohibited from inclusion as costs of an item of PP&E:

- a) Costs of opening a new facility;
- b) Costs of introducing a new product or service (including advertising and promotion);
- c) Costs of conducting business in a new location or with a new class of customer (including costs of staff training)
- d) Administration and other general overhead costs; and
- e) Day-to-day servicing costs.

IAS 16 does not indicate what constitutes an item of PP&E. Judgment is required when applying the core principle.

Directly attributable

The term "directly attributable" is not defined in IAS 16. The specific facts and circumstances surrounding the cost and the ability to demonstrate that the cost is directly attributable to an item of PP&E is critical to establishing whether the cost should be capitalized. The cost must be attributed to a specific item of PP&E at the time it is incurred. The incurrence of that cost should aid directly in the construction effort making the asset more capable of being used than if the cost had not been incurred.

General Policy for Capitalization and Depreciation

Hearst Power Distribution capital assets, and their designated service life, should be categorized as follow:

USoA Account Number	USoA Account Description	Service life
1830	Poles, Towers & Fixtures	45
1835	OH Conductor and devices	45
1850	Line Transformers	40
1845	UG conductor and devices	40
1840	UG Conduit and Foundations	50
1860	Meters	15
1860	Smart meters	15
1905	Land	N/A
1908	<u>Building</u>	
1908	Building - Structure	70
1908	Building Outside / Fence	30
1908	Interior	20
1908	Roof	25
1915	Office Furniture / Equipment	10
1920	Computer Equipment	5
1930	<u>Vehicles</u>	
1930	Boom Truck and Heavy trucks	10
1930	Trailers	10
1930	Pick up	5
1935	Store Equipment	10
1940	Tools, Shop and Garage equipment	10
1955	Communication Equipment	10

- 1
- 2 In addition to the direct cost, Hearst Power Distribution applies the labour and vehicle burdens
- 3 for these direct costs. These burden costs are described further below. The minimum threshold
- 4 for capitalizing is 1,000\$ for all capital project or expense. It is implied that a number of
- 5 expenditures can be grouped together under a specified capital project in order to reach the
- 6 minimum threshold and be recorded as capital asset.

Account 1830 to 1860 – Poles, OH Conductors, Transformers, UG Conduit, Meters, etc.

The capitalized expenditures for these accounts include:

- Material and supplies direct costs
- Labour direct cost
- Labour burden
- Vehicle and equipment burden

Material and supplies direct costs

The material and supplies direct cost is comprised of all the eligible material that is used on a capital project, including its freight to destination. No storage, stockroom expenses or administrative charges are added.

Labour Direct Cost

The labour direct cost consists of all the eligible salaries for staff as well of their supervisors on a capital project.

Labour Burden

The Labour Burden is comprised of employee benefits including:

- Employment Insurance Premiums (Employer portion)
- Canada Pension Plan Premiums (Employer portion)
- Employer Health Tax Premiums
- OMERS (Employer portion)
- Medical and Health Benefits
- Life Insurance
- WSIB
- Clothing and Safety Footwear Allocation
- Vacations
- Statutory Holidays
- Bereavement
- On-call / stand-by costs

The Labour Burden allocated to each capital, operation and maintenance accounts is determined by obtaining the percentage ratio for each account, then multiplying the total of overhead costs and benefits paid during the year by this ratio. The Labour Burden is allocated to capital based upon the Labour Direct Cost charged to capital.

In 2019, the labor burden capitalized was \$22,197.41.

Vehicle and Equipment Burden

A vehicle burden rate is calculated for each class of vehicle based on the budgeted costs of operating each vehicle and the budgeted hours of usage for each class. The hourly rate is based on the total expenses, divided by the number of hours used. This hourly rate is allocated to capital based on the time that the vehicle is used on the job-site, thus establishing the fact that the use of the vehicle is directly attributable to an item of PP&E. The expenses below are included in the operating costs:

- Depreciation
- Vehicle Maintenance
- Fuel
- Insurance

Account 1905 - Land Acquisition

The recorded cost of land includes:

- The purchase price;
- Costs of closing the transaction and obtaining title, which includes but are not limited to legal fees, survey costs and land transfer taxes
- The cost for preparing the land for its particular use such as clearing and grading. If the land is purchased for the purpose of constructing a building, all costs incurred up to the excavation for the new building should be considered land costs. Removal of an old building, clearing, grading and filling are considered land costs because they are necessary to get the land in condition for its intended purpose. Any proceeds obtained in the process of getting the land ready for its intended use, such as salvage receipts on the demolition of the old building or the sale of cleared timber, are treated as reductions in the price of the land.

Expenditures for land acquisition usually do not deteriorate with use or passage of time, therefore the cost of land is generally not exhaustible, and therefore not depreciable.

Account 1908 – Building

Capitalization of Building costs include, but are not limited to, the following:

- Original contract price of asset;

- Expenses for remodeling, repairing or changing a purchased building to make it available for the purpose for which it was acquired;
- Interest charges until building acquisition, renovation project, improvement or alteration is complete;
- Architects and engineers fees for design as well as expenses for the preparation of plans, specifications, blueprints, etc.;
- Cost of building permits.

Each building is divided into 4 major building components. The components are as follows:

1. Building Structure
2. Building Outside / Fence
3. Interior Construction
4. Roof

The total cost of the building or additional square footage is then allocated among the 4 major building components.

Building Renovations/Rehabilitation

A building renovation is defined as enhancements made to a previously existing building component. The total expenditure capitalized is based on the invoice or contract price. No administrative charges are added.

Building Outside / Fence improvements

Building Outside / Fence improvements include items such as landscaping, driveways, sidewalks, parking lots, fencing, outdoor lighting, and other non-building improvements. Please note that Land improvements can be further categorized as non-exhaustible under account 1905 – Land acquisitions. The total project cost must meet the set minimum threshold and shall be recorded as capital based on the invoice or contract price. No administrative charges are added.

Account 1915 to 1955 – Office Furniture, Computer, Vehicles, Tools and Other Equipment

For capitalization of expenditures with a service life of more than one year, the total invoice or contract price is used, including its freight to destination. No storage, stockroom expenses or administrative charges are added.

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

1 HPDCL's use of depreciation rates fell within the range of the Kinectrics Report.

2 ASSET RETIREMENT POLICY

3 HPDCL generally retires capital assets from its balance sheet when these assets are no longer
4 in service.

5 HPDCL's assets are primarily related to overhead/underground poles, service vehicles and its
6 supporting devices as well as office related equipment. HPDCL does not own a transformer
7 station. It is connected the Hydro One Hearst TS to feed its distribution system.

8

4.9 TAXES & PAYMENTS IN LIEU OF TAXES (PILS)

4.9.1 OVERVIEW OF PILS

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

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

There are non-utility activities included in HPDCL's financial results. Therefore the amount of PILs payable is calculated accordingly in the proposed allowance to be included in the revenue requirement.

HPDCL has used the OEB PILs Tax Work Form model to calculate the amount of taxes for inclusion in its 2021 rates. PILs have been calculated under MIFRS accounting policies. The PILS model was completed by HPDCL's external auditor Baker Tilly to ensure that the current and proposed tax rates have been applied, that the amount of PILS calculated appears reasonable and that the integrity checks established in the Boards Minimum Filing Requirements have been adhered to.

HPDCL's taxes for the 2021 Test Year; Under the new accounting policies, HPDCL's PILs amount to \$0.

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

HPDCL pays the following property taxes which are set by the Town and for which HPDCL has no control over.

Table 31 – Property Taxes

Property Taxes (5085)

2015	\$5,564.91
2016	\$5,763.71
2017	\$4,997.26
2018	\$4,999.65
2019	\$4,990.03
2020	\$4,923.03

Table 32 - Tax Provision for the Test Year

Particulars	Application
<u>Determination of Taxable Income</u>	
Utility net income before taxes	\$82,209
Adjustments required to arrive at taxable utility income	\$ -
Taxable income	\$82,209
<u>Calculation of Utility income Taxes</u>	
Income taxes	\$ -
Capital taxes	\$ -
Total taxes	\$ -
Gross-up of Income Taxes	\$ -
Grossed-up Income Taxes	\$ -
PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$ -
Other tax Credits	\$ -
<u>Tax Rates</u>	
Federal tax (%)	15.00%
Provincial tax (%)	11.50%
Total tax rate (%)	26.50%

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

4.10 NON- RECOVERABLE AND DISALLOWED EXPENSES

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

4.11 PILS INTEGRITY CHECK

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

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

4.12 CONSERVATION AND DEMAND MANAGEMENT

4.12.1 CONSERVATION AND DEMAND MANAGEMENT OVERVIEW

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

The *Conservation and Demand Management Requirement Guidelines for Electricity Distributors* (EB-2014-0278 – the “2015 CDM Guidelines”), issued by the OEB on December 19, 2014, are applicable to CDM programs beginning January 1, 2015. These guidelines require distributors to continue to rely on the LRAMVA to track and dispose of lost revenues that result from approved CDM programs between 2015 and 2021.

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

Funding and expenditures for the delivery of IESO Contracted Province-Wide Programs are kept separate and tracked in Non-Distribution Revenue Accounts in accordance with the guidance in Chapter 5, Accounting Treatment of the CDM Code. Therefore, CDM activities are not included in the calculation revenue requirement or revenue offsets.

HPDCL's intent was to meet demand and energy reduction requirements by delivering IESO-
Contracted Province-Wide programs.

Update

As a result of the Minister of Energy, Northern Development and Mines' directive on March 20,
2019, the IESO's Conservation First Framework (CFF) was revoked. All electricity CDM activity for
2020 and 2021 will be centralized and administered by the IESO.

As distributors are no longer working towards the former CDM targets, distributors are expected
to provide relevant documentation to support the manual adjustments for 2020 and 2021 CDM
projects, including the corresponding CFF program, project timelines and projected savings.

Distributors should not include any savings at this time from new projects that begin on or after
May 1, 2019 that are under the IESO's interim framework. HPDCL confirms that, for LRAM
variance calculation, it is not including results post 2018 IESO finalized and verified results.

As of the last audited IESO results in 2019, HPDCL had achieved 196% of its set target which
ranked 1 out of 67 in the Province.

4.12.2 LRAM VARIANCE ACCOUNT (LRAMVA)

Distributors are required to track the variances between the OEB approved CDM adjustment to their load forecasts and the actual CDM results in the LRAMVA for the 2015 - 2020 period. HPDCL's LRAMVA claim is for the energy savings achieved through the delivery of province wide CDM programs over the period January 2015 to March 2019. HPDCL's CDM activities consist of programs initiated by the Independent Electricity System Operator ("IESO").

HPDCL is seeking LRAMVA recovery of \$52,889, including carrying charges to the end of April 2021. The Applicant has not claimed for LRAMVA recovery of revenue since the LDC's 2015 Cost of Service.

Through this application, HPDCL is seeking approval to recover the LRAMVA balances for:

- a) New lost revenues achieved from CDM kWh energy saving programs delivered under Conservation First Framework (CFF) from January 2015 to December 31, 2018.
- b) The resulting persistence of kWh energy savings for years 2016, 2017, 2018 from the delivery of CDM programs under CCF between January 2015 to December 31, 2018; and
- c) Lost revenue in 2015 from CDM programs delivered in 2014 (i.e. prior year savings persistence).

HPDCL has completed the OEB's LRAMVA Work Form (excel) and has filed this evidence with this application.

HPDCL confirms that the data used in the LRAMVA model, as filed with this application, is derived from the following sources :

- The distributor's final CDM Report and Persistence Savings Report as published by the IESO. This includes the 2011-2014 Final Results Report, Final 2015 Annual Verified Results Report, Final 2016 Annual Verified Results Report, the Final 2017 Annual Verified Results Report: and

HPDCL has relied on the most recent verified input assumptions available at the time of program evaluation as detailed in the publications listed above.

- 1 Copies of the IESO's annual distributor report for HPDCL for years 2015, 2016 and 2017 have
- 2 been filed as excel files with this Application.
- 3 The table below shows the total LRAM principal amount and carrying charges that HPDCL is
- 4 requesting for recovery of through this application:

1

Table 33 - Summary of Requested LRAM Amounts

<i>Description</i>	Residential	GS<50 kW	GS 50- 1499 KW	Intermediate	Sentinel	Street Lighting	Total
	kWh	kWh	kW	kW	kW	kW	
<i>2011 Actuals</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>2011 Forecast</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Amount Cleared</i>							
<i>2012 Actuals</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>2012 Forecast</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Amount Cleared</i>							
<i>2013 Actuals</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>2013 Forecast</i>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Amount Cleared</i>							
<i>2014 Actuals</i>	\$1,801.67	\$1,609.54	\$885.71	\$235.20	\$0.00	\$0.00	\$4,532.13
<i>2014 Forecast</i>	(\$2,597.84)	(\$498.41)	(\$1,004.10)	(\$415.39)	(\$1.44)	(\$3,222.81)	(\$7,739.98)
<i>Amount Cleared</i>							
<i>2015 Actuals</i>	\$7,297.41	\$2,308.68	\$1,310.38	\$400.23	\$0.00	\$1,084.04	\$12,400.74
<i>2015 Forecast</i>	(\$2,224.40)	(\$476.09)	(\$832.20)	(\$449.19)	(\$2.93)	(\$3,440.45)	(\$7,425.27)
<i>Amount Cleared</i>							
<i>2016 Actuals</i>	\$11,762.83	\$3,873.78	\$1,721.04	\$2,820.59	\$0.00	\$1,118.35	\$21,296.59
<i>2016 Forecast</i>	(\$2,045.80)	(\$461.21)	(\$746.25)	(\$466.06)	(\$3.68)	(\$3,549.35)	(\$7,272.36)
<i>Amount Cleared</i>							
<i>2017 Actuals</i>	\$15,016.85	\$3,142.20	\$1,650.77	\$2,990.19	\$0.00	\$1,131.41	\$23,931.42
<i>2017 Forecast</i>	(\$1,607.41)	(\$468.65)	(\$754.95)	(\$471.51)	(\$3.73)	(\$3,590.80)	(\$6,897.05)
<i>Amount Cleared</i>							
<i>2018 Actuals</i>	\$9,169.84	\$3,160.69	\$1,682.58	\$3,187.06	\$0.00	\$1,145.89	\$18,346.06
<i>2018 Forecast</i>	(\$925.48)	(\$476.09)	(\$764.64)	(\$477.53)	(\$3.77)	(\$3,636.74)	(\$6,284.25)
<i>Amount Cleared</i>							
<i>2019 Actuals</i>	\$2,090.83	\$2,888.54	\$1,724.98	\$3,226.68	\$0.00	\$1,160.24	\$11,091.27
<i>2019 Forecast</i>	(\$227.31)	(\$483.53)	(\$774.15)	(\$483.51)	(\$3.82)	(\$3,682.27)	(\$5,654.59)
<i>Amount Cleared</i>							
<i>Carrying Charges</i>	\$2,071.04	\$774.13	\$197.77	\$439.81	(\$1.03)	(\$917.27)	\$2,564.44
Total LRAMVA Balance	\$39,582	\$14,894	\$4,297	\$10,537	-\$20	-\$16,400	\$52,889

2

3

1

2 HPDCL has used the most recent verified input assumptions when calculating lost revenue and
3 has relied on the most recent final evaluation report from the Independent Electricity System
4 Operator (IESO) in support of its LRAM calculation for its contracted province wide CDM
5 programs ("IESO Programs") for 2014-2018 with persistence to 2019. Lost revenues are based
6 on Board approved variable charges and carrying charges from 2014 up until 2019 are
7 requested.

8 HPDCL is not requesting recovery of lost revenue resulting from IESO-approved pilot projects.
9 The IESO-Contracted Province-Wide CDM Programs Final 2017 Results are provided in
10 Attachment 2 to this Exhibit.

11 None of the estimated CDM load reductions were factored into the load forecast underpinning
12 HPDCL's 2015-2020 rates. HPDCL has calculated any carrying charges for the applicable periods
13 using the quarterly rates prescribed by the Board.

14 For further details, please refer to the enclosed Excel OEB LRAMVA Work form and IESO 2017
15 Final Report.

16

1 **APPENDICES**

2

Appendix A	IESO Report
Appendix B	PDF of Income Tax
Appendix C	PILs

3

1 **Appendix A – 2017 Final IESO report**

2 The Excel version of the report cannot be printed in PDF and as such is only being filed in an Excel format.

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

2

Info

2017 - 2020 Corporate information**General information**Business number 89053 4811 RC 0001

Legal name of corporation

HEARST POWER DISTRIBUTION COMPANY LIMITED/CORPOR

Operating name of corporation, if different

Change of name since Dept. last notified? ☐ Yes ☒ NoIf yes, are there articles of amendment? ☐ Yes ☐ No**Taxation year**Start Date 2019/01/01 End Date 2019/12/31Start Time 00:00 End Time 23:59Floating fiscal year end with a full year? ☐ Yes ☒ NoWhere the fiscal period of the corporation exceeds 365 days, is the corporation deemed to have a tax year end of December 31, 2008 under subsection 249(3) of the Income Tax Act? ☐ Yes ☐ NoHas taxation year end changed since last return was filed? ☐ Yes ☒ NoIf yes, why has it changed? N/A

If change in control, provide date

Time of change in control

Deemed tax year-end under 249(3.1)? ☐ Yes ☒ NoPrevious tax year end deemed to be December 31, 2008 under 249(3)? ☐ Yes ☒ No**Filing**Internet file this return? ☒ Yes ☐ NoT2 Confirmation number E4357994

T1135 Confirmation number

T1134 Confirmation number

T106 Confirmation number

Complete return from GIF1? ☒ Yes ☐ NoGross Revenue 11,358,167Total assets 7,528,485Was the corporation an associated CCPC in the previous year? ☐ Yes ☒ NoTaxable capital employed in Canada for the previous taxation year. 3,348,156Taxable capital of the associated group for the previous taxation year 3,348,156Total taxable capital employed in Canada of the corporation and its related corporations. 3,592,494Total taxable capital employed in Canada of the corporations and its associated corporations (Applicable to taxation years starting in 2008 and later) 3,592,494Date of incorporation 2000/11/02

Date of amalgamation

Date of dissolution

Date of bankruptcy

Is corporation a professional corporation that is a member of a partnership? ☐ Yes ☒ NoFirst year of filing after incorporation? ☐ Yes ☒ NoFirst year of filing after amalgamation? ☐ Yes ☒ NoSection 88 wind-up of sub. during the year? ☐ Yes ☒ NoFinal year before amalgamation? ☐ Yes ☒ NoFinal return up to dissolution? ☐ Yes ☒ NoIs the corporation bankrupt? ☐ Yes ☒ NoElected not to be a CCPC under 89(11) ☐ Yes ☒ No

If an election was made under section 261, state the functional currency used

Corporation exempt from tax? N/ALanguage of correspondence changed since Dept. last notified? ☐ Yes ☒ NoLanguage of correspondence EnglishIs this an amended tax return? ☒ Yes ☐ NoIs this return being prepared by a tax preparer for a fee? ☒ Yes ☐ No

Info

2017 - 2020 Corporate information

Jurisdiction

Provincial or territorial jurisdiction ON
 Is the corporation a resident of Canada? ☒ Yes ☐ No
 If no, give country of residence _____

Type of corporation

Type of corporation at end of taxation year
 Other corporation
 If Other corporation, please specify
 Hydro successor, Municipal Electric Utility
 If Other corporation, is corporation eligible for the small business deduction? ☒ Yes ☐ No
 Did the type of corporation change during the year? ☐ Yes ☒ No
 If yes, provide the date of change _____
 Special corporation status:
 N/A
 Type of corporation at end of previous taxation year (Carried forward from the previous T2 return)
 Other corporation

Type of business

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? ☒ Yes ☐ No
 Is the corporation inactive? ☐ Yes ☒ No
 What is the corporation's main revenue-generating business activity? (Press F6) 221122
 Specify the principal products or services provided and their percentage of total revenue
 1. ELECTRICAL UTILITY 100.000 %
 2. _____ %
 3. _____ %
 Did the corporation immigrate to Canada during the taxation year? ☐ Yes ☒ No
 Did the corporation emigrate from Canada during the taxation year? ☐ Yes ☒ No
 If the corporation's major business activity is construction, did you have any sub-contractors during the tax year? ☐ Yes ☐ No

Head office address

Address changed since Dept. last notified? ☐ Yes ☒ No
 Address
 P.O. BAG 5000
 Suite _____
 City HEARST Province ON Country _____
 Postal code POL 1N0 Telephone number _____ Fax number _____

Mailing address

Address changed since Dept. last notified? ☐ Yes ☒ No
 Date of change _____
 Use the following address head office
 Care of _____
 Address
 P.O. BAG 5000
 Suite _____
 City HEARST Province ON Country _____
 Postal code POL 1N0

Location of books and records

Address changed since Dept. last notified? ☐ Yes ☒ No
 Use the following address head office
 Address
 P.O. BAG 5000
 City HEARST Province ON Country _____
 Postal code POL 1N0

Signing officer

Title (Mr, Ms, Dr, etc)
 Mr
 First name
 Jessy
 Last name
 Richard
 Position, office or rank
 Manager
 Address
 Alexandra Street
 City Hearst Province ON Country _____
 Postal code POL 1N0 Telephone number (705) 372-2815 Signing date 2020/12/11

Contact person

Same as signing officer? ☒ Yes ☐ No
 Name
 Jessy Richard
 Telephone number (705) 372-2815 Fax number _____

Additional information

Contact position / name email address

Info

2017 - 2020 Corporate information**Alberta**

AT1 Net File? ☒ Yes ☐ No
 Is this an amended return? ☐ Yes ☒ No
 Third-Party service provider (for AT1 Net File)? ☐ Yes ☐ No
 AT1 Net File confirmation number _____
 Alberta account number _____
 SIC code _____ 9999
 Special corporation status N/A

Final return information

Was there a transfer of property under federal ITA subsection 85(1), 85(2) or 97(2) that occurred after May 30, 2001, and during the taxation year being reported? ☐ Yes ☒ No

Specify reason for final return N/A
 Date of amalgamation, if applicable _____
 Date operations ceased, if a dissolution _____

Saskatchewan

Saskatchewan account number _____

Manitoba

Manitoba account number _____

Ontario

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent ON
 Ontario specialty type 19
 Has the Ontario specialty type changed during the year? ☐ Yes ☒ No
 The Ontario allocation factor (OAF) for the previous taxation year 100.000 %

Annual return for Ontario corporations (S546, S547 and S548)

Annual return for Ontario corporations required? ☒ Yes ☐ No
 Ontario corporation number 7334207
 Authorized person same as signing officer? ☒ Yes ☐ No
 Last name Richard
 First name Jessy
 Middle name _____
 Title ☐ Director ☒ Officer ☐ Other individual

Info

2017 - 2020 Corporate information

Québec

Québec enterprise number (NEQ) _____

Identification number _____

Internet file CO-17? ☒ Yes ☐ No

Confirmation number _____

Please choose the license fee

(Information Return for Enterprise Register)

Did the corporation receive government assistance during the fiscal period? ☐ Yes ☒ NoIf yes, indicate the amount of the assistance
How was it applied? _____Is the corporation applying for a temporary tax exemption for marketing intellectual property? ☐ Yes ☒ NoIs the corporation claiming the temporary exemption for a new corporation? ☐ Yes ☒ No

Start date of the exemption period _____

End date of the exemption period _____

Paid-up capital for the previous taxation year _____

Paid-up capital of the associated group for the previous taxation year _____

Total assets for the previous taxation year 6,864,556

Is the corporation a mining corporation that has not reached the production stage? ☐ Yes ☒ No

Start date of production, if the mining corporation has reached the production stage _____

Is the corporation a financial institution? ☐ Yes ☒ NoIs the corporation an oil refinery? ☐ Yes ☒ NoIs the corporation a farm or fishing corporation? ☐ Yes ☒ NoDoes the end-date of the fiscal period (indicated on line 05) coincide with the date when the corporation became or ceased to be a Canadian-controlled private corporation (CCPC)? ☐ Yes ☒ NoIs this an amended return? ☐ Yes ☒ NoIs the corporation an agent corporation, a dummy corporation or a general partner? ☐ Yes ☐ NoIs the corporation exempt from tax by virtue of section 984, 985, 991, 995, 996 or 998 of the Taxation Act? ☐ Yes ☒ NoHas the corporation ceased its activities? ☐ Yes ☒ NoDid the corporation continue to operate another business during the year? ☐ Yes ☒ NoDid the corporation dispose of property in respect of which section 518 applies? ☐ Yes ☒ NoIs the information on file with the Enterprise Register correct? ☐ Yes ☐ NoDid the corporation wind up one or more of its subsidiaries during the year? ☐ Yes ☒ NoWere the tax attributes of the Canadian subsidiary or subsidiaries that were wound up transferred to the corporation? ☐ Yes ☐ NoDoes the corporation hold an interest in one or more partnerships? ☐ Yes ☐ No

If yes, enter the partnership's Québec enterprise number (NEQ) or identification number and the percentage of its interest.

_____	_____	%
_____	_____	%
_____	_____	%
_____	_____	%

Previous taxation years

Twenty first prior taxation year-end _____

Twentieth prior taxation year-end _____

Nineteenth prior taxation year-end 2000/12/31

Eighteenth prior taxation year-end 2001/12/31

Seventeenth prior taxation year-end 2002/12/31

Sixteenth prior taxation year-end 2003/12/31

Fifteenth prior taxation year-end 2004/12/31

Fourteenth prior taxation year-end 2005/12/31

Thirteenth prior taxation year-end 2006/12/31

Twelfth prior taxation year-end 2007/12/31

Eleventh prior taxation year-end 2008/12/31

Tenth prior taxation year-end _____

Ninth prior taxation year-end _____

Eighth prior taxation year-end _____

Seventh prior taxation year-end _____

Sixth prior taxation year-end _____

Fifth prior taxation year-end _____

Fourth prior taxation year-end _____

Third prior taxation year-end _____

Second prior taxation year-end _____

First prior taxation year-end _____

2009/12/31

2010/12/31

2011/12/31

2012/12/31

2013/12/31

2014/12/31

2015/12/31

2016/12/31

2017/12/31

2018/12/31

Info

2017 - 2020 Corporate information

Office Use	Preparer Information
Preparer ID	Name Baker Tilly HKC
Partner ID	Firm CBMN FINANCIAL SERVICES INC
Reviewer ID	Street address 1021 George street
Office number	P.O. Box, RR P.O. Box 637
Client reference # 2268	City Hearst
Client referred by:	Province Ontario
<input type="checkbox"/> Prior client	Postal code P0L 1N0
<input type="checkbox"/> New client	Phone (705) 362-4261
	Fax (705) 362-4641
	Email
	NEQ
	MRQ Identification number
	Professional identification number

Canada Revenue
AgencyAgence du revenu
du Canada**T2 Corporation Income Tax Return****20**Code 190
Protected
when complete

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return. A shorter version of the return, the T2SHORT, is available for eligible corporations.

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

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

For more information see canada.ca/taxes or Guide T4012, T2 Corporation – Income Tax Guide.

055 Do not use this area**Identification****Business number (BN)** **001** | 8 | 9 | 0 | 5 | 3 | 4 | 8 | 1 | 1 | R | C | 0 | 0 | 0 | 1 |**Corporation's name****002** HEARST POWER DISTRIBUTION COMPANY LIMITED/CO**Address of head office**

Has this address changed since the last time we were notified? **010** Yes ☐ No ☒ **X**
If yes, complete lines 011 to 018.

011 P.O. BAG 5000**012** City Province, territory, or state**015** HEARST **016** ON**017** Country (other than Canada) **018** Postal or ZIP code
POL 1N0**Mailing address (if different from head office address)**

Has this address changed since the last time we were notified? **020** Yes ☐ No ☒ **X**
If yes, complete lines 021 to 028.

021 c/o
022 P.O. BAG 5000**023** City Province, territory, or state**025** HEARST **026** ON**027** Country (other than Canada) **028** Postal or ZIP code
POL 1N0**Location of books and records (if different from head office address)**

Has this address changed since the last time we were notified? **030** Yes ☐ No ☒ **X**
If yes, complete lines 031 to 038.

031 P.O. BAG 5000
032**035** HEARST **036** ON**037** Country (other than Canada) **038** Postal or ZIP code
POL 1N0**040 Type of corporation at the end of the tax year (tick one)**

- ☐ 1 Canadian-controlled private corporation (CCPC)
☐ 2 Other private corporation
☐ 3 Public corporation
☐ 4 Corporation controlled by a public corporation
☒ 5 Other corporation (specify) Hydro successor, Municipal Elect

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

To which tax year does this return apply?

Tax year start Tax year-end
Year Month Day Year Month Day
060 2019/01/01 **061** 2019/12/31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? **063** Yes ☐ No ☒ **X**
If yes, provide the date control was acquired **065** Year Month Day

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

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

Is this the first year of filing after:
Incorporation? **070** Yes ☐ No ☒ **X**
Amalgamation? **071** Yes ☐ No ☒ **X**
If yes, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? **072** Yes ☐ No ☒ **X**
If yes, complete and attach Schedule 24.

Is this the final tax year before amalgamation? **076** Yes ☐ No ☒ **X**

Is this the final return up to dissolution? **078** Yes ☐ No ☒ **X**

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

Is the corporation a resident of Canada? **080** Yes ☒ No ☐
If no, give the country of residence on line 081 and complete and attach Schedule 97.

081
Is the non-resident corporation claiming an exemption under an income tax treaty? **082** Yes ☐ No ☒ **X**
If yes, complete and attach Schedule 91.

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

- 085** ☐ 1 Exempt under paragraph 149(1)(e) or (l)
☐ 2 Exempt under paragraph 149(1)(j)
☐ 3 Exempt under paragraph 149(1)(t) (for tax years starting before 2019)
☐ 4 Exempt under other paragraphs of section 149

Do not use this area**095** **096** **898**

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

	Yes	Schedule
Is the corporation related to any other corporations?	<input type="checkbox"/>	9
Is the corporation an associated CCPC?	<input type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<input type="checkbox"/>	49
Does the corporation have any non-resident shareholders who own voting shares?	<input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	<input type="checkbox"/>	11
If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter?	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	<input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	<input type="checkbox"/>	22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	<input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	<input type="checkbox"/>	29
Did the corporation have a total amount over CAN\$1 million of reportable transactions with non-arm's length non-residents?	<input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<input type="checkbox"/>	88
Does the corporation earn income from one or more Internet web pages or websites?	<input type="checkbox"/>	1
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	2
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	<input checked="" type="checkbox"/>	3
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input checked="" type="checkbox"/>	4
Is the corporation claiming any type of losses?	<input checked="" type="checkbox"/>	5
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input checked="" type="checkbox"/>	6
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<input checked="" type="checkbox"/>	
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or		
ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	<input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	<input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	<input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	<input checked="" type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	<input checked="" type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<input type="checkbox"/>	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<input type="checkbox"/>	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	<input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit?	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit?	<input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	<input type="checkbox"/>	92

Attachments (continued)**Protected B** when complete

Did the corporation have any foreign affiliates in the tax year?	271	<input type="checkbox"/>	T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN\$100,000?	259	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	<input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267	<input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	<input type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269	<input type="checkbox"/>	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Is the corporation inactive?	280	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	ELECTRICAL UTILITY	285 <u>100.000</u> %
	286		287 _____ %
	288		289 _____ %
Did the corporation immigrate to Canada during the tax year?	291	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	<div style="border: 1px solid black; padding: 2px;"> Year Month Day </div>	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	<u>190,655</u> A
Deduct:		
Charitable donations from Schedule 2	311	_____
Cultural gifts from Schedule 2	313	_____
Ecological gifts from Schedule 2	314	_____
Gifts of medicine made before March 22, 2017, from Schedule 2	315	_____
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	<u>11,064</u>
Part VI.1 tax deduction*	325	_____
Non-capital losses of previous tax years from Schedule 4	331	_____
Net capital losses of previous tax years from Schedule 4	332	<u>2,365</u>
Restricted farm losses of previous tax years from Schedule 4	333	_____
Farm losses of previous tax years from Schedule 4	334	_____
Limited partnership losses of previous tax years from Schedule 4	335	_____
Taxable capital gains or taxable dividends allocated from a central credit union	340	_____
Prospector's and grubstaker's shares	350	_____
		<u>13,429</u> ► <u>13,429</u> B
Subtotal (amount A minus amount B) (if negative, enter "0")		<u>177,226</u> C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355	_____ D
Taxable income (amount C plus amount D)	360	<u>177,226</u>
Income exempt under paragraph 149(1)(t) (for tax years starting before 2019)	370	_____ Z
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		_____

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

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

Income eligible for the small business deduction from Schedule 7	400	<u>165,562</u> A
Taxable income from line 360 on page 3, minus 100/28 of the amount on line 632* on page 8, minus 4 times the amount on line 636** on page 8, and minus any amount that, because of federal law, is exempt from Part I tax	405	<u>175,005</u> B
Business limit (see notes 1 and 2 below)	410	<u>500,000</u> C

Notes:

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

Business limit reduction**Taxable capital business limit reduction**

$$\text{Amount C } \underline{500,000} \times \underline{\mathbf{415}^{***}} \div \underline{11,250} = \text{.....} \text{ E}$$

Passive income business limit reduction

$$\text{Adjusted aggregate investment income from Schedule 7}^{****} \underline{\mathbf{417}} - 50,000 = \text{.....} \text{ F}$$

$$\text{Amount C } \underline{500,000} \times \text{Amount F } \underline{\quad\quad\quad} \div \underline{100,000} = \text{.....} \text{ G}$$

$$\text{Subtotal (the greater of amount E and amount G)} \underline{\mathbf{422}} \text{ H}$$

$$\text{Reduced business limit for tax years starting before 2019 (amount C minus amount E) (if negative, enter "0")} \underline{\mathbf{425}} \text{ I}$$

$$\text{Reduced business limit for tax years starting after 2018 (amount C minus amount H) (if negative, enter "0")} \underline{\mathbf{426}} \underline{500,000} \text{ J}$$

$$\text{Business limit the CCPC assigns under subsection 125(3.2) (from line 515 on page 5)} \underline{\quad\quad\quad} \text{ K}$$

$$\text{Reduced business limit after assignment for tax years starting before 2019 (amount I minus amount K)} \underline{\mathbf{427}} \text{ L}$$

$$\text{Reduced business limit after assignment for tax years starting after 2018 (amount J minus amount K)} \underline{\mathbf{428}} \underline{500,000} \text{ M}$$

Small business deduction**Tax years starting before 2019**

$$\text{Amount A, B, C, or L, whichever is the least} \underline{\quad\quad\quad} \times \frac{\text{Number of days in the tax year before January 1, 2018}}{\text{Number of days in the tax year}} \times 17.5\% = \text{.....} \text{ 1}$$

$$\text{Amount A, B, C, or L, whichever is the least} \underline{\quad\quad\quad} \times \frac{\text{Number of days in the tax year after December 31, 2017, and before January 1, 2019}}{\text{Number of days in the tax year}} \times 18\% = \text{.....} \text{ 2}$$

$$\text{Amount A, B, C, or L, whichever is the least} \underline{\quad\quad\quad} \times \frac{\text{Number of days in the tax year after December 31, 2018}}{\text{Number of days in the tax year}} \times 19\% = \text{.....} \text{ 3}$$

Tax years starting after 2018

$$\text{Amount A, B, C, or M, whichever is the least} \underline{\quad\quad\quad} \times 19\% = \underline{31,457} \text{ 4}$$

$$\text{Small business deduction (total of amounts 1 to 4)} \underline{\mathbf{430}} \underline{31,457} \text{ N}$$

Enter amount N at amount J on page 8.

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

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

***** Large corporations**

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

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations. Each corporation with such income has to file a Schedule 7, which includes a line 744 and a line 745. For the first tax year starting after 2018, use the total of lines 744. Otherwise, use the total of lines 745 of the preceding tax year.

Small business deduction (continued)**Specified corporate income and assignment under subsection 125(3.2)**

O Business number of the corporation receiving the assigned amount	P Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column O ³	Q Business limit assigned to corporation identified in column O ⁴
490	500	505
1.		
2.		
3.		
4.		
Total 510		Total 515

Notes:

3. This amount is [as defined in subsection 125(7) **specified corporate income (a)(i)**] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
- (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
- (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
- (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
- (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula $A - B$, where A is the amount of income referred to in column P in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425 (426 for tax years starting after 2018).

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)	.....	A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27	.....	B
Amount 13K from Part 13 of Schedule 27	.....	C
Personal services business income	432	D
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least	.....	E
Aggregate investment income from line 440 on page 6*	.....	F
Subtotal (add amounts B to F)	.....	G
Amount A minus amount G (if negative, enter "0")	.....	H
General tax reduction for Canadian-controlled private corporations – Amount H multiplied by 13%	.....	I

Enter amount I on line 638 on page 8.

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)	.....	J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27	.....	K
Amount 13K from Part 13 of Schedule 27	.....	L
Personal services business income	434	M
Subtotal (add amounts K to M)	.....	N
Amount J minus amount N (if negative, enter "0")	.....	O
General tax reduction – Amount O multiplied by 13%	.....	P

Enter amount P on line 639 on page 8.

Protected B when complete

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the tax year**Aggregate investment income from Schedule 7 **440** $\times 30.67\% =$ Foreign non-business income tax credit from line 632 on page 8 **B**Foreign investment income from Schedule 7 **445** $\times 8.0\% =$ **C**Subtotal (amount B minus amount C) (if negative, enter "0") **D**Amount A minus amount D (if negative, enter "0") **E**Taxable income from line 360 on page 3 **177,226 F**Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least **165,562 G**Foreign non-business income tax credit from line 632 on page 8 **622** $\times 2.5862 =$ **1,609 H**Foreign business income tax credit from line 636 on page 8 $\times 4 =$ **I**Subtotal (add amounts G to I) **167,171 J**Subtotal (amount F minus amount J) **10,055 K** $\times 30.67\% =$ **3,084 L**Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 9) **15,544 M**Refundable portion of Part I tax – Amount E, L, or M, whichever is the least **450 N****Refundable dividend tax on hand (for tax years starting before 2019)**Refundable dividend tax on hand at the end of the previous tax year **460**Dividend refund for the previous tax year **465**Subtotal (line 460 minus line 465) **C**Refundable portion of Part I tax from line 450 above **P**Total Part IV tax payable from Schedule 3 **Q**Net refundable dividend tax on hand transferred on an amalgamation or the wind-up of a subsidiary **480**Subtotal (amount P plus amount Q plus line 480) **R**Refundable dividend tax on hand at the end of the tax year – Amount O plus amount R **485****Dividend refund (for tax years starting before 2019)****Private and subject corporations at the time taxable dividends were paid in the tax year**Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3 $\times 38.33\% =$ **S**Refundable dividend tax on hand at the end of the tax year from line 485 above **T**Dividend refund – Amount S or T, whichever is less **U**

Enter amount U on line 784 on page 9.

Protected B when complete

Refundable dividend tax on hand (for tax years starting after 2018)

Refundable dividend tax on hand (RDTOH) at the end of the previous tax year	460	8,698	
Dividend refund for the previous tax year	465		
Net RDTOH transferred on an amalgamation or the wind-up of a subsidiary	480		
Subtotal (line 460 minus line 465 plus line 480)		8,698	A
General rate income pool (GRIP) at the end of the previous tax year (from line 100 of schedule 53)			B
Total eligible dividends paid in the previous tax year (from line 300 of schedule 53)			C
Total excessive eligible dividend designation in the previous tax year (from line 310 of Schedule 53)			D
Subtotal (amount C minus amount D) (if negative, enter "0")			E
Net GRIP at the end of the previous tax year (amount B minus amount E) (if negative, enter "0")			F
GRIP transferred on an amalgamation or the wind-up of a subsidiary (total of lines 230 and 240 of schedule 53)			G
Subtotal (amount F plus amount G)			H
Amount H multiplied by 38 1/3%			I
Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A or I, whichever is less, otherwise, use line 530 of the preceding tax year)	520	8,698	J
Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A minus amount I, otherwise, use line 545 of the preceding tax year) (if negative, enter "0")	535		K
Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3)			L
Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3)		4,241	M
Subtotal (amount L plus amount M)		4,241	N
Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary	525		O
ERDTOH dividend refund for the previous tax year	570		P
Refundable portion of Part I tax (from line 450 on page 6)			Q
Part IV tax before deductions (amount 2A from Schedule 3)		4,241	R
Part IV tax allocated to ERDTOH (amount N)		4,241	S
Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43)			T
Subtotal (amount R minus total of amounts S and T)			U
Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary	540		V
NERDTOH dividend refund for the previous tax year	575		W
38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3)			X
Part IV tax payable allocated to NERDTOH, net of losses claimed (amount U minus amount X) (if negative enter "0")			Y
NERDTOH at the end of the tax year (total of amounts K, Q, V, and Y minus amount W) (if negative, enter "0")	545		
Part IV tax payable allocated to ERDTOH, net of losses claimed (amount N minus the amount, if any, by which amount X exceeds amount U) (if negative, enter "0")		4,241	Z
ERDTOH at the end of the tax year (total of amounts J, O, and Z minus amount P) (if negative, enter "0")	530	12,939	

Dividend refund (for tax years starting after 2018)

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)			AA
ERDTOH balance at the end of the tax year (line 530)		12,939	BB
Eligible dividend refund (amount AA or BB, whichever is less)			CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)			DD
NERDTOH balance at the end of the tax year (line 545)			EE
Non-eligible dividend refund (amount DD or EE, whichever is less)			FF
Amount DD minus amount EE (if negative, enter "0")			GG
Amount BB minus amount CC (if negative, enter "0")		12,939	HH
Additional non-eligible dividend refund (amount GG or HH, whichever is less)			II
Dividend refund – Amount CC plus amount FF plus amount II			JJ
Enter amount JJ on line 784 on page 9.			

Protected B when complete

Part I taxBase amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by 38% **550** 67,346 A**Additional tax on personal services business income** (section 123.5)Taxable income from a personal services business **555** × 5.00 % = **560** BRecapture of investment tax credit from Schedule 31 **602** C**Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income**
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6 D

Taxable income from line 360 on page 3 177,226 E

Deduct:

Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least 165,562 F

Net amount (amount E minus amount F) 11,664 ▶ 11,664 G

Refundable tax on CCPC's investment income – 10.67% of whichever is less: amount D or amount G **604** H

Subtotal (add amounts A, B, C, and H) 67,346 I

Deduct:

Small business deduction from line 430 on page 4 31,457 J

Federal tax abatement **608** 17,723Manufacturing and processing profits deduction from Schedule 27 **616**Investment corporation deduction **620**Taxed capital gains **624**Federal foreign non-business income tax credit from Schedule 21 **632** 622Federal foreign business income tax credit from Schedule 21 **636**General tax reduction for CCPCs from amount I on page 5 **638**General tax reduction from amount P on page 5 **639**Federal logging tax credit from Schedule 21 **640**Eligible Canadian bank deduction under section 125.21 **641**Federal qualifying environmental trust tax credit **648**Investment tax credit from Schedule 31 **652** 2,000

Subtotal 51,802 ▶ 51,802 K

Part I tax payable – Amount I minus amount K 15,544 L

Enter amount L on line 700 on page 9.

Privacy statement

Personal information (including the SIN) is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities such as administering tax and benefits, audit, compliance, and collection. Personal information may be shared for purposes of other federal acts that provide for the imposition and collection of a tax or duty. Personal information may also be shared with other federal, provincial, territorial or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the Privacy Act, individuals have the right to access their personal information, request correction, or file a complaint to the Privacy Commissioner of Canada regarding the handling of the individual's personal information. Refer to Personal Information Bank CRA PPU 047 at canada.ca/cra-info-source.

Summary of tax and credits**Protected B** when complete**Federal tax**

Part I tax payable from amount L on page 8	700	15,544
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	4,241
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		19,785

Add provincial or territorial tax:Provincial or territorial jurisdiction **750** ON

(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec and Alberta)	760	3,999
Total tax payable	770	23,784 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount U on page 6 or JJ on page 7	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit (Form T1131)	796	
Film or video production services tax credit (Form T1177)	797	
Canadian journalism labour tax credit from Schedule 58	798	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	
Total credits	890	
Balance (amount A minus amount B)		23,784

Refund code **894** ☐Refund ☐**Direct deposit request**

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

<input type="checkbox"/> Start	<input type="checkbox"/> Change information	910 _____
		Branch number
914 _____	918 _____	
Institution number	Account number	

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? **896** Yes ☐ No ☐

If this return was prepared by a tax preparer for a fee, provide their EFIL number **920** A5583

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

Balance owing **23,784**

For information on how to make your payment, go to canada.ca/payments.

Certification

I, **950** Richard Last name **951** Jessy First name **954** Manager Position, office, or rank

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

955 2020/12/11 Date (yyyy/mm/dd) **956** (705) 372-2815 Telephone number

Signature of the authorized signing officer of the corporation

Is the contact person the same as the authorized signing officer? If **no**, complete the information below **957** Yes ☒ No ☐

958 _____ Name of other authorized person **959** _____ Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering 1 for English or 2 for French.
Indiquez votre langue de correspondance en inscrivant 1 pour anglais ou 2 pour français.

990 1

Net Income (Loss) for Income Tax Purposes

Corporation's name	Business number	Tax year-end Year Month Day
HEARST POWER DISTRIBUTION COMPANY LIMITED/CORPORATION DE DISTRIBUTION ELECTRIQUE DE HEARST	890534811	2019/12/31

- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125.....

244,337

Add:

Provision for income taxes – current	101	28,921	
Provision for income taxes – deferred	102	6,000	
Amortization of tangible assets	104	112,207	
Amortization of intangible assets.....	106	2,364	
Loss on disposal of assets.....	111	737	
Taxable capital gains from Schedule 6	113	2,365	
Amount D on page 3	199	39,205	
Total (lines 101 to 199)	500	191,799	191,799

Amount A plus line 500.....

436,136

Deduct:

Capital cost allowance from Schedule 8	403	146,307	
Amount E on page 4	499	99,174	
Total (lines 401 to 499)	510	245,481	245,481

Net income (loss) for income tax purposes (amount B minus line 510).....

190,655

Enter amount C on line 300 on page 3 of the T2 return.

Add:

Other additions:

Description	Amount	
605	295	
Dividend income per T3 (M-5)	11,064	
Interest per T3 (M-5)	18,958	
Foreign income per T3 (M-5)	9,183	
If you need more space, attach additional schedules. Total of column 2	39,205	39,205

Total of lines 201 to 249 and line 296

39,205

Enter amount D on line 199 on page 1.

Deduct:

Other deductions:

--	--

Description	Amount
705	395
Unrealized gains from revaluation of assets	57,802
Mutual Fund income (acct 34405.000020)	36,826
Gain on investment per financial statements (acct 34340)	4,546
If you need more space, attach additional schedules. Total of column 2	99,174

► **396** 99,174

Total of lines 300 to 345 and line 396

99,174 E

Enter amount E at line 499 on page 2.

Canada Revenue
AgencyAgence du revenu
du Canada**BALANCE SHEET INFORMATION****Schedule 100**

Assets	Code	Current year	Prior year
Cash and deposits	1000	1,417,780	1,288,437
Accounts Receivable	1060	2,336,126	1,725,275
Inventories	1120	123,828	113,255
Future income taxes - shown long-term	2421	2,000	8,000
Prepaid expenses	1484	79,485	79,884
Land	1600	7,600	7,600
Buildings	1680	197,859	206,429
Machinery, equipment, furniture and fixtures	1740	1,242,067	1,197,204
Goodwill	2012	828	3,192
Other long term assets	2420	293,391	293,116
Motor vehicles	1742	112,375	128,921
Furniture and fixtures	1787	83,370	36,616
Long term investments	2300	1,559,244	1,715,003
Other tangible capital assets	1900	72,532	61,624
Total assets	2599	7,528,485	6,864,556

Liabilities	Code	Current year	Prior year
Bank overdraft	2600	1,000,000	1,250,000
Amounts payable and accrued liabilities	2620	2,131,938	1,762,176
Other current liabilities	2960	80,040	82,140
Due to related parties - current amounts	2860	544,362	309,955
Deferred income - shown long-term	3220	97,892	87,523
Other long term liabilities	3320	57,975	17,803
Taxes payable	2680	23,784	6,803
Total liabilities	3499	3,935,991	3,516,400

Equity	Code	Current year	Prior year
Common shares	3500	10,000	10,000
Retained earnings / deficit	3600	3,582,494	3,338,156
Total equity	3620	3,592,494	3,348,156
Total liabilities and equity	3640	7,528,485	6,864,556

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	3660	3,338,157	3,239,222
Net income / loss *	3680	244,337	98,934
Total retained earnings	3849	3,582,494	3,338,156

*The amount on line 3680 must equal the amount on line 9999 of S125 or S140 without considering line 9998.

See notes to financial statements.

Canada Revenue
AgencyAgence du revenu
du Canada

INCOME STATEMENT INFORMATION

Schedule 125

Details

Operating name, if different from the corporations' legal name

0001

Description of operation, if filing multiple Schedules 125

0002

Sequence number

0003

Revenue	Code	Current year	Prior year
Trade sales of goods and services	8000	10,269,000	9,902,315
Total sales of goods and services	8089	10,269,000	9,902,315
Investment revenue	8090	85,098	14,195
Other revenue	8230	1,004,806	703,763
Realized gains / losses on disposal of assets	8210	(737)	34,407
Total revenue	8299	11,358,167	10,654,680

Cost of sales	Code	Current year	Prior year
Opening inventory	8300		
Purchases / cost of materials	8320	9,042,549	8,702,931
Cost of sales	8518	9,042,549	8,702,931
Gross profit / loss (item 8089 - item 8518)	8519	1,226,451	1,199,384

Operating expenses	Code	Current year	Prior year
Amortization of intangible assets	8570	2,364	3,232
Amortization of tangible assets	8670	112,207	120,782
Interest on long term debt	8714	84,264	92,863
Management and administration fees	8871	623,835	627,140
Repairs and maintenance	8960	474,760	482,950
Other expenses	9270	796,732	478,064
Total operating expenses	9367	2,094,162	1,805,031
Total expenses	9368	11,136,711	10,507,962
Net non-farming income	9369	221,456	146,718

Farming revenue	Code	Current year	Prior year
Grains and oilseeds	9370		
Total farm revenue	9659		

Farming expenses	Code	Current year	Prior year
Crop expenses	9660		
Total farm expenses	9898		
Net farm income	9899		
Net income / loss before taxes and extraordinary items	9970	221,456	146,718

Other comprehensive income

Revaluation surplus	7000		
Defined benefit gains/losses	7002 +		+
Foreign operation translation gains/losses	7004 +		+
Equity instruments gains/losses	7006 +		+
Cash flow hedge effective portion gains/losses	7008 +		+
Income tax relating to components of other comprehensive income	7010 +		+
Miscellaneous other comprehensive income	7020 +		+
Total - Other comprehensive income	=		=

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

Extraordinary items	9975 -	-
---------------------	--------	---

Legal settlements	9976	-	-
Unrealized gains / losses	9980	57,802	(17,656
Unusual items	9985	-	-
Current income taxes	9990	28,921	22,128
Future income tax provision	9995	6,000	8,000
Total - Other comprehensive income	9998	+	+
Net income / loss after taxes and extraordinary items	9999	244,337	98,934

Notes Checklist

Corporation's name	Business number	Tax Year End Year Month Day
HEARST POWER DISTRIBUTION COMPANY LIMITED/CORPORATION DE DISTRIBUTION ELECTRIQUE DE HEARST	89053 4811 RC 0001	2019 12 31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and T4012, *T2 Corporation – Income Tax Guide*.
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

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

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

Is the accountant connected* with the corporation? **097** Yes ☐ No ☒

Note

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

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

Part 2 – Type of involvement with the financial statements

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

Completed an auditor's report 1 ☒

Completed a review engagement report 2 ☐

Conducted a compilation engagement 3 ☐

Part 3 – Reservations

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

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

Part 4 – Other information

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

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

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

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

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

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

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

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

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

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

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

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

200 Yes ☐ No ☒

If yes, enter the amount recognized:

In net income
Increase (decrease)

In OCI
Increase (decrease)

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

Financial instruments

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

250 Yes ☐ No ☒

Did the corporation apply hedge accounting during the tax year?

255 Yes ☐ No ☒

Did the corporation discontinue hedge accounting during the tax year?

260 Yes ☐ No ☒

Adjustments to opening equity

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

265 Yes ☐ No ☒

If yes, you have to maintain a separate reconciliation.

Information Return for Corporations Filing Electronically

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

Part 1 – Identification

Corporation's name HEARST POWER DISTRIBUTION COMPANY LIMITED/CORPORATION DE DISTRIB						Business number * * * * * 4 8 1 1 R C 0 0 0 1																				
Tax year ▶	Y	From	M	D	Y	To	M	D	Is this an amended return? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																	
	2	0	1	9	0	1	2	0	1	9	1	2	3	1												

Part 2 – Declaration

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

Net income (or loss) for income tax purposes from Schedule 1, financial statements, or GIF1 (line 300)	190,655
Part I tax payable (line 700)	15,544
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	4,241
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	3,999

Part 3 – Certification and authorization



Sign up for online mail!

Get your CRA mail electronically delivered in
My Business Account at cra.gc.ca/mybusinessaccount

I understand that by providing an email address, I am **registering** the corporation for the 'Manage online mail' service. I understand and agree that all notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. The CRA will notify the corporation at this email address when they are available in My Business Account and requiring immediate attention. They will be presumed to have been received on the date that the email is sent.

Email address for online mail (optional): _____

I, Richard Jessy Manager
Last name First name Position, office, or rank

am an authorized signing officer of the corporation. I certify that I have examined the corporation T2 income tax return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part 4 to electronically file the corporation income tax return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

2020/12/11

(705) 372-2815

Date (yyyy/mm/dd)

Signature of an authorized signing officer of the corporation

Telephone number

Part 4 – Transmitter Identification

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

Baker Tilly HKC

A5583

Name of person or firm

Electronic filer number

Privacy statement

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

Summary

Tax Summary

Corporation name

HEARST POWER DISTRIBUTION COMPANY LIMITED/CORPORATION DE DISTRIBUTION ELECTRIQUE DE HEA**Tax year ending 2019/12/31**

Taxable income		Tax payable	
Net income for tax purposes	190,655	Part I tax	15,544
Charitable donations and gifts	-	Taxable dividends received	11,064
Taxable dividends	11,064	GRIP at the end of the tax year	
Losses of prior years	2,365	LRIP at the end of the tax year	
Other adjustments	±	Part III.1 tax	+
Taxable income	177,226	Part IV tax	+
		Other federal tax payable	+
		Subtotal	19,785
Part I tax		Provincial and territorial tax (except AB, QC)	+
38% of taxable income	67,346	Provincial tax on large corporations (NB, NS)	+
Surtax	+	Tax payable	23,784
Recapture of investment tax credit	+		
Refundable tax on CCPC investment income	+		
Active business income	165,562	Tax instalments paid	-
Small business deduction	31,457	Investment tax credit refund	-
Federal tax abatement	17,723	Taxable dividend paid (taxation years that begin before 2019)	
Manufacturing and processing deduction	-	Eligible dividend paid	
Additional deduction - credit unions	-	Non-eligible dividend paid	
Foreign tax credits	622	Dividend refund (taxation years that begin before 2019)	-
Investment tax credit	2,000	Dividend refund - eligible dividend	
Other deductions and credits	-	Dividend refund - non-eligible dividend	
Part I tax	15,544	Other refundable credits	-
		Balance owing (refund) on federal return	23,784
		Provincial income tax and registration fee (AB, QC)	
		Capital and other provincial taxes	+
		Tax instalments and credits	-
		Other provincial taxes	=
		Total balance owing (refund)	23,784

Provincial tax	% Provincial allocation	Taxable income	Income tax	Capital and other provincial taxes	Tax instalments and credits	Net provincial tax
Newfoundland						
Prince Edward Island						
Nova Scotia						
New Brunswick						
Ontario	100.0000	177,226	3,999			3,999
Manitoba						
Saskatchewan						
British Columbia						
Yukon Territory						
Northwest Territories						
Nunavut						
Schedule 5 provincial tax payable			3,999			
Alberta						
Québec						
Totals			3,999			3,999

Loss continuity	Current year carry back	Carryforward end of year	Other carryforwards
Capital		32,887	Capital dividend account
Non-capital			RDTOH (taxation years that begin before 2019)
Farm			ERDTH
Restricted farm			NERDTH
Limited partnership			Unused Part 1.3 tax credit
Listed personal property			Foreign business tax credits
			Donations and gifts
			Investment tax credits
			Ontario S510 (CMT) losses
			Ontario S510 (CMT) credit

5Year

5 Year Tax Summary

Years Ending:	2019/12/31	2018/12/31	2017/12/31	2016/12/31	2015/12/31
Taxable income					
Net income for tax purposes	190,655	144,441	8,288	21,792	13,794
Charitable donations and gifts	-	-	-	-	-
Taxable dividends	11,064	8,953	5,970	5,243	2,907
Losses of other years	2,365	-	-	8,478	622
Other adjustments	±	±	±	±	±
Taxable income	177,226	135,488	2,318	8,071	10,265
Active business income	165,562	132,514			
Part I tax					
38% of taxable income	67,346	51,485	881	3,067	3,901
Surtax	+	+	+	+	+
Recapture of investment tax credit	+	+	+	+	+
Refundable tax on CCPC investment income	+	+	+	+	+
Small business deduction	31,457	23,853	-	-	-
Federal tax abatement	17,723	13,549	232	807	1,027
Manufacturing and processing deduction	-	-	-	-	-
Additional deduction - credit unions	-	-	-	-	-
Foreign tax credits	622	367	242	225	245
Resource deduction	-	-	-	-	-
Political contribution tax credit	-	-	-	-	-
Investment tax credit	2,000	3,613	106	986	1,295
Other deductions and credits	-	-	301	1,049	1,334
Part I tax	15,544	10,103			
Tax payable					
Part I tax	15,544	10,103			
Part III.1 tax payable	+	+	+	+	+
Part IV tax	4,241	3,432	2,288	2,009	969
Other federal tax payable	+	+	+	+	+
Subtotal	19,785	13,535	2,288	2,009	969
Provincial and territorial tax (except AB, QC)	3,999	+	+	+	+
Provincial tax on large corporations (NB, NS)	+	+	+	+	+
Tax payable	23,784	13,535	2,288	2,009	969
Tax instalments made	-	-	-	-	-
Investment tax credit refund	-	-	-	-	-
Dividend refund (taxation years that begin before 2019)	-	-	-	-	-
Dividend refund - eligible dividend	-	-	-	-	-
Dividend refund - non-eligible dividend	-	-	-	-	-
Other refundable credits	-	6,732	14,541	7,628	8,272
Balance owing (refund)	23,784	6,803	(12,253)	(5,619)	(7,303)
Provincial income tax (AB, QC)					
Capital and other provincial taxes	+	+	+	+	+
Tax instalments and credits	-	-	-	-	-
Other provincial taxes	=	=	=	=	=
Total taxes owing (refund)	23,784	6,803	(12,253)	(5,619)	(7,303)

		under review for this tax year. For assistance, contact CRA's Corporation Internet Filing Helpdesk at 1-800-959-2803.
Notice	Info	A special corporation status may be applicable for an Other corporation. Please review.
Notice	S8/13	For expenditures incurred before 2017, the CCA deduction per year can be the greater of \$500 and the amount otherwise deductible for the year. Please review.
Notice	S8Class/5	Please review if the newly-acquired depreciable asset is qualified for Accelerated Investment Incentive Property. For more information, please refer to 2018 Fall Economic Statement and amended Reg. 1100 (2).
Notice	S8Class/6	Please review if the newly-acquired depreciable asset is qualified for Accelerated Investment Incentive Property. For more information, please refer to 2018 Fall Economic Statement and amended Reg. 1100 (2).
Notice	S8Class/9	Please review if the newly-acquired depreciable asset is qualified for Accelerated Investment Incentive Property. For more information, please refer to 2018 Fall Economic Statement and amended Reg. 1100 (2).
Notice	S8Class/10	Please review if the newly-acquired depreciable asset is qualified for Accelerated Investment Incentive Property. For more information, please refer to 2018 Fall Economic Statement and amended Reg. 1100 (2).
Preparer sign-off	Info	What is the corporation's main revenue-generating business activity? (Press F6): "The CRA requires NAICS code be reviewed every year to ensure the code best reflects the activities of the corporation in the year."
Preparer sign-off	S8/5	Line 225: Cost of Aquisition form column 3 (AIIP)
Preparer sign-off	S8/6	Line 225: Cost of Aquisition form column 3 (AIIP)
Preparer sign-off	S8/9	Line 225: Cost of Aquisition form column 3 (AIIP)
Preparer sign-off	S8/10	Line 225: Cost of Aquisition form column 3 (AIIP)
Preparer sign-off	S8/13	Line 217: Capital cost allowance
Preparer sign-off	S53	Line 100: GRIP at the end of the previous tax year
Override	T2	Taxable income from page 3 (line 360 or amount Z, whichever applies) (ProFile: 177,226)
Override	Info	If Other corporation, is corporation eligible for the small business deduction? (ProFile: No)
Override	S53	Line 100: GRIP at the end of the previous tax year (ProFile: 72,928)
Memo	Info	What is the corporation's main revenue-generating business activity? (Press F6): "The CRA requires NAICS code be reviewed every year to ensure the code best reflects the activities of the corporation in the year."

BN: 89053 4811 RC 0001

Name: HEARST POWER
DISTRIBUTION COMPANY
LIMITED/CORPORATION DE
DISTRIBUTION ELECTRIQUE DE
HEARST

Date: 2020/12/11

activities of the corporation in the year.

Friday, December 11, 2020

Baker Tilly HKC
CBMN FINANCIAL SERVICES INC
1021 George street
Hearst, Ontario
P0L 1N0

Mr Jessy Richard
HEARST POWER DISTRIBUTION COMPANY LIMITED/CORPORATION DE DISTRIBUTION ELECTRIQUE DE
HEARST
P.O. BAG 5000
HEARST ON P0L 1N0

Dear Mr Richard:

We have transmitted the tax return for HEARST POWER DISTRIBUTION COMPANY LIMITED/CORPORATION DE DISTRIBUTION ELECTRIQUE DE HEARST electronically to the Canada Revenue Agency (CRA) using Corporation Internet Filing. The enclosed copy of the T2 return is for your records. We have prepared this return based on the information you provided to us.

The T2 return shows a balance owing of \$23,784.

If you have any questions about your return(s), please contact me at 705-362-4261.

Sincerely yours,

CBMN FINANCIAL SERVICES INC

Baker Tilly HKC

Enclosure

1

Appendix C – PDF of PILs Model

Income Tax/PILs Workform for 2021 Filers

Version 1.20

Utility Name	Hearst Power Distribution Co. Ltd.
Assigned EB Number	EB-2020-027
Name and Title	Jessy Richard, General Manager
Phone Number	705-372-2820
Email Address	jrichard@hearstpower.com
Date	2020-08-31
Last COS Re-based Year	2015

Note: Drop-down lists are shaded blue; Input cells are shaded green.

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your rate application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.

Instructions

Purpose

The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab **T0** and is based on the inputs on the other tabs.

Tab **S Summary** is a summary of the amounts to be transferred to the Data Input Sheet of the Revenue Requirement Workform.

Tab **S1 Integrity Checks** must be completed after the completion of the PILs calculation in this workbook.

Methodology

To calculate the PILs for the Test Year:

- 1) input the balances from the income tax return of the Historical Year in tabs **H1** to **H13**.
- 2) input the balances for the Bridge Year and the Test Year.
Inputs should include:
 - non-deductible expenses (Schedule 1 - **B1** and **T1**)
 - loss carryforward (Schedule 4 - **B4** and **T4**)
 - capital cost allowance (Schedule 8 - **B8** and **T8**)
 - non-deductible reserves (Schedule 13 - **B13** and **T13**)

- 3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab **T0** is reasonable.

Other Notes

Tabs **H0** to **H13** relate to the Historical Year.

Tabs **B0** to **B13** relate to the Bridge Year.

Tabs **T0** to **T13** relate to the Test Year.

The amounts on tabs **H0** to **H13** should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab **A**.

On tab "**A. Data Input Sheet**", input the "Rate Base" amount and "Return on Rate Base" amounts.



Income Tax/PILs Workform for 2021 Filers

- [1. Info](#)
- [S. Summary](#)
- [A. Data Input Sheet](#)
- [B. Tax Rates & Exemptions](#)

Historical Year

- [H0 - PILs, Tax Provision Historical Year](#)
- [H1 - Adj. Taxable Income Historical Year](#)
- [H4 - Schedule 4 Loss Carry Forward Historical Year](#)
- [H8 - Schedule 8 Historical](#)
- [H13 - Schedule 13 Tax Reserves Historical](#)

Bridge Year

- [B0 - PILs, Tax Provision Bridge Year](#)
- [B1 - Adj. Taxable Income Bridge Year](#)
- [B4 - Schedule 4 Loss Carry Forward Bridge Year](#)
- [B8 - Schedule 8 CCA Bridge Year](#)
- [B13 - Schedule 13 Tax Reserves Bridge Year](#)

Test Year

- [T0 PILs, Tax Provision Test Year](#)
- [T1 Taxable Income Test Year](#)
- [T4 Schedule 4 Loss Carry Forward Test Year](#)
- [T8 Schedule 8 CCA Test Year](#)
- [T13 Schedule 13 Reserve Test Year](#)

Income Tax/PILs Workform for 2021 Filers

No inputs required on this worksheet.

Income Tax/PILs Workform for 2021 Filers

Integrity Checks

The applicant must ensure the following integrity checks have been completed and confirm this is the case in the table below, or provide an explanation if this is not the case:

Item	Utility Confirmation (Y/N)	Notes
1 The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application	y	
2 The capital additions and deductions in the CCA Schedule 8 agree with the rate base section for historical, bridge and test years	y	
3 Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non-distribution tax amounts on Schedule 8.	y	
4 The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the CCA Schedule 8 for the same years filed in the application	y	
5 Loss carry-forwards, if any, from prior year tax returns' Schedule 4 agree with those disclosed in the application	y	
6 A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	y	
7 CCA is maximized even if there are tax loss carry-forwards	y	Utility hadn't apply accelerated investment incentive rate for 2019 since it was immaterial. Applied for bridge and test year
8 Other post-employment benefits and pension expenses that are added back on Schedule 1 to reconcile accounting income to net income for tax purposes agree with the OM&A analysis for compensation. The amounts deducted are reasonable when compared with the notes to the audited financial statements, Financial Services Commission of Ontario reports, and actuarial valuations.	y	
9 The income tax rate used to calculate the tax expense is consistent with the utility's actual tax facts and evidence filed in the application	y	

Income Tax/PILs Workform for 2021 Filers

		Test Year	Bridge Year
Rate Base	S	\$ 2,414,857	\$ 2,267,024
Return on Ratebase			
Deemed ShortTerm Debt %	4.00%	T \$ 96,594	$W = S * T$
Deemed Long Term Debt %	56.00%	U \$ 1,352,320	$X = S * U$
Deemed Equity %	40.00%	V \$ 965,943	$Y = S * V$
Short Term Interest Rate	2.85%	Z \$ 2,753	$AC = W * Z$
Long Term Interest	1.75%	AA \$ 23,666	$AD = X * AA$
Return on Equity (Regulatory Income)	8.34%	AB \$ 80,560	$AE = Y * AB$ T1
Return on Rate Base		\$ 106,978	$AF = AC + AD + AE$

Questions that must be answered

- Does the applicant have any Investment Tax Credits (ITC)?
- Does the applicant have any SRED Expenditures?
- Does the applicant have any Capital Gains or Losses for tax purposes?
- Does the applicant have any Capital Leases?
- Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?
- Since 1999, has the applicant acquired another regulated applicant's assets?
- Did the applicant pay dividends?
If Yes, please describe the tax treatment in the manager's summary.
- Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

Historical Year	Bridge Year	Test Year
Yes	Yes	No
No	No	No
Yes	Yes	Yes
No	No	No
Yes	Yes	Yes
No	No	No
No	No	No
No	No	No



Income Tax/PILs Workform for 2021 Filers

Tax Rates

Federal & Provincial As of MMM XX, 2019

Federal income tax

General Corporate Rate
Federal Tax Abatement
Adjusted Federal Rate

Rate Reduction

Federal Income Tax

Ontario Income Tax

Combined Federal and Ontario

Federal & Ontario Small Business

Federal Small Business Limit
Ontario Small Business Limit

Federal Small Business Rate

Ontario Small Business Rate

	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020
General Corporate Rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal Tax Abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted Federal Rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate Reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario Income Tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined Federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Federal Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000
Federal Small Business Rate	11.00%	10.50%	10.50%	10.00%	9.00%	9.00%
Ontario Small Business Rate	4.50%	4.50%	4.50%	3.50%	3.50%	3.20%

Notes

- The Ontario Energy Board's proxy for taxable capital is rate base.
- Regarding the small business deduction, if applicable,
 - If taxable capital exceeds \$15 million, the small business rate will not be applicable.
 - If taxable capital is below \$10 million, the small business rate would be applicable.
 - If taxable capital is between \$10 million and \$15 million, the appropriate small business rate will be calculated.

Income Tax/PILs Workform for 2021 Filers

PILs Tax Provision - Historical Year

Note: Input the actual information from the tax returns for the historical year.

Regulatory Taxable Income
Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%)
 Federal tax rate (Maximum 15%)
 Combined tax rate (Maximum 26.5%)

4.01%
 11.16%

B
C

[H1](#)

Wires Only

\$ 190,655 **A**

15.17% **D = B+C**

\$ 28,922 **E = A * D**

\$ 2,000 **F**

\$ 3,137 **G**

\$ 5,137 **H = F + G**

\$ 23,785 **I = E - H**

Total Income Taxes

Investment Tax Credits
 Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Historical Year



Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	(A + 101 + 102)	279,258		279,258
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	112,207		112,207
Amortization of intangible assets	106	2,364		2,364
Recapture of capital cost allowance from Schedule 8	107			0
Income inclusion under subparagraph 13(38)(d)(iii) from Schedule 10	108			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	737		737
Charitable donations and gifts from Schedule 2	112			0
Taxable capital gains from Schedule 6	113	2,365		2,365
Political contributions	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121			0
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements – balance at the end of the year	126			0
Soft costs on construction and renovation of buildings	127			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other additions				
Interest Expensed on Capital Leases	295			0
Realized Income from Deferred Credit Accounts	295			0
Pensions	295			0
Non-deductible penalties	295			0
	295			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Dividend income per T3		11,064		11,064

Interest per T3		18,958		18,958
Foreign income per T3		9,183		9,183
				0
				0
				0
				0
				0
				0
Total Additions		156,878	0	156,878
Deductions:				
Gain on disposal of assets per financial statements	401			0
Non-taxable dividends under section 83	402			0
Capital cost allowance from Schedule 8	403	146,307		146,307
Terminal loss from Schedule 8	404			0
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions				
Interest capitalized for accounting deducted for tax	395			0
Capital Lease Payments	395			0
Non-taxable imputed interest income on deferral and variance accounts	395	57,802		57,802
Mutual Fund Income	395	36,826		36,826
Gain on investment per Financial Statements	395	4,546		4,546
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		245,481	0	245,481
Net Income for Tax Purposes		190,655	0	190,655
Charitable donations from Schedule 2	311			0
Taxable dividends received under section 112 or 113	320			0
Non-capital losses of previous tax years from Schedule 4	331			0
Net capital losses of previous tax years from Schedule 4	332			0
Limited partnership losses of previous tax years from Schedule 4	335			0
				0
TAXABLE INCOME		190,655	0	190,655



Income Tax/PILs Workform for 2021 Filers

Schedule 4 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historical			0

[B4](#)

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historical	32,887		32,887

[B4](#)

Income Tax/PILs Workform for 2021 Filers

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Year
1	Buildings, Distribution System (acq'd post 1987)	\$ 187,937		\$ 187,937
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]			\$ -
2	Distribution System (acq'd pre 1988)	\$ 433,682		\$ 433,682
3	Buildings (acq'd pre 1988)			\$ -
6	Certain Buildings; Fences			\$ -
8	General Office Equipment, Furniture, Fixtures	\$ 68,470		\$ 68,470
10	Motor Vehicles, Fleet	\$ 40,318		\$ 40,318
10.1	Certain Automobiles			\$ -
12	Computer Application Software (Non-Systems)			\$ -
13 ₁	Lease # 1			\$ -
13 ₂	Lease # 2			\$ -
13 ₃	Lease # 3			\$ -
13 ₄	Lease # 4			\$ -
14	Limited Period Patents, Franchises, Concessions or Licences			\$ -
14.1	Eligible Capital Property (acq'd pre 2017)	\$ 5,533		\$ 5,533
14.1	Eligible Capital Property (acq'd post 2016)	\$ 982		\$ 982
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage			\$ -
42	Fibre Optic Cable			\$ -
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment			\$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment			\$ -
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	\$ 1		\$ 1
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			\$ -
47	Distribution System (acq'd post Feb 22/05)	\$ 977,820		\$ 977,820
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	\$ 5,862		\$ 5,862
95	CWIP			\$ -
36	Land	\$ 7,600		\$ 7,600
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
	SUB-TOTAL - UCC	1,728,205	0	1,728,205



Income Tax/PILs Workform for 2

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital gains reserves ss.40(1)			0
Tax reserves not deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for undelivered goods and services not rendered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & share issue expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)			
General reserve for inventory obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	0	0	0



Income Tax/PILs Workform for 2021 Filers

PILS Tax Provision - Bridge Year

Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	3.2%	\$ 3,448	3.2%	B
Federal (Max 15%)	15.0%	9.0%	\$ 9,696	9.0%	C

Combined effective tax rate (Max 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Bridge Year

Wires Only

Reference

B1 \$ 107,736 **A**

12.20% **D = B + C**

\$ 13,144 **E = A * D**

\$ 2,000 **F**

G

\$ 2,000 **H = F + G**

\$ 11,144 **I = E - H**

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	(A + 101 + 102)		130,600
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		140,000
Amortization of intangible assets	106		1,300
Recapture of capital cost allowance from Schedule 8	107	B8	0
Income inclusion under subparagraph 13(38)(d)(iii)	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations and gifts from Schedule 2	112		
Taxable capital gains	113		
Political contributions	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	0
Reserves from financial statements- balance at end of year	126	B13	0
Soft costs on construction and renovation of buildings	127		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	295		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
	295		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Total Additions			141,300
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	164,164
Terminal loss from Schedule 8	404	B8	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	B13	0
Reserves from financial statements - balance at beginning of year	414	B13	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions			



Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		
Non-taxable imputed interest income on deferral and variance accounts	395		
	395		
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	164,164
Net Income for Tax Purposes		calculated	107,736
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	B4	0
Net capital losses of previous tax years from Schedule 4	332	B4	0
Limited partnership losses of previous tax years from Schedule 4	335		
TAXABLE INCOME		calculated	107,736



Income Tax/PILs Workform for 2021 Filers

Corporation Loss Continuity and Application

Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	H4	0
Amount to be used in Bridge Year	B1	0
Loss Carry Forward Generated in Bridge Year (if any)	B1	0
Other Adjustments		
Balance available for use post Bridge Year	calculated	0

[T4](#)

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	H4	32,887
Amount to be used in Bridge Year		
Loss Carry Forward Generated in Bridge Year (if any)	B1	
Other Adjustments		
Balance available for use post Bridge Year	calculated	32,887

[T4](#)

Income Tax/PILs Workform for 2021 Filers

Schedule 8 CCA - Bridge Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the bridge year	(3) Cost of acquisitions during the year (new property must be available for use, except CWIP)	(4) Cost of acquisitions from column 3 that are accelerated investment incentive property (AIIP)	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)	(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition
1	Buildings, Distribution System (acq'd post 1987)	H8	\$ 187,937				
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	H8	\$ -				
2	Distribution System (acq'd pre 1988)	H8	\$ 433,682				
3	Buildings (acq'd pre 1988)	H8	\$ -				
6	Certain Buildings; Fences	H8	\$ -				
8	General Office Equipment, Furniture, Fixtures	H8	\$ 68,470	\$ 7,500	\$ 7,500		
10	Motor Vehicles, Fleet	H8	\$ 40,318				
10.1	Certain Automobiles	H8	\$ -				
12	Computer Application Software (Non-Systems)	H8	\$ -				
13 ₁	Lease # 1	H8	\$ -				
13 ₂	Lease # 2	H8	\$ -				
13 ₃	Lease # 3	H8	\$ -				
13 ₄	Lease # 4	H8	\$ -				
14	Limited Period Patents, Franchises, Concessions or Licences	H8	\$ -				
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	H8	\$ 5,533				
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	H8	\$ 982				
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage	H8	\$ -				
42	Fibre Optic Cable	H8	\$ -				
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	\$ -				
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	\$ -				
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	H8	\$ 1				
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8	\$ -				
47	Distribution System (acq'd post Feb 22/05)	H8	\$ 977,820	\$ 172,500	\$ 172,500		
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	H8	\$ 5,862				
95	CWIP	H8	\$ -				
36	Land	H8	\$ 7,600				
		H8	\$ -				
		H8	\$ -				
		H8	\$ -				
		H8	\$ -				
		H8	\$ -				
		H8	\$ -				
		H8	\$ -				
	TOTALS		\$ 1,728,205	\$ 180,000	\$ 180,000	\$ -	\$ -

(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) UCC (column 2 plus column 3 plus or minus column 5 minus column 8)	(10) Proceeds of disposition available to reduce the UCC of AIIP (column 8 plus column 6 minus column 3 plus column 4 minus column 7) (if negative, enter "0")	(11) Net capital cost additions of AIIP acquired during the year (column 4 minus column 10) (if negative, enter "0")	Relevant factor	(12) UCC adjustment for AIIP acquired during the year (column 11 multiplied by the relevant factor)	(13) UCC adjustment for non-AIIP acquired during the year (0.5 multiplied by the result of column 3 minus column 4 minus column 6 plus column 7 minus column 8) (if negative, enter "0")	(14) CCA Rate %	(15) Recapture of CCA	(16) Terminal Loss	(17) CCA (for declining balance method, the result of column 9 plus column 12 minus column 13, multiplied by column 14)
		\$ 187,937	\$ -	\$ -	0.50	\$ -	\$ -	4%			\$ 7,517
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	6%			\$ -
		\$ 433,682	\$ -	\$ -		\$ -	\$ -	6%			\$ 26,021
		\$ -	\$ -	\$ -		\$ -	\$ -	5%			\$ -
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	10%			\$ -
		\$ 75,970	\$ -	\$ 7,500	0.50	\$ 3,750	\$ -	20%			\$ 15,944
		\$ 40,318	\$ -	\$ -	0.50	\$ -	\$ -	30%			\$ 12,095
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	30%			\$ -
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	100%			\$ -
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA			
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA			
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA			
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA			
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA			
		\$ 5,533	\$ -	\$ -		\$ -	\$ -	7%			\$ 387
		\$ 982	\$ -	\$ -	0.50	\$ -	\$ -	5%			\$ 49
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	8%			\$ -
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	12%			\$ -
		\$ -	\$ -	\$ -	2.33	\$ -	\$ -	30%			\$ -
		\$ -	\$ -	\$ -	1.00	\$ -	\$ -	50%			\$ -
		\$ 1	\$ -	\$ -		\$ -	\$ -	45%			\$ 0
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	30%			\$ -
		\$ 1,150,320	\$ -	\$ 172,500	0.50	\$ 86,250	\$ -	8%			\$ 98,926
		\$ 5,862	\$ -	\$ -	0.50	\$ -	\$ -	55%			\$ 3,224
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	0%			\$ -
		\$ 7,600	\$ -	\$ -		\$ -	\$ -				
		\$ -	\$ -	\$ -		\$ -	\$ -				
		\$ -	\$ -	\$ -		\$ -	\$ -				
		\$ -	\$ -	\$ -		\$ -	\$ -				
		\$ -	\$ -	\$ -		\$ -	\$ -				
		\$ -	\$ -	\$ -		\$ -	\$ -				
		\$ -	\$ -	\$ -		\$ -	\$ -				
		\$ -	\$ -	\$ -		\$ -	\$ -				
		\$ -	\$ -	\$ -		\$ -	\$ -				
\$ -	\$ -	\$ 1,908,205	\$ -	\$ 180,000		\$ 90,000	\$ -		\$ -	\$ -	\$ 164,164

	(18) UCC at the end of the bridge year (column 9 minus column 17)	Working Paper Reference
	\$ 180,420	T8
	\$ -	T8
	\$ 407,661	T8
	\$ -	T8
	\$ -	T8
	\$ 60,026	T8
	\$ 28,223	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ 5,146	T8
	\$ 933	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ 1	T8
	\$ -	T8
	\$ 1,051,394	T8
	\$ 2,638	T8
	\$ -	T8
	\$ 7,600	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
	\$ -	T8
B1	\$ 1,744,041	

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year		Change During the Year	Disallowed Expenses
					Additions	Disposals				
Capital gains reserves ss.40(1)	H13	0		0			0	T13	0	
Tax Reserves Not Deducted for Accounting Purposes										
Reserve for doubtful accounts ss. 20(1)(l)	H13	0		0			0	T13	0	
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0			0	T13	0	
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0			0	T13	0	
Debt & share issue expenses ss. 20(1)(e)	H13	0		0			0	T13	0	
Other tax reserves	H13	0		0			0	T13	0	
		0		0			0		0	
		0		0			0		0	
Total		0	0	0	B1	0	0	B1	0	0
Financial statement reserves (not deductible for tax purposes)										
General Reserve for Inventory Obsolescence (non-specific)	H13	0		0			0	T13	0	
General Reserve for Bad Debts	H13	0		0			0	T13	0	
Accrued Employee Future Benefits:	H13	0		0			0	T13	0	
- Medical and Life Insurance	H13	0		0			0	T13	0	
- Short & Long-term Disability	H13	0		0			0	T13	0	
- Accumulated Sick Leave	H13	0		0			0	T13	0	
- Termination Cost	H13	0		0			0	T13	0	
- Other Post-Employment Benefits	H13	0		0			0	T13	0	
Provision for Environmental Costs	H13	0		0			0	T13	0	
Restructuring Costs	H13	0		0			0	T13	0	
Accrued Contingent Litigation Costs	H13	0		0			0	T13	0	
Accrued Self-Insurance Costs	H13	0		0			0	T13	0	
Other Contingent Liabilities	H13	0		0			0	T13	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	H13	0		0			0	T13	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	H13	0		0			0	T13	0	
Other	H13	0		0			0	T13	0	
		0		0			0		0	
		0		0			0		0	
Total		0	0	0	B1	0	0	B1	0	0



Income Tax/PILs Workform for 2021 Filers

PILs Tax Provision - Test Year

Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	3.2%	-\$ 1,520	3.2%	B
Federal (Max 15%)	15.0%	9.0%	-\$ 4,276	9.0%	C

Combined effective tax rate (Max 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Test Year

Corporate PILs/Income Tax Provision Gross Up ¹

Income Tax (grossed-up)

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

Wires Only

T1 -\$ 47,508 **A**

12.20% **D = B + C**

-\$ 5,796 **E = A * D**

F

G

\$ - **H = F + G**

\$ - **I = E - H**

[S. Su](#)

87.80% **J = 1-D** \$ - **K = I/J-I**

\$ - **L = K + I**

[S. Su](#)



Income Tax/PILs Workform for 2021 Filers

Taxable Income - Test Year

	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes	A.	80,560

	T2 S1 line #		
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104		144,000
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106		
Recapture of capital cost allowance from Schedule 8	107	T8	0
Income inclusion under subparagraph 13(38)(d)(iii) from Schedule 10	108		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	0
Reserves from financial statements- balance at end of year	126	T13	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
Other Additions			
Interest Expensed on Capital Leases	295		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
	295		
	295		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			

Total Additions			144,000
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	T8	272,068
Terminal loss from Schedule 8	404	T8	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	T13	0
Reserves from financial statements - balance at beginning of year	414	T13	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions			
Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		
Non-taxable imputed interest income on deferral and variance accounts	395		
	395		
	395		
	395		
	395		
	395		
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	272,068
NET INCOME FOR TAX PURPOSES		calculated	-47,508
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	T4	0
Net capital losses of previous tax years from Schedule 4	332	T4	0
Limited partnership losses of previous tax years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	-47,508

T0



Income Tax/PILs Workform for 2021 Filers

Schedule 4 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Working Paper Reference	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction				
Actual/Estimated Bridge Year Carried Forward	<u>B4</u>	0		0
Amount to be used in Test Year and Price Cap Years	<u>T1</u>	0		0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	calculated	0		0
Loss Carry Forward Generated in Test Year (if any)	<u>T1</u>	47,508		47,508
Other Adjustments				0
Balance available for use in Future Years	calculated	47,508		47,508

		Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction				
Actual/Estimated Bridge Year Carried Forward	<u>B4</u>	32,887		32,887
Amount to be used in Test Year and Price Cap Years				0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	<u>T1</u>	0		0
Loss Carry Forward Generated in Test Year (if any)				0
Other Adjustments				0
Balance available for use in Future Years		32,887		32,887

Income Tax/PILs Workform for 2021 Filers

Schedule 8 CCA - Test Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the test year	(3) Cost of acquisitions during the year (new property must be available for use, except CWIP)	(4) Cost of acquisitions from column 3 that are accelerated investment incentive property (AIIP)	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)	(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition
1	Buildings, Distribution System (acq'd post 1987)	B8	\$ 180,420				
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	B8	\$ -				
2	Distribution System (acq'd pre 1988)	B8	\$ 407,661				
3	Buildings (acq'd pre 1988)	B8	\$ -				
6	Certain Buildings; Fences	B8	\$ -				
8	General Office Equipment, Furniture, Fixtures	B8	\$ 60,026				
10	Motor Vehicles, Fleet	B8	\$ 28,223	265,000	265,000		
10.1	Certain Automobiles	B8	\$ -				
12	Computer Application Software (Non-Systems)	B8	\$ -				
13 ₁	Lease # 1	B8	\$ -				
13 ₂	Lease # 2	B8	\$ -				
13 ₃	Lease # 3	B8	\$ -				
13 ₄	Lease # 4	B8	\$ -				
14	Limited Period Patents, Franchises, Concessions or Licences	B8	\$ -				
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	B8	\$ 5,146				
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	B8	\$ 933				
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage	B8	\$ -				
42	Fibre Optic Cable	B8	\$ -				
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	\$ -				
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	\$ -				
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	B8	\$ 1				
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	\$ -				
47	Distribution System (acq'd post Feb 22/05)	B8	\$ 1,051,394	122,500	122,500		
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	B8	\$ 2,638				
95	CWIP	B8	\$ -				
36	Land	B8	\$ 7,600				
		B8	\$ -				
		B8	\$ -				
		B8	\$ -				
		B8	\$ -				
		B8	\$ -				
		B8	\$ -				
		B8	\$ -				
		B8	\$ -				
	TOTALS		\$ 1,744,041	\$ 387,500	\$ 387,500	\$ -	\$ -

(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) UCC (column 2 plus column 3 plus or minus column 5 minus column 8)	(10) Proceeds of disposition available to reduce the UCC of AIIP (column 8 plus column 6 minus column 3 plus column 4 minus column 7) (if negative, enter "0")	(11) Net capital cost additions of AIIP acquired during the year (column 4 minus column 10) (if negative, enter "0")	Relevant factor	(12) UCC adjustment for AIIP acquired during the year (column 11 multiplied by the relevant factor)	(13) UCC adjustment for non-AIIP acquired during the year (0.5 multiplied by the result of column 3 minus column 4 minus column 6 plus column 7 minus column 8) (if negative, enter "0")	(14) CCA Rate %	(15) Recapture of CCA	(16) Terminal Loss	(17) CCA (for declining balance method, the result of column 9 plus column 12 minus column 13, multiplied by column 14)	
		\$ 180,420	\$ -	\$ -	0.50	\$ -	\$ -	4%			\$ 7,217	
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	6%			\$ -	
		\$ 407,661	\$ -	\$ -		\$ -	\$ -	6%			\$ 24,460	
		\$ -	\$ -	\$ -		\$ -	\$ -	5%			\$ -	
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	10%			\$ -	
		\$ 60,026	\$ -	\$ -	0.50	\$ -	\$ -	20%			\$ 12,005	
		\$ 293,223	\$ -	\$ 265,000	0.50	\$ 132,500	\$ -	30%			\$ 127,717	
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	30%			\$ -	
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	100%			\$ -	
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				
		\$ 5,146	\$ -	\$ -		\$ -	\$ -	7%			\$ 360	
		\$ 933	\$ -	\$ -	0.50	\$ -	\$ -	5%			\$ 47	
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	8%			\$ -	
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	12%			\$ -	
		\$ -	\$ -	\$ -	2.33	\$ -	\$ -	30%			\$ -	
		\$ -	\$ -	\$ -	1.00	\$ -	\$ -	50%			\$ -	
		\$ 1	\$ -	\$ -		\$ -	\$ -	45%			\$ 0	
		\$ -	\$ -	\$ -	0.50	\$ -	\$ -	30%			\$ -	
		\$ 1,173,894	\$ -	\$ 122,500	0.50	\$ 61,250	\$ -	8%			\$ 98,812	
		\$ 2,638	\$ -	\$ -	0.50	\$ -	\$ -	55%			\$ 1,451	
		\$ -	\$ -	\$ -	0.00	\$ -	\$ -	0%			\$ -	
		\$ 7,600	\$ -	\$ -		\$ -	\$ -					
		\$ -	\$ -	\$ -		\$ -	\$ -					
		\$ -	\$ -	\$ -		\$ -	\$ -					
		\$ -	\$ -	\$ -		\$ -	\$ -					
		\$ -	\$ -	\$ -		\$ -	\$ -					
		\$ -	\$ -	\$ -		\$ -	\$ -					
		\$ -	\$ -	\$ -		\$ -	\$ -					
		\$ -	\$ -	\$ -		\$ -	\$ -					
		\$ -	\$ -	\$ -		\$ -	\$ -					
\$ -	\$ -	\$ 2,131,541	\$ -	\$ 387,500		\$ 193,750	\$ -		\$ -	\$ -	\$ 272,068	T1

(18) UCC at the end of the test year (column 9 minus column 17)	
\$	173,203
\$	-
\$	383,201
\$	-
\$	-
\$	48,021
\$	165,506
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	4,785
\$	886
\$	-
\$	-
\$	-
\$	-
\$	0
\$	-
\$	1,075,083
\$	1,187
\$	-
\$	7,600
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	1,859,473

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Test Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	
					Additions	Disposals		
Capital Gains Reserves ss.40(1)	B13	0		0			0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	B13	0		0			0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0			0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0			0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0			0	
Other tax reserves	B13	0		0			0	
		0		0			0	
		0		0			0	
Total		0	0	0	T1	0	0	T1
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0			0	
General reserve for bad debts	B13	0		0			0	
Accrued Employee Future Benefits:	B13	0		0			0	
- Medical and Life Insurance	B13	0		0			0	
-Short & Long-term Disability	B13	0		0			0	
-Accumulated Sick Leave	B13	0		0			0	
- Termination Cost	B13	0		0			0	
- Other Post-Employment Benefits	B13	0		0			0	
Provision for Environmental Costs	B13	0		0			0	
Restructuring Costs	B13	0		0			0	
Accrued Contingent Litigation Costs	B13	0		0			0	
Accrued Self-Insurance Costs	B13	0		0			0	
Other Contingent Liabilities	B13	0		0			0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0			0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0			0	
Other	B13	0		0			0	
		0		0			0	
		0		0			0	
Total		0	0	0	T1	0	0	T1

