EXHIBIT 4

OPERATING COSTS

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EXHIBIT 4 – OPERATING EXPENSES

4.1 OVERVIEW

BHI provides an overview of its total operating expenses in this Exhibit 4. These expenses include Operations, Maintenance and Administration ("OM&A") expenditures, Property Taxes, Depreciation and Amortization, and Payments in Lieu of Taxes ("PILS") for the 2014-2019 actuals, 2020 Bridge Year and 2021 Test Year. OM&A reported in this Exhibit is exclusive of property taxes unless specifically indicated otherwise.

BHI adopted new capitalization and depreciation policies under Revised CGAAP effective January 1, 2013 as directed by the OEB[1]; and transitioned to IFRS as of January 1, 2015. This Application is prepared on a MIFRS basis. Differences between 2014 Revised CGAAP and MIFRS were immaterial with the exception of $396,790 in depreciation allocated to OM&A under Revised CGAAP and depreciation expense under MIFRS. This accounts for the difference between the 2014 Actuals under Revised CGAAP and MIFRS, as identified in Table 8 below. These changes are discussed in further detail in Section 4.1.6 of this Exhibit 4.

Table 1 below summarizes BHI's total operating expenses for the 2021 Test Year including a comparison to the 2019 Actuals. BHI proposes to recover total operating expenditures of $29,059,368 in distribution rates in the 2021 Test Year which includes OM&A, Property Taxes, Depreciation and Amortization, and PILs.

Depreciation and Amortization, and PILs are discussed in further detail in Sections 4.4 and 4.5 of this Exhibit 4 respectively.

[1] OEB Letter: *Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013*, July 17, 2012

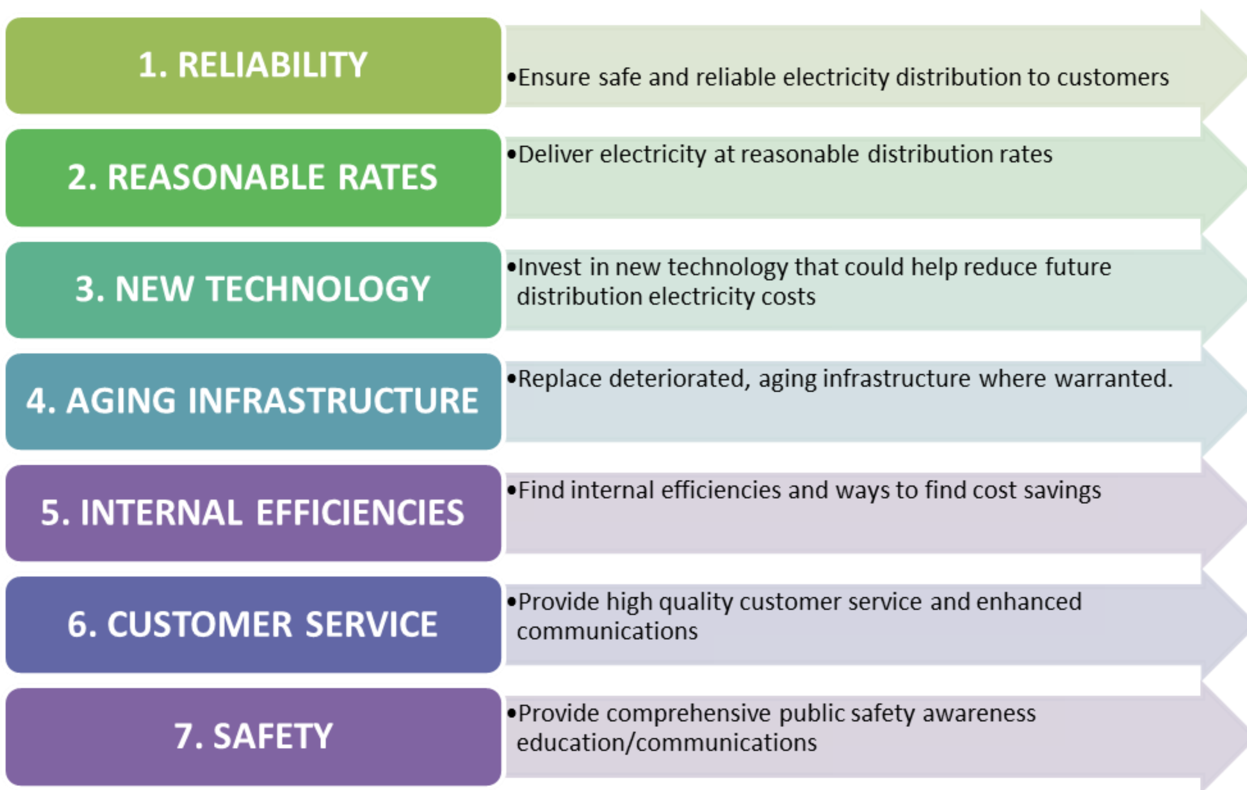
Table 1 – Total Operating Expenditures

Description	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2019 Incr/(Decr)
Total OM&A excluding Property Taxes	**$19,088,544**	**$19,762,504**	**$21,497,775**	**$2,409,231**
Property Taxes	$331,720	$335,996	$341,790	$10,070
Total OM&A including Property Taxes	**$19,420,264**	**$20,098,500**	**$21,839,565**	**$2,419,301**
Depreciation and Amortization	$5,915,357	$6,462,454	$6,883,779	$968,422
PILS	$128,044	$86,504	$336,024	$207,980
Total Operating Expenditures	**$25,463,666**	**$26,647,458**	**$29,059,368**	**$3,595,702**

4.1.0 Executive Summary – OM&A

BHI's OM&A plan is developed to ensure that it continues to provide reliable, efficient and safe energy solutions to the community by achieving its seven core strategic objectives as identified in Figure 1 below. The plan was informed by a number of factors, including operational needs (e.g. requirements relating to capital investment; operations and maintenance; and staffing), legislative and regulatory obligations and ongoing engagement with customers.

Figure 1 – BHI's Strategic Objectives



Total OM&A excluding property taxes for the 2021 Test Year is $21,497,775 representing an increase of $2,409,231 as compared to the 2019 Actuals, as identified in Table 2 below.

Table 2 – Summary OM&A

Description	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 Test Year vs. 2019 Actuals: Total Incr/(Decr)	Incr/(Decr) Due to Inflation	Incr/(Decr) Due to Operational Factors	% of Total Increase
Total Salaries and Benefits [1]	$11,650,860	$11,359,148	$12,361,982	$711,122	$531,025	$180,097	30%
Policy/Business Changes	$720,552	$957,418	$1,363,433	$642,881	$29,110	$613,770	27%
Operational Changes	$747,942	$1,106,006	$1,155,502	$407,560	$30,217	$377,343	17%
Technological Changes	$629,190	$1,005,247	$834,269	$205,079	$25,419	$179,660	9%
Other Costs	$5,340,000	$5,334,685	$5,782,590	$442,590	$215,736	$226,854	18%
Total	**$19,088,545**	**$19,762,504**	**$21,497,775**	**$2,409,231**	**$831,508**	**$1,577,723**	**100%**
Total Ex Salaries and Benefits	**$7,437,685**	**$8,403,356**	**$9,135,794**	**$1,698,109**	**$300,482**	**$1,397,626**	**70%**

1. Includes costs of temporary staff

Salaries and benefits are expected to increase by $711,122 as compared to the 2019 actuals. The majority of this increase is attributable to inflation of $531,025. The remaining amount of $180,097 is attributable to an increase in headcount of $453,931, partly offset by a decrease in expenditures related to temporary staffing of ($273,834):

- BHI had nine (9) vacancies at the end of 2019 which it plans to fill by 2021.
- These vacancies are a result of several factors including a high rate of turnover, particularly retirements since 2014; a competitive job market; a job skills shortage; rapid technological change; and increasing regulatory requirements.
- Temporary staff were hired in 2019, over and above historical levels, in order to fulfill the job duties of the vacant positions. As BHI fills vacancies through 2020 and 2021, expenditures are expected to revert to historical levels by the 2021 Test Year which will partially offset the increase in salaries and benefits.

All other costs are expected to increase by $1,698,109 as compared to the 2019 actuals. The majority of this increase is attributable to operational factors of $1,397,626. The remainder is due to inflation of $300,482. The drivers of the costs associated with BHI's operations are as follows:

- An increase in costs of $642,881 (including inflation) associated with policy decisions and changes in the business environment which are primarily outside of BHI's control:
  - Conversion to monthly billing $279,802;
  - Rate rebasing costs $169,769;

  - OEB regulatory costs $93,107;
  - Bad Debt expense $100,203;
- An increase in costs for third party operations and maintenance programs of $407,560 (including inflation) for which BHI investigated alternatives and selected the option which provided an appropriate balance between costs and operational risks:
  - Provision of Locates $166,299;
  - Vegetation management $241,261;
- An increase in costs primarily driven by technological changes of $205,079 (including inflation); and
- All other costs of $442,590; approximately 50% of which is due to inflation.

These changes are discussed in further detail below.

4.1.1 Associated Cost Drivers and Significant Changes

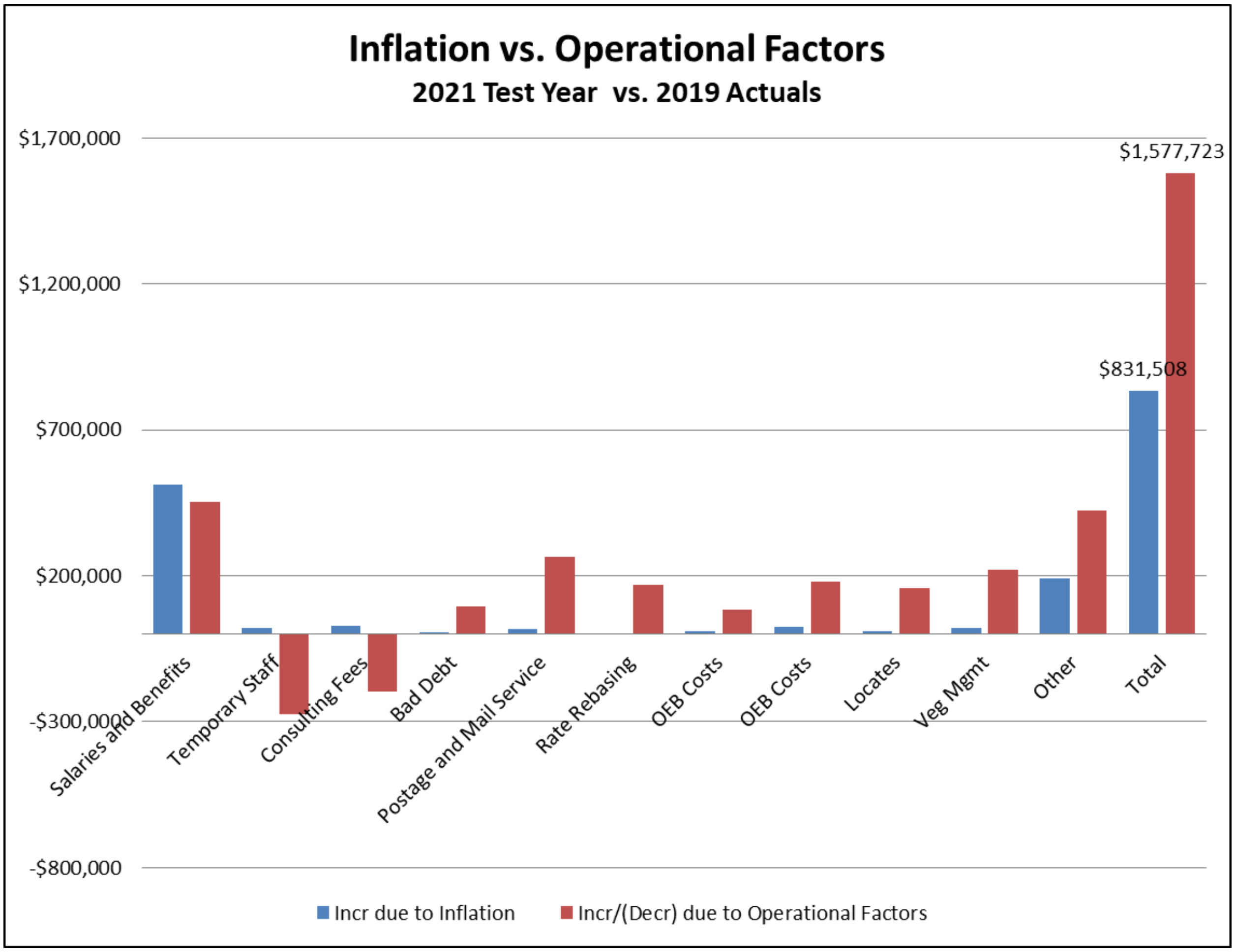
The main drivers of the OM&A increase of $2,409,231 from the 2019 Actuals to the 2021 Test Year are identified in Table 3 below and discussed in detail in Section 4.3 OM&A Program Delivery Costs with Variance Analysis.

Table 3 – OM&A Main Cost Drivers

Description	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2019 Actuals Incr/(Decr)
Total Salaries and Benefits	$11,234,883	$10,979,557	$12,200,880	$965,997
Temporary Staff	$415,977	$379,591	$161,102	($254,875)
Consulting Fees	$669,749	$600,050	$499,312	($170,437)
Bad Debt Expense	$124,797	$338,300	$225,000	$100,203
Postage/Mail Service/Stationery	$380,562	$406,437	$660,364	$279,802
Rate Rebasing Costs	$0	$0	$169,769	$169,769
OEB Regulatory Costs	$215,193	$212,681	$308,300	$93,107
Computer Software	$629,190	$1,005,247	$834,269	$205,079
Locates	$220,701	$387,231	$387,000	$166,299
Vegetation Management	$527,241	$718,775	$768,502	$241,261
Other	$4,670,251	$4,734,635	$5,283,279	$613,027
Total	**$19,088,545**	**$19,762,504**	**$21,497,775**	**$2,409,231**

Approximately 35% or $831,508 of the $2,409,231 increase is due to inflationary increases, primarily in salaries and benefits and other expenditures, as identified in Figure 2 below. The remaining 65% or $1,577,723 is a result of changes in BHI’s operations.

Figure 2 – OM&A 2021 Test Year vs. 2019 Actuals by Major Category



4.1.1.1 Salaries and Benefits

Salaries and benefits are projected to increase by $965,997 from the 2019 Actuals to the 2021 Test Year. Approximately 53% or $512,066 of this increase is a result of salary and wage inflationary increases. The remainder of $453,931 is a result of (i) an increase in headcount; and (ii) merit increases and step progressions for non-union and union staff respectively; partly offset by the replacement of some retired staff with lower salaried employees.

There are several factors which have influenced and continue to influence BHI's staffing levels over the 2014 to 2021 period, resulting in the need to increase salaries and benefits beyond inflation in the 2020 Bridge Year and 2021 Test Year. BHI's workforce has undergone significant change since 2014 as a result of the following internal and external factors:

- BHI has experienced a cumulative 49% turnover rate from 2014 to 2019, representing 45 employees, 31 of which were retirements. Direct replacement costs can be as high as 50% to 60% of an employee's annual salary, with total costs associated with turnover ranging from 90% to 200% of annual salary.[2]

  Replacements for retirees can be filled (i) on a like-for-like basis at the time of retirement or (ii) with an apprentice in advance of the retirement – this is discussed in further detail below. As a result of a competitive labour market and job skills shortage, it has been difficult to hire experienced, competent employees to fill all of these roles at the time the vacancy occurs. It is not a cost effective option for BHI to hire whenever experienced, competent employees become available – this may not align with actual retirement dates and BHI could incur the costs of two employees for one position for an indeterminate, prolonged period of time specifically in the Trades departments. It is not operationally effective for BHI to wait to hire employees until the retirement occurs, for which, in some cases, two weeks' notice is given. Vacant positions in critical roles can put customer and employee safety at risk. To manage the high rate of turnover and balance costs against operational risks, BHI (i) hires replacements in advance of retirements; and (ii) hires temporary staff to cover off job duties until a permanent replacement can be found.

- BHI participates in a competitive labour market which requires it to maintain the market competitiveness of its wage and benefit programs in order to attract and retain workers - BHI employees are often sought after by other organizations that may offer similar roles in other geographic regions. Five employees have voluntarily left to other Ontario LDCs and seven have left to industry organizations or suppliers – attrition due to resignations and terminations has more than doubled over 2015 to 2019 (as compared to 2010 to 2014);
- The electricity distribution sector in Ontario continues to evolve and transform at a rapid pace, driven in a large part by technological changes which are transforming how the electrical system is built, maintained and operated through digital technology. As such, the skills and competencies required to maintain and operate the distribution system are

[2] Society for Human Resource Management ("SHRM") Report – Attracting & Recruiting Talent 2019

changing rapidly, as discussed in BHI's Five-Year Strategic Workforce Plan filed as Appendix A in this Exhibit 4; and BHI has had to create new positions to meet evolving stakeholder needs;

- BHI anticipates a job skills shortage in the following areas from 2020-2022 as identified in Table 2 of Appendix A:
    - Trades (power line technicians, power system operators, systems stations operators)
    - Smart Grid specialists
    - Engineers and Engineering Technologists
    - Information and Communication Technology (information systems analysts, database analysts, computer network technicians and cyber security specialists)

From 2014 to 2019, BHI experienced difficulty staffing vacancies in several departments due to the inability to find skilled labour. From 2017 to 2019 at least one or more of the following positions were in short supply: power system operators, systems station operators, trades supervisors, electrical engineers, smart grid specialists, information systems analysts and consultants, and database analysts and administrators.[3]

The short supply of skilled labour has only exacerbated the problems associated with high turnover. BHI has had difficulty filling the high number of vacancies since 2014; vacancies remain unfilled for longer periods of time; and in some circumstances replacement employees in the management group have been hired at a higher salary than that of their predecessor.

- The lead time for apprentices to reach proficiency in their trade is between four and seven years as identified in Table 9 of Appendix A; and it can be between two and three years or longer, depending on the trade and nature of work to be completed, before they can be included as an independent worker in a work rotation (i.e. not accompanied by a fully competent and proficient worker). As a result, BHI cannot wait until an individual's retirement date to replace that retiree – either the apprentice hired as a replacement does

[3] Appendix A, Table 2, p7

not have the skills required to perform the role safely, reliably or in compliance with legislation; or an equally proficient and competent worker is not available due to the job skills shortage identified above. BHI must hire in advance of retirements to ensure it is adequately staffed to meets its corporate objectives and customer needs. This has several consequences: (i) the requirement to staff two Full Time Equivalents ("FTE") per retirement for a temporary period of time - a full time competent journeyperson and an apprentice requiring training; and as a result (ii) BHI must hire above its optimal head count in some years depending on the number of future retirements; (iii) BHI incurs additional salaries and benefits due to the requirement to temporarily staff two individuals in one position; and (iv) competent, experienced staff incur overtime to compensate for the lack of years of service and experience of apprentices.

These factors are driving the increase in headcount and associated salaries and benefits from the 2019 Actuals to the 2021 Test Year:

- Several departments were not fully staffed in 2019. FTEs and associated salaries and benefits were not representative of the long term level of investment required to safely and reliably deliver electricity to BHI's customers. At the end of 2019, BHI had nine (9) vacancies, seven (7) of which were in operations and maintenance departments. BHI experienced turnover during the year of 15.4% or fourteen (14) FTEs. FTEs at the end of 2019 were 90 as compared to the budget of 100 as identified in Table 4 below;

- BHI has experienced and is expecting a significant number of departures from 2019 to 2025, including 33 retirements, a significant number of which are in the operations and maintenance; and management areas. As stated above, the jobs skills shortage, and comprehensive lengthy training requirements for less experienced and less than fully competent retiree replacements, require that BHI hire in advance of retirements; and
- These incremental costs are partially offset by a decrease in temporary staffing of ($254,875), including inflation from the 2019 Actuals to the 2021 Test Year.

BHI's plans to increase its headcount in the 2020 Bridge Year and the 2021 Test Year to:

- Fill outstanding vacancies;

- Hire new positions to maintain and operate the distribution system; and adapt to changing technological and regulatory requirements; and
- Manage upcoming retirements with minimal disruption while balancing cost, safety and reliability.

Table 4 below identifies the increase in FTE from 90 FTE in 2019 to 107 FTE in the 2021 Test Year.

Table 4 – Change in FTE from 2019 to the 2021 Test Year

Department	2019 Budget	2019 Actuals	Total Departures		Replace-ment/ Workforce Planning	Re-deployed	New Position	2021 Forecast (Dec 31)	Net Change vs. 2019 Actuals
			Attrition (excl. Eliminated Position	Attrition Eliminated Position					
Accounting	5	5	-	-	1	(1)	-	5	-
Administration	5	4	(2)	-	2	-	-	4	-
Billing	4	4	-	-	1	(1)	-	4	-
Communications	2	1	-	-	-	-	1	2	1
Control Room	10	10	(2)	-	3	-	-	11	1
Customer Service	7	6	(1)	-	1	1	-	7	1
Distribution Maintenance and Operations	23	19	(2)	-	5	-	-	22	3
Engineering	17	15	(3)	-	4	1	2	19	4
Human Resources	2	2	-	-	2	-	-	4	2
Information Services	5	5	(1)	-	1	-	1	6	1
Metering	5	4	-	-	2	-	-	6	2
Purchasing	3	3	(1)	-	1	-	-	3	-
Regulatory	2	3	(1)	-	-	-	1	3	-
Regulatory - CDM	-	-	-	-	-	-	-	-	-
Safety	2	2	-	-	-	-	1	3	1
Stations Maintenance and Operations	8	7	-	-	1	-	-	8	1
Total	**100**	**90**	**(13)**	**-**	**24**	**-**	**6**	**107**	**17**

Ten (10) FTE of the seventeen (17) FTE increase are required to fill vacancies and newly created positions, the latter of which is discussed in further detail in Section 4.3.1.1 of this Exhibit 4. The remaining seven (7) FTE will be eliminated by 2024 as a result of future retirements. BHI must hire above its optimal head count in the 2021 Test Year to ensure it is adequately staffed in 2022-2024 to prudently manage retirements. BHI provides its headcount from 2014 to 2025 in Table 5 below.

Table 5 – FTE Summary 2016 to 2025

Full Time Equivalents	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2016 to 2025
Opening Balance	**89**	**91**	**90**	**92**	**90**	**103**	**107**	**104**	**102**	**100**	**89**
Retirements	(6)	(5)	(3)	(8)	(4)	(9)	(3)	(5)	(2)	(2)	(47)
Attrition (excluding Retirement)	(1)	(2)	(1)	(6)	-	-	-	-	-	-	(10)
New Positions	1	-	-	-	6	-	-	-	-	-	7
Advance Hires	2	2	3	2	3	4	-	-	-	-	16
Replacements	6	4	3	10	8	9	-	3	-	2	45
Closing Balance	**91**	**90**	**92**	**90**	**103**	**107**	**104**	**102**	**100**	**100**	**100**
Net Change in FTE	**2**	**(1)**	**2**	**(2)**	**13**	**4**	**(3)**	**(2)**	**(2)**	**-**	**11**

BHI recognizes that past turnover and future retirements are driving an increase in FTEs in the 2020 Bridge Year and 2021 Test Years. BHI expects to experience a peak in headcount in the 2021 Test Year of 107 FTE as compared to historical and forecasted FTE. However, FTE is expected to return to 2014 OEB-approved levels in 2024 as identified in Table 5 above – the increase in FTE is offset over the 2022-2025 period as retirements occur and BHI's turnover rate returns to more stable, historical levels.

BHI is proposing to amortize the increased costs associated with a one-time peak of 107 FTE in the 2021 Test Year over the 2021-2025 period. The rates set in the 2021 Test Year are effectively in place for a five year period with the exception of adjustments for inflation. As such, if BHI were to request recovery in rates for salaries and benefits based on 107 FTE it would inappropriately over charge rate payers over the five year period. For the purposes of determining the 2021 Test Year OM&A, BHI proposes to reduce the FTE in the 2021 Test Year from 107 FTE to 102.6 FTE which equates to the average forecasted FTE over the 2021 to 2025 period as identified in Table 6 below. It also proposes to reduce the associated salaries and benefits in the 2021 Test Year by $572,068[4] - the equivalent of 4.4 FTEs - so that it recovers the equivalent of 102.6 FTE per annum over the five year period. This adjustment is incorporated into the 2021 Test Year OM&A and discussed in further detail in Section 4.3.0.17 under the Program "FTE Adjustment".

[4] Refer to Section 4.3.0.17

Table 6 – FTE and Salary Adjustment

Year	Actual FTE	FTE in OM&A (EB-2020-0007)	FTE Adjustment	Salary and Benefits Adjustment
2021 Test Year	107.0	102.6	(4.4)	$ (572,068)
2022 Forecast	104.0	102.6		
2023 Forecast	102.0	102.6		
2024 Forecast	100.0	102.6		
2025 Forecast	100.0	102.6		
Average	**102.6**	**102.6**		

Table 7 below compares 2019 Actual total salaries and benefits (including overtime and incentive pay) to the adjusted salaries and benefits included in the 2021 Test Year. The increase in Salaries and Benefits of $965,997 is partly offset by a decrease in temporary staffing costs of ($254,875). Salaries and benefits per FTE are decreasing, despite an approximate inflationary increase of 2% per annum; indicating that BHI is reducing its average staffing costs per employee as it fills vacancies.

Table 7 – Salaries and Benefits per FTE – 2021 Test Year vs. 2019 Actuals

Description	2019 Actuals	2021 Test Year	2021 vs. 2019 Actuals Incr/(Decr)	2021 vs. 2019 CAGR
Salaries and Benefits	$11,234,883	$12,200,880	$965,997	4.2%
FTE	90.0	102.6	12.6	6.8%
Salaries and Benefits per FTE	**$124,832**	**$118,917**	**($5,915)**	**(2.4%)**

Description	2019 Actuals	2021 Test Year	2021 vs. 2019 Actuals Incr/(Decr)	2021 vs. 2019 CAGR
Salaries and Benefits	$11,234,883	$12,200,880	$965,997	4.2%
Temporary Staff	$415,977	$161,102	($254,875)	(37.8%)
Salaries and Benefits incl Temporary Staff	$11,650,860	$12,361,982	$711,122	3.0%
FTE	90.0	102.6	12.6	6.8%
Salaries and Benefits per FTE (including Temporary Staff)	**$129,454**	**$120,487**	**$56,438**	**(3.5%)**

Further details on FTE levels, and salaries and benefits are provided in Sections 4.1.2 and 4.3.1 of this Exhibit.

4.1.1.2 Temporary Staff

Expenditures associated with temporary staffing are expected to decrease by ($254,875) from the 2019 Actuals to the 2021 Test Year. Temporary staffing costs were $415,977 in 2019, higher than historical average and attributable to the number of vacancies. Temporary staff were hired to perform the job functions of employees who had left the organization - fourteen (14) employees left the organization in 2019. The majority of costs were incurred in the following departments: customer service, engineering, human resources and information technology.

4.1.1.3 Consulting Fees

Consulting fees are expected to decrease by $170,437 from the 2019 Actuals to the 2021 Test Year primarily driven by the Engineering and Information Technology Departments.

Consulting Fees are expected to decrease in the Engineering Department. BHI incurred one-time costs in 2019 and 2020 related to the introduction of two new asset management tools – a Program Evaluation Tool and a Project Prioritization Tool. These tools were implemented to better evaluate and prioritize capital programs and projects; and optimally allocate limited capital dollars and resources. These are discussed in further detail in BHI's Distribution System Plan ("DSP") filed as Appendix A of Exhibit 2.

Consulting Fees are also expected to decrease in the Information Technology Department. BHI incurred one-time costs in 2019 and 2020 related to the development and implementation of customer facing applications, cyber security monitoring, deployment of the Ontario Cyber Security Framework, cloud technologies for disaster recovery; and implementation of an Electronic Document Records Management System.

4.1.1.4 Bad Debt Expense

BHI expects bad debt expense to increase by $100,203 from the 2019 Actuals to the 2021 Test Year. Bad debt expense was uncharacteristically low in 2019 and is expected to revert to historical levels in 2021, particularly in light of the potential for commercial write-offs as a result of the COVID-19 pandemic discussed further in Section 4.1.4.6 of this Exhibit 4.

4.1.1.5 Postage/Mail Service/Stationery

The increase of $279,802 from the 2019 Actuals to the 2021 Test Year is directly related to the transition from bi-monthly to monthly billing for residential customers in Q1 2017. The costs associated with the transition to monthly billing were partially offset by the conversion of customers from paper billing to e-billing; and a reduction in working capital requirements. In addition, BHI did not incur additional labour costs in this department as a result of the transition – it absorbed the additional duties within the existing department headcount. Further detail on these costs is provided in Section 9.3.0.1 of Exhibit 9.

4.1.1.6 Rate Rebasing Costs

BHI's costs associated with preparing its 2021 Cost of Service are forecast at $848,844 or $169,769 per year amortized over five years from 2021 to 2025. BHI's last cost of service application (EB-2013-0115) was for the five year period from 2014 to 2018 over which the costs associated with preparing that application were amortized. As such there are no rate rebasing costs in 2019. These costs are discussed in further detail in Section 4.3.0.14.

4.1.1.7 OEB Regulatory Costs

OEB regulatory costs include the OEB Annual Assessment and Cost Awards. The OEB revised its Cost Assessment Model effective April 1, 2016 which materially changed the amount charged to LDCs for the OEB Annual Assessment,[5] and was the primary driver of the increase of $93,107 from the 2019 Actuals to the 2021 Test Year. These costs are discussed in further detail in Section 4.3.0.14.

4.1.1.8 Computer Software

Computer Software costs are expected to increase by $205,079 from the 2019 Actuals to the 2021 Test Year primarily driven by increased expenditures associated with BHI's Supervisory Control and Data Acquisition system ("SCADA") and an increase in support associated with BHI's Geographic Information System ("GIS") as a result of the implementation of a new GIS in 2020 (annual license fees and integration costs).

4.1.1.9 Locates

Locate costs have increased from the 2019 Actuals to the 2021 Test Year by $166,299. In an effort to find efficiencies, BHI switched locate providers in 2018 and negotiated a reduction in the hourly charge for locates, which resulted in a significant reduction in total cost. However, BHI was unable to meet its obligations under the Ontario Underground Infrastructure Notification System

[5] OEB Letter re *Revisions to the Ontario Energy Board Cost Assessment Model*, February 9, 2016

Act, 2012 as a result of an unanticipated increase in locate volume in Halton Region and the City of Hamilton, due to Bell's new Fibre-to-the-home projects. BHI's locate provider, who serviced Burlington Hydro and a large part of this area was not able to accommodate the increase in locate requests. As a result BHI was not able to respond to all excavation requests within five business days in 2019. Its appointment scheduled metric for locates for 2019 was 41%; the inability to complete locates in the five-day timeframe increased the risk of infrastructure damage, loss of service, and injury. Since that time BHI has taken the following actions, effective in 2020, to eliminate the late delivery of locate responses:

- Increased locating resources with its existing contractor;
- Created efficiencies within the existing contractor's ticket management software; and
- Contracted with a second locator to respond to hydro locate requests only in approximately 60% of BHI's service area.

As a result, costs associated with the provision of locates has increased. BHI rejected the status quo due to the unacceptable implications to safety of remaining with one locate provider. This change is discussed in further detail in Section 4.3.0.7 below.

4.1.1.10 Vegetation Management

Costs have increased by $241,261 from the 2019 Actuals to the 2021 Test Year driven by current market costs for vegetation management reflected in a three-year contract awarded by BHI in December 2019 for 2020 to 2022. This cost also includes tree trimming as requested by BHI's customers and emergency vegetation management primarily due to extreme weather. Approximately 10% or $21,301 of the increase can be attributed to inflation. This change is required to ensure the safe and reliable distribution of electricity. BHI minimized these costs by changing the structure of its tree trimming contract to allow for more than one successful proponent i.e. the contract was awarded by section and zone as discussed in further detail in Section 4.3.0.7 below.

4.1.1.11 Other

Costs have increased by $613,027 from the 2019 Actuals to the 2021 Test Year. Inflation accounts for $188,678 or 31% of this increase. The remaining $427,489 can be attributed to several departments and is discussed in further detail in Section 4.3 of this Exhibit 4.

4.1.1.12 Realized Efficiencies and Improvements

BHI has realized efficiencies which have mitigated the OM&A increases such as:

- Eliminated seven full time positions as follows:
  - Storekeeper (Purchasing Department)
  - Stations Maintenance Technician (Stations Maintenance and Operations Department)
  - IT Support Analyst (Information Technology Department)
  - Stations Lead Hand (Stations Maintenance and Operations Department)
  - CDM Manager (Regulatory Department)
  - Executive Assistant (Administration Department)
  - Locator (Distribution Maintenance and Operations Department)
- Mitigated the cost associated with the transition to monthly billing by increasing the penetration of e-billing, which is significantly less expensive than paper billing. BHI has converted approximately 25,000 or 36% of its customers to e-billing. BHI did not increase its headcount as a result of this transition - incremental effort required to produce monthly bills was absorbed within the existing headcount in the department;
- Changed its process for field collection services to (i) move to an hourly versus piece rate and (ii) eliminate hand delivery; to offset the lost revenue as a result of the elimination of the collection of account charge;
- Enhanced its credit management process to mitigate costs associated with bad debt:
  - Purchased an annual Credit Insurance Policy through Euler Hermes at the end of 2019 to protect it against large customer specific catastrophic losses;
  - Subscribed to Triggers in 2018 - an automated account management tool provided by Equifax Canada. Triggers assists BHI to monitor and action vital changes in its customers' credit profiles before BHI's revenues and account receivables are impacted. Alerts are triggered by changes in credit score, credit balance, credit utilization, address changes and new credit inquiries.

- Realized efficiencies in its benefits program
  - BHI tendered benefits with its GridSmartCity Partners in 2014 realizing an overall premium decrease of 5.6% savings in 2015 for Health, Dental, Long Term Disability and Life insurance benefits;

  - Realized savings in 2017 as part of the collective bargaining process;
  - Changed its health and dental benefits provider in 2018 at an initial cost savings of 11%; and to avoid higher cost increases in 2021 to 2025 and ensure employee claims were audited and in alignment with BHI's policy;
- Reduced vehicle operations and maintenance costs due to regularly scheduled maintenance of vehicles, a minimum of twice a year, using synthetic oils and annual rust inhibitor spraying;
- Maintained OM&A costs in certain departments at lower than the cost of inflation since its last rebasing application (Accounting, Facilities, Fleet, Metering, and Stations);
- Implemented a new front end phone service including an enhanced Interactive Voice Response ("IVR") in 2016;
- Replaced its telephone infrastructure in 2019 and implemented cloud based call centre management;
- Implemented a new Payroll and Human Resource Information System ("HRIS") to consolidate core HR functions into one system. BHI now uses automated versus manual timesheets; and leverages the flexible reporting and payroll functions offered by the new HRIS. The current HRIS centralizes the payroll processes and allows for employees in the field and office to access all timesheet functions, facilitating the storage of information in a central repository and standardization of processes.
- Implemented a new Geographic Information System ("GIS") in January 2020 to improve business processes through new system functionality. This change was driven by software incompatibility and obsolescence of the legacy GIS.
- BHI plans to implement a new CIS in 2020 which will enable:
  - Enhanced 24x7 online customer access to billing and consumption data;
  - Customer centric website portal with My Account features, such as e-bills and e-bill notification, consumption presentation, TOU toolkit, and transaction history;
  - More efficient changes in billing and rate changes;
  - Easily configurable on-bill messaging to support corporate or regulator notifications;
  - Faster deployment of new functionality in response to public policy initiatives and regulatory changes;

- Current technology platform which positions BHI to support advanced self-serve customer service options such as 24X7 move in/move out smart phone app;
- Faster processing of field based electronic service orders; and
- Near real-time open data access for customers using third party applications.

BHI plans to implement a new Enterprise Resource Planning System ("ERP") which will enable BHI to meet evolving operational, regulatory and customer requirements. The ERP is expected to streamline business processes, automate reporting, provide enhanced end user reporting, and reduce manual entry. BHI's ERP is approaching obsolescence due to the lack of vendor support and other functional deficiencies. This replacement is discussed in further detail in Section 2.2.3 of Exhibit 2.

4.1.2 Overall Trends in Costs

4.1.2.0 Overview

OM&A costs in the 2021 Test Year have increased by $4,194,801 and $4,651,236 since BHI's OEB-approved 2014 Cost of Service (EB-2013-0115) and the 2014 Actuals as identified in Tables 8 and 9 below, respectively.

Table 8 – OM&A 2021 Test Year vs. 2014 OEB-approved

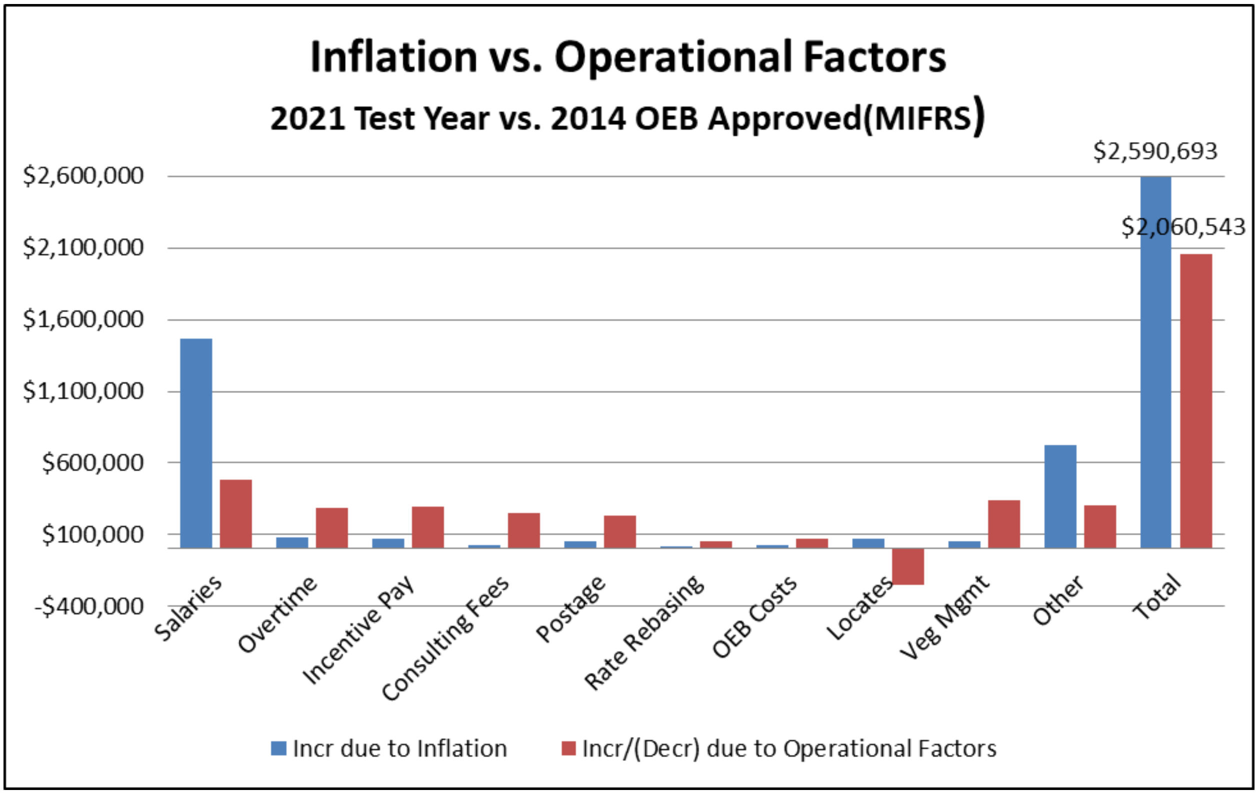
Description	2014 Cost of Service (Revised CGAAP)	2014 Cost of Service (MIFRS)	2021 Test Year (MIFRS)	2021 vs. 2014 CoS (MIFRS) Incr/(Decr)	2021 vs. 2014 CAGR
Total OM&A excluding Property Taxes	**$17,687,000**	**$17,302,974**	**$21,497,775**	**$4,194,801**	**3.1%**

Table 9 – OM&A 2021 Test Year vs. 2014 Actuals by Major Category

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2021 Test Year	2021 vs. 2014 Actuals Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits (Base)	$8,645,545	$8,645,545	$10,591,545	$1,946,000	2.9%
Overtime	$477,057	$477,057	$843,891	$366,834	8.5%
Incentive Pay	$403,303	$403,303	$765,444	$362,141	9.6%
Consulting Fees	$222,055	$222,055	$499,312	$277,257	12.3%
Postage/Mail Service/Stationery	$378,615	$378,615	$660,364	$281,749	8.3%
Rate Rebasing Costs	$98,788	$98,788	$169,769	$70,981	8.0%
OEB Regulatory Costs	$206,685	$206,685	$308,300	$101,615	5.9%
Locates	$564,636	$564,636	$387,000	($177,636)	(5.3%)
Vegetation Management	$381,080	$381,080	$768,502	$387,422	10.5%
Other	$5,865,567	$5,468,777	$6,503,649	$1,034,872	2.5%
Total	**$17,243,330**	**$16,846,540**	**$21,497,775**	**$4,651,236**	**3.5%**

Approximately 56% or $2,590,693 of the $4,651,236 increase is due to inflationary increases, primarily in salaries and benefits and other expenditures, as identified in Figure 3 below. The remaining 44% or $2,060,543 is a result of changes in BHI's operations, some of which are outside of its control as discussed below.

Figure 3 – OM&A 2021 Test Year vs. 2014 Actuals by Major Category



The conversion to monthly billing, consulting fees associated with technological changes, regulatory costs and vegetation management are contributing to the increase in OM&A costs since BHI's last OEB-approved Cost of Service. Approximately 50% or $973,483 of this increase is due to inflation as identified in Table 10 below. The remaining amount is due to operational factors discussed in further detail below.

Another key driver is salaries and benefits including overtime and incentive compensation as identified in Table 10 below. These account for 57% of BHI's total OM&A budget for the 2021 Test Year.

Table 10 – Contributing Factors to OM&A Increase over Time

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2021 Test Year	2021 Test Year vs. 2014 Actuals			% Total OM&A
				Incr/(Decr) Total	Incr/(Decr) Due to Inflation	Incr/(Decr) Due to Operational Factors	
Total Salaries and Benefits	$9,525,904	$9,525,904	$12,200,880	$2,674,976	$1,617,211	$1,057,765	56.8%
All Other	$7,717,426	$7,320,636	$9,296,896	$1,976,260	$973,483	$1,002,778	43.2%
Total	**$17,243,330**	**$16,846,540**	**$21,497,775**	**$4,651,236**	**$2,590,693**	**$2,060,543**	**100.0%**

Table 11 below identifies the FTE changes by department from the 2014 Actuals to the 2021 Test year.

Table 11 – FTE changes from 2014 Cost of Service to 2021 Test Year

Department	2014 CoS	2014 Vacancies	2014 Actuals	Total Departures		Replace-ment/ Workforce Planning	Re-deployed	New Position	2021 Forecast (Dec 31)	Net Change vs. 2014 CoS
				Attrition (excl. Eliminated Position	Attrition Eliminated Position					
Accounting	6	0	6	-3	0	4	-2	0	5	-1
Administration	5	0	5	-2	-1	2	0	0	4	-1
Billing	4	0	4	-3	0	5	-2	0	4	0
Communications	1	0	1	0	0	0	0	1	2	1
Control Room	9	-1	8	-7	0	10	0	0	11	2
Customer Service	7	-1	6	-3	0	2	2	0	7	0
Distribution Maintenance and Operations	23	0	23	-10	-1	9	1	0	22	-1
Engineering	13	0	13	-7	0	10	1	2	19	6
Human Resources	1	0	1	0	0	2	1	0	4	3
Information Services	6	0	6	-4	-1	3	0	2	6	0
Metering	7	-3	4	-2	0	6	-2	0	6	-1
Purchasing	4	0	4	-2	-1	1	1	0	3	-1
Regulatory	2	0	2	-2	0	2	0	1	3	1
Regulatory - CDM	1	0	1	0	-1	0	0	0	0	-1
Safety	2	0	2	-1	0	1	0	1	3	1
Stations Maintenance and Operations	9	-1	8	-2	-2	4	0	0	8	-1
Total	**100**	**-6**	**94**	**-48**	**-7**	**61**	**0**	**7**	**107**	**7**

As previously mentioned BHI's workforce has experienced significant change since its last Cost of Service as follows: significant turnover, an increasingly competitive labour market, rapid technological and regulatory changes, and job skills shortages, Furthermore, the nature of the industry requires that, for some positions, employees both new to BHI and the industry undergo comprehensive training before becoming fully competent and proficient in their roles. The combination of the above factors presents BHI with the following challenges:

- Due to market competitiveness it cannot always replace a competent, experienced retiree with a new hire at the same level of competence and experience in the same year;
- The high incidence of turnover since 2014 has made it difficult to hire up to BHI's optimal staffing level – 55 employees are expected to leave BHI over the seven year period ending in 2021 as identified in Table 11 above (45 left from 2014 to 2019). BHI expects to hire

61 new employees over the same period. The Human Resources department cannot keep pace with recruitment required to reach FTE optimal capacity and the Hiring Manager's department is short staffed resulting in a prolongation of the recruitment process. These changes are discussed in further detail in Section 4.3.1 Workforce Planning and Compensation;

- The high number of new hires has resulted in a significant number of BHI's employees (48%) with less than five years of experience with the company as identified in Figure 8 in Section 4.3.1.1;
- Delays in hiring can result in a shortage of resources to maintain and operate the system; and a reliance on an inexperienced or inadequately trained workforce to perform highly complex, safety sensitive tasks. Following each retirement or attrition, BHI is faced with a loss of knowledge and experience; and the need to train and develop workers who are new hires or internally promoted. This in turn can lead to an increase in overtime and/or burnout for existing staff who are required to do more with less resources; and
- Apprentices can be hired to replace retirees but they are not proficient or fully competent for a number of years and as such a training overlap to achieve a continuity of skills and proficiency is required.

These challenges have had a direct influence on the FTE and OM&A expenditure levels from 2014 to the 2021 Test Year. BHI hires in advance of retirements to ensure it is adequately staffed to meets its corporate objectives and customer needs. It is in a unique position in the 2020 Bridge Year and the 2021 Test year where it is hiring to (i) fill past vacancies as a result of significant past turnover; and (ii) replace upcoming retirements in the period from 2022-2024. This has resulted in an increase in salaries and benefits since 2019. Overtime has increased since 2014 in part due to the high incidence of turnover. Less experienced employees take more time to complete the same tasks as a more experienced employee; and more experienced employees incur overtime to compensate for the lack of years of service and experience of apprentices.

To manage these challenges BHI has taken the following actions:

- Hired, and continues to hire replacement employees;
  - To fill existing vacancies as a result of attrition; and

    - To fill future vacancies as a result of upcoming retirements to account for the lead time to train new workers and transfer corporate and technical knowledge from experienced workers.
- Continued its focus on on-boarding, training and development;
- Created new positions to meet changing technological and regulatory requirements - some of these have been offset by elimination of existing positions as identified in Section 4.3.1 - Workforce Planning and Compensation of this Exhibit 4; and
- Changed the design of BHI's overall incentive plan to be more competitive with market rates; and modified performance metrics.

BHI provides a summary of the changes in OM&A by category from the 2014 Actuals to the 2021 Test Year below, as identified in Table 9 above.

4.1.2.1 Base Salaries and Benefits

Base salaries and benefits are projected to increase by $1,946,000 or 2.9% from the 2014 Actuals to the 2021 Test Year. Approximately 75% or $1,465,817 of this increase is a result of salary and wage inflationary increases. The remaining 25% is a result of (i) an increase in headcount; and (ii) merit increases and step progressions for non-union and union staff respectively. At the end of 2014, BHI had six vacancies; Full time equivalents ("FTEs") at the end of 2014 were 94 as compared to the 2014 Cost of Service budget of 100. The forecasted increase in headcount as compared to the 2014 actuals is a result of filling vacant positions and succession planning for past and future retirements. BHI created seven new positions to adapt to changing technological and regulatory requirements as discussed above; however these were offset by the elimination of an equivalent number of positions.

Further details are provided in Sections 4.1.2 and 4.3.1 of this Exhibit 4.

4.1.2.2 Overtime

BHI expects an increase in overtime from the 2014 Actuals to the 2021 Test Year primarily in operations departments due to (i) inflationary increases of $80,883, accounting for 22% of the increase; (ii) an increased number of outages and repairs as a result of extreme weather events (discussed in further detail in Section 4.1.4.5 below); (iii) after-hours equipment failures; and (iv) the significant rate of turnover since 2014. Recent turnover from 2019-2021 is expected to impact

2021-2025 as existing, experienced workers staff are required to perform current duties and train new, less experienced workers, some of whom are apprentices who require between four and seven years to reach proficiency in their trade as discussed above. A significant number of BHI's employees (48%) have less than five years of experience with the company – typically less tenured employees take more time to complete the same tasks as a more experienced employee.

4.1.2.3 Incentive Pay

BHI has increased its incentive compensation from $403,303 in the 2014 actuals to $765,444 in the 2021 Test Year. Changes to the incentive compensation plan were based on the recommendations of an independent third party consultant's report.[6] The report determined that BHI's incentive program for its non-union employees was not competitive with its industry and geographic peers and a change in incentive program design was required to attract and retain competent workers. Further details are provided in Section 4.3.1 of this Exhibit 4. Approximately 20% or $70,510 of the increase is due to inflationary increases.

4.1.2.4 Consulting Fees

Consulting fees have increased by $277,257 or 12.3% from the 2014 Actuals to the 2021 Test Year primarily driven by the Engineering and Information Technology Department.

Consulting Fees have increased in the Engineering Department as a result of the development an engineering procedure guide; and operating costs associated with CYME Power Engineering Software implementation and the replacement of BHI's GIS in January 2020.

Consulting Fees have increased in the Information Technology Department as a result of the challenging and rapid technology changes within the IT infrastructure support arena including the ever advancing cyber security threat landscape. Changes since 2014 include moving to an outsourced model for cyber security monitoring; leveraging cloud technologies for disaster recovery; implementation of an Electronic Document Records Management System; and an increase in security and management of customer facing applications on a 24X7 basis. These changes are discussed in more detail in Section 4.3.0.12 of this Exhibit.

[6] Incentive Program Review, Willis Towers Watson, October 2016

4.1.2.5 Postage/Mail Service/Stationery

The increase of $281,749 from the 2014 Actuals to the 2021 Test Year is directly related to (i) the transition from bi-monthly to monthly billing for residential customers in Q1 2017 of $231,402; and (ii) inflation of $50,347. The costs associated with the transition to monthly billing were partially offset by the conversion of customers from paper billing to e-billing; and a reduction in working capital requirements. Further detail on these costs is provided in Section 9.3.0.1 of Exhibit 9.

4.1.2.6 Rate Rebasing Costs

BHI's costs associated with preparing its 2021 Cost of Service are forecast at $848,844 or $169,769 per year amortized over five years from 2021 to 2025. This compares to a total cost of $493,940 or $98,788 per year amortized over five years from 2014 to 2018. The primary driver of the increase is staffing; and consultant costs associated with meeting the filing requirements associated with Customer Engagement and the Asset Condition Assessment. These costs account for $284,989 of the increase and are discussed in further detail in Section 4.3.0.14.

4.1.2.7 OEB Regulatory Costs

OEB regulatory costs include the OEB Annual Assessment and Cost Awards. The OEB revised its Cost Assessment Model effective April 1, 2016 which materially changed the amount charged to LDCs for the OEB Annual Assessment,[7] and was the primary driver of the increase of $101,615 from the 2014 Actuals to the 2021 Test Year.

4.1.2.8 Locates

Locate costs have decreased from the 2014 Actual to the 2021 Test year by ($177,636) driven by (i) a reduction in the hourly charge for locates ($252,720); party offset by (ii) inflation of $75,084. BHI switched locate providers in 2018 and negotiated a reduction in the hourly charge for locates, which resulted in a significant reduction in total cost. These costs are discussed in further detail in Section 4.3.0.7 below.

4.1.2.9 Vegetation Management

Costs have increased by $387,422 from the 2014 Actuals to the 2021 Test Year driven by (i) inflation of $50,675; and (ii) and increase of $336,747 driven by current market costs for vegetation management reflected in a three-year contract awarded in December 2019 for 2020

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[7] OEB Letter re *Revisions to the Ontario Energy Board Cost Assessment Model*, February 9, 2016

to 2022. This cost also includes tree trimming as requested by BHI's customers and emergency vegetation management primarily due to extreme weather. This change is required to ensure the safe and reliable distribution of electricity. BHI minimized these costs by changing the structure of its tree trimming contract to allow for more than one successful proponent i.e. the contract was awarded by section and zone as discussed in further detail in Section 4.3.0.7 below.

4.1.2.10 Other

The other category includes expenditures related to Facilities, Advanced Metering Infrastructure Operations, Fleet Maintenance, Insurance, Telephone and Internet expenses, Professional Fees, Training, Equipment Maintenance, Pole and Cable Testing, Director Remuneration, and Credit/Collection costs; among other expenses. Costs have increased by $1,034,872 from the 2014 Actuals to the 2021 Test Year primarily driven inflationary increases of $727,226 or 70%. The remaining increase of $307,646 or 30% is a result of increases below BHI's materiality threshold; but primarily driven by Pole and Cable testing; Telephone and Internet expenses; and credit insurance charges. These costs and variances are discussed in further detail in Section 4.3 of this Exhibit 4.

2014 Actuals were $456,434 below the BHI's last OEB-approved OM&A primarily due to the inability to fill vacancies for planned positions as identified above. This is discussed in further detail in Section 4.3.1.4 of this Exhibit – Employee Costs and Variance Analysis.

4.1.2.11 OM&A per Customer

OM&A per customer has increased from $255 in the 2014 Actuals to $313 in the 2021 Test Year; OM&A per FTE has increased from $177,332 in the 2014 Actuals to $209,122 as identified in Table 12 below.

Approximately 25% of the increase is attributable to operating and maintenance costs:

- Salaries and benefits including overtime associated with extreme weather events
- Engineering consulting fees
- Vegetation management

Approximately 75% of the increase is attributable to administration expenses:

- Salaries and Benefits

- Transition to monthly billing
- Regulatory costs (Rate Rebasing and OEB Assessment Costs)
- Higher customer demand for communications from and with BHI, particularly during outages and severe weather events.
- Information Services costs associated with changes in technology

The majority of these changes are outside of BHI's control:

- Inflation accounts for 87% of the increase in salaries and benefits per employee as identified in Table 14 below;
- Billing costs increases are attributable to the transition to monthly billing as discussed below in Section 4.3.0.3;
- Regulatory Costs increases are attributable to OEB cost assessments and rate rebasing costs - a portion of the increase due to the latter is uncontrollable as a result of changes in filing requirements as discussed below in Section 4.3.0.14;
- FTE increases are largely driven by technological changes, including but not limited to the Information Technology department as discussed below in Section 4.3.0.12.

BHI provides a summary of its recoverable OM&A Cost per Customer and per Full Time Equivalent ("FTE") for the 2014-2019 actuals, 2020 Bridge Year and 2021 Test Year in Table 12 below and in Tab "App.2-L_OM&A_per_Cust_FTE" of the OEB Chapter 2 Appendices filed as Attachment2_Main_OEB_Chapter2Appendices_BHI_10302020 ("Chapter 2 Appendices- Main"). Number of customers is based on the residential, GS<50 kW and GS>50 kW rate classes and represents the average for the year. microFIT and FIT customers are excluded from the total. FTEs are based on the average of the opening and closing balance for the year and are consistent with the FTE reported in OEB Appendix 2-K with the exception of the 2021 Test Year.
OM&A has been reduced in the 2021 Test Year as identified above to adjust the salaries and benefits associated with smoothing out the FTE over the 2021 to 2025 period; as such the average headcount in the 2021 Test Year has also been adjusted (to 102.8 FTE) as identified in Table 13 below. The column "Actual FTE at Year End" represents the number of FTE employed or expected to be employed in the organization at year end. The column "FTE in OM&A (EB-2020-0007)" represents the number of FTE included in OM&A for rate setting purposes, as discussed in detail

in Section 4.3.0.17. The last column represents the average of the opening and closing FTE for each year (based on FTE in OM&A); and is equal to the FTE reported in Table 13.

Table 12 – OM&A per Customer

	Last Rebasing Year 2014 - OEB Approved	Last Rebasing Year 2014 - Actual	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Reporting Basis									
OM&A Costs									
O&M	$ 9,234,805	$ 8,388,490	$ 9,021,618	$ 9,336,894	$ 9,060,749	$ 9,395,431	$ 9,532,930	$ 9,468,183	$ 10,266,612
Admin Expenses	$ 8,452,195	$ 8,458,050	$ 8,694,946	$ 8,751,990	$ 9,103,244	$ 9,410,917	$ 9,555,614	$ 10,294,321	$ 11,231,164
Total Recoverable OM&A from Appendix 2-JB [5]	$ 17,687,000	$ 16,846,540	$ 17,716,565	$ 18,088,884	$ 18,163,993	$ 18,806,348	$ 19,088,544	$ 19,762,504	$ 21,497,775
Number of Customers [2,4]	66,105	66,044	66,389	66,626	66,847	67,334	67,902	68,161	68,623
Number of FTEs [3,4]	100	95	92	90	91	91	91	97	103
Customers/FTEs	661	695	726	740	739	740	746	706	668
OM&A cost per customer									
O&M per customer	$140	$127	$136	$140	$136	$140	$140	$139	$150
Admin per customer	$128	$128	$131	$131	$136	$140	$141	$151	$164
Total OM&A per customer	$268	$255	$267	$271	$272	$279	$281	$290	$313
OM&A cost per FTE									
O&M per FTE	$92,348	$88,300	$98,597	$103,743	$100,119	$103,246	$104,757	$98,116	$99,870
Admin per FTE	$84,522	$89,032	$95,027	$97,244	$100,588	$103,417	$105,007	$106,677	$109,253
Total OM&A per FTE	$176,870	$177,332	$193,624	$200,988	$200,707	$206,663	$209,764	$204,793	$209,122

Notes:

1. If it has been more than four years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than four years ago, a minimum of three years of actual information is required.
2. The method of calculating the number of customers must be identified. Should correspond with data provided in Appendix 2-IB.
3. The method of calculating the number of FTEs must be identified. See also Appendix 2-K.
4. The number of customers and the number of FTEs should correspond to mid-year or average of January 1 and December 31 figures.

Table 13 – 2021 Test Year Average FTE in OM&A

Year	Actual FTE at Year End	FTE in OM&A (EB-2020-0007)	FTE per Appendix 2-L (Average)
2014	94.0	94.0	95
2015	89.0	89.0	92
2016	91.0	91.0	90
2017	90.0	90.0	91
2018	92.0	92.0	91
2019	90.0	90.0	91
2020 Bridge Year	103.0	103.0	97
2021 Test Year	107.0	102.6	103
Average	**105.0**	**102.8**	

BHI provides a comparison of its salaries and benefits per FTE in Table 14 below. The increase in base salaries and benefits (i.e., excluding overtime and incentive pay) is largely attributable (87%) to annual inflationary increases. The remainder is due to step progressions and salary changes beyond inflation.

Table 14 – Base Salaries and Benefits Inflationary Increases

Description	2014 Actuals (MIFRS)	2021 Test Year	2021 vs. 2014 Actuals Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits excluding Overtime	$8,645,545	$10,591,545	$1,946,000	2.9%
FTE	100.0	102.6	2.6	0.4%
Salaries and Benefits per FTE	$86,455	$103,231	$16,776	2.6%

2014 Salaries and Benefits per FTE	**$86,455**	
Annual Inflationary Increases	$14,658	87%
Step Progressions/Other	$2,118	13%
2021 Salaries and Benefits per FTE	**$103,231**	

4.1.3 Inflation Rate Assumed

BHI has used an inflation rate of 2% on non-labour expenditures in 2021, only in the circumstances where the dollar amount of the forecast expenditure was unknown. The inflation rate is equal to the most recent Input Price Index published by the OEB.[8] BHI provides the labour inflation rates in Section 4.3.1.2 of this Exhibit 4.

4.1.4 Business Environment Changes

The business landscape and environment which BHI operates in continues to evolve and change. Factors affecting operating expenses and BHI's broader business plan include:

4.1.4.1 City Growth

The City of Burlington is an area of moderate economic growth, with a fixed urban boundary and a limited supply of land designated for warehouse, manufacturing, and office use. The Ontario government's long-term Places to Grow infrastructure plan has provided an expansion impetus, envisaging the City of Burlington as one of the 25 "Urban Growth Centres" in the Greater Golden Horseshoe. However, the availability of land for residential and commercial expansion is becoming progressively limited as the City of Burlington expands towards the boundary imposed by the Greenbelt, which occupies a large part of its service area. The City of Burlington has responded to the government directive by intensifying vertical development and refurbishment in the downtown core.

4.1.4.2 Competitive Labour Market

BHI's ability to attract and retain proficient and competent workers has been impacted by several factors:

- High workforce turnover rates driven primarily by retirements as discussed above;
- The long lead times required to achieve full competency after a new employee enters a role; and
- Increased competition for skilled labour – BHI expects a job skills shortage in the following areas: Trades, Smart Grid Technology, Engineering and Information and Communication Technology as identified above and in Table 2 of Appendix A.

4.1.4.3 Technological Advancements (including Cyber Security)

BHI must strategically navigate the challenging and rapid technology changes within the industry and the IT infrastructure support arena, including the ever advancing cyber security threat landscape. For BHI, these challenges demand strategic outsourcing of selected IT services in

[8] Ontario Energy Board updates for 2020 EDR applications, October 31, 2019

balance with the realignment of internal IT resource skillsets in order to effectively manage costs and meet IT scheduled commitments.

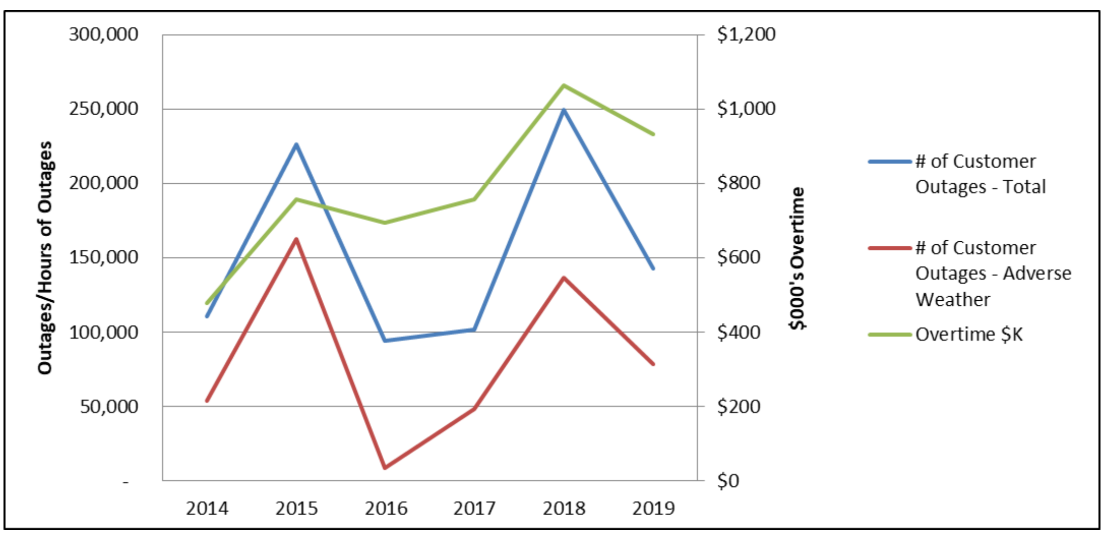
4.1.4.4 Deteriorating Condition of Distribution Infrastructure

A large percentage (26%) of BHI's asset base is in Very Poor, Poor or Fair condition, indicating at a minimum that replacement may be required depending on the asset's criticality. BHI is proposing a proactive replacement program in order to address assets currently in Poor or Very Poor condition, while mitigating the risk of an increasing renewal backlog from the group of assets currently in Fair condition. However, until such time as the backlog is addressed, BHI will continue to incur operating and maintenance efforts related to repairs and restoration of service in the event of failure due to defective equipment. Defective equipment is the largest contributor to the frequency (33 percent), and duration (34 percent) of BHI's outages.[9]

4.1.4.5 Adverse Weather Events

Extreme weather has become a regular condition of operating BHI's distribution system which affects its maintenance and operations plans; and its response to emergencies. Outages due to extreme weather and major event days are identified in Section 5.2.3.1.3 and Appendix 9 of the DSP respectively. Overtime tends to increase during years in which there are a higher number of outages and adverse weather events as identified in Figure 4 below.

Figure 4 – Customer Outages and Overtime $



[9] Distribution System Plan, p 13

4.1.4.6 Impact of COVID-19 Pandemic

The most recent significant business environment change is the COVID-19 pandemic.

The COVID-19 pandemic ("COVID-19"), is an ongoing pandemic caused by and infectious disease, first identified in December 2019 in Wuhan, China. The World Health Organization declared the outbreak a Public Health Emergency of International Concern on January 30, 2020 and a pandemic on March 11, 2020. BHI provides a summary of the impact of the COVID-19 in Section 1.2.7 of Exhibit 1.

BHI has incurred incremental operating costs in 2020 as a result of its response to COVID-19; specifically costs associated with (i) air-gapping crews by setting up separate control room and operations centres; (ii) implementing temporary work from home protocols; (iii) increasing cleaning services; and (iv) purchasing COVID-19 supplies such as hand sanitizer, wipes and masks. BHI has recorded these costs in the OEB's *Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Other Costs* ("Account 1509 – Other Costs) which is to record incremental identifiable costs related to the COVID-19 emergency, including costs relating to bad debt expenses, and as such they are not included in 2020 OM&A. BHI increased its bad debt provision in 2020 to account for additional write-offs for small commercial customers expected as a result of COVID-19; however, it has not recorded this in the Account 1509 – Other Costs. It will record bad debt expense in this account when incurred.

In addition to the incremental costs above, BHI has incurred lost revenue due to a decrease in consumption and demand for the GS<50 kW and GS>50 kW customer classes respectively, as a result of COVID-19 closures in Q2 and Q3. To date, some businesses remain closed and as of the date of filing, the financial impact of COVID-19 in 2020 is uncertain. BHI deferred some of its distribution maintenance activities from Q2 to Q3 and Q4 at the outset of COVID-19 as it was unaware of the extent of the COVID-19 impact on distribution revenues. It has since resumed these activities and as of the date of filing expects to complete all maintenance and inspection activities as originally planned in 2020.

Conservation and demand management programs have also been impacted by COVID-19. On July 22, 2020, the MENDM issued a directive to the IESO mandating the extension of timelines for certain projects and related deadlines under the Conservation First Framework ("CFF") to June 30, 2021. These extensions are intended to offset the disruptions caused by COVID-19 for participants and those businesses involved in delivering CDM programs. The impact to CDM and LRAMVA is discussed further in Section 4.6.

4.1.5 Accounting Policy Changes

BHI adopted new capitalization and depreciation policies under Revised CGAAP effective January 1, 2013 as directed by the OEB.[10] These policies incorporated changes to the useful lives of its capital assets and changes to its capitalization polices with respect to overheads.

4.1.6 Transition to Modified International Financing Reporting Standards ("MIFRS")

BHI transitioned to IFRS as of January 1, 2015 and has prepared this Application on that basis. Since BHIs adopted the new capitalization and depreciation polices on January 1, 2013, these changes were included in its 2014 Cost of Service application (EB-2013-0115) which was filed under Revised CGAAP. There were no material changes between the 2014 Revised CGAAP and MIFRS statements with the exception of $396,790 in allocated depreciation recorded to OM&A under Revised CGAAP and to depreciation expense under MIFRS. These amounts are identified separately by program in Section 4.2 of this Exhibit 4; and in Section 1.4.12.1 of Exhibit 1 as follows:

- Software Amortization – Administration - $260
- Software Amortization – Information Technology Program - $55,438
- Software Amortization – Engineering Program - $262,990
- Software Amortization – Fleet - $78,102

2014 Actuals in all tables are on a MIFRS basis, unless specifically identified otherwise.

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[10] OEB Letter: *Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013*, July 17, 2012

4.1.7 Materiality Threshold

As identified in Section 1.4.6 of Exhibit 1, BHI has calculated its materiality threshold for operating expenditures as $180,000, determined as 0.5% of BHI's proposed 2021 Revenue Requirement of $35,529,884. BHI has provided additional details below the threshold in some circumstances to provide a more robust variance analysis.

4.2 OM&A SUMMARY AND COST DRIVER TABLES

BHI provides a summary of its recoverable OM&A expenditures for the 2014-2019 actuals, 2020 Bridge Year and 2021 Test Year in Table 15 below and in Tab "App.2-JA_OM&A_Summary _Analys" of the Chapter 2 Appendices - Main.

The 2014 Last Rebasing Year – OEB-approved is on a Revised CGAAP basis. The 2014 Last Rebasing Year Actuals are on MIFRS basis. Differences between Revised CGAAP and MIFRS are discussed in Section 4.1.6 of this Exhibit 4.

Table 15 – Recoverable OM&A Expenses

	2014 Last Rebasing Year OEB Approved	2014 Last Rebasing Year Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Reporting Basis									
Operations	$ 5,370,488	$ 5,778,866	$ 5,320,446	$ 5,138,246	$ 3,962,310	$ 4,000,062	$ 4,566,045	$ 4,381,070	$ 4,261,688
Maintenance	$ 3,864,317	$ 2,609,624	$ 3,701,172	$ 4,198,648	$ 5,098,439	$ 5,395,369	$ 4,966,885	$ 5,087,113	$ 6,004,924
SubTotal	**$ 9,234,805**	**$ 8,388,490**	**$ 9,021,618**	**$ 9,336,894**	**$ 9,060,749**	**$ 9,395,431**	**$ 9,532,930**	**$ 9,468,183**	**$ 10,266,612**
%Change (year over year)		-9.2%	7.5%	3.5%	-3.0%	3.7%	1.5%	-0.7%	8.4%
%Change (Test Year vs Last Rebasing Year - Actual)									22.4%
Billing and Collecting	$ 2,326,477	$ 2,356,794	$ 2,285,579	$ 2,266,275	$ 2,246,596	$ 2,648,912	$ 2,278,862	$ 2,877,786	$ 2,999,028
Community Relations	$ 19,500	$ 10,205	$ 27,980	$ 54,320	$ 35,026	$ 25,392	$ 15,271	$ 31,803	$ 36,800
Administrative and General	$ 6,106,218	$ 6,091,051	$ 6,381,387	$ 6,431,395	$ 6,821,621	$ 6,736,613	$ 7,261,482	$ 7,384,732	$ 8,195,335
SubTotal	**$ 8,452,195**	**$ 8,458,050**	**$ 8,694,946**	**$ 8,751,990**	**$ 9,103,244**	**$ 9,410,917**	**$ 9,555,614**	**$ 10,294,321**	**$ 11,231,164**
%Change (year over year)		0.1%	2.8%	0.7%	4.0%	3.4%	1.5%	7.7%	9.1%
%Change (Test Year vs Last Rebasing Year - Actual)									32.8%
Total	**$ 17,687,000**	**$ 16,846,540**	**$ 17,716,565**	**$ 18,088,884**	**$ 18,163,993**	**$ 18,806,348**	**$ 19,088,544**	**$ 19,762,504**	**$ 21,497,775**
%Change (year over year)		-4.8%	5.2%	2.1%	0.4%	3.5%	1.5%	3.5%	8.8%

	2014 Last Rebasing Year OEB Approved	2014 Last Rebasing Year Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Operations	$ 5,370,488	$ 5,778,866	$ 5,320,446	$ 5,138,246	$ 3,962,310	$ 4,000,062	$ 4,566,045	$ 4,381,070	$ 4,261,688
Maintenance	$ 3,864,317	$ 2,609,624	$ 3,701,172	$ 4,198,648	$ 5,098,439	$ 5,395,369	$ 4,966,885	$ 5,087,113	$ 6,004,924
Billing and Collecting	$ 2,326,477	$ 2,356,794	$ 2,285,579	$ 2,266,275	$ 2,246,596	$ 2,648,912	$ 2,278,862	$ 2,877,786	$ 2,999,028
Community Relations	$ 19,500	$ 10,205	$ 27,980	$ 54,320	$ 35,026	$ 25,392	$ 15,271	$ 31,803	$ 36,800
Administrative and General	$ 6,106,218	$ 6,091,051	$ 6,381,387	$ 6,431,395	$ 6,821,621	$ 6,736,613	$ 7,261,482	$ 7,384,732	$ 8,195,335
Total	**$ 17,687,000**	**$ 16,846,540**	**$ 17,716,565**	**$ 18,088,884**	**$ 18,163,993**	**$ 18,806,348**	**$ 19,088,544**	**$ 19,762,504**	**$ 21,497,775**
%Change (year over year)		-4.8%		7.4%	0.4%	3.5%	1.5%	3.5%	8.8%

BHI identifies the cost drivers of OM&A expenses in Table 16 below and in Tab “App.2-JB_OM&A_Cost _Drivers” of the Chapter 2 Appendices - Main. BHI is unable to provide a reconciliation by cost driver of its 2014 OEB-approved OM&A to the 2014 Actuals for the following reasons:

- BHI did not provide an updated OEB Appendix 2-JB in its settlement agreement; OEB Appendix 2-JB filed as part of BHI’s settlement agreement included the OM&A filed with BHI’s initial application; and
- BHI has used different cost drivers in this Application (major expense category) as compared to the 2014 Cost of Service Uniform System of Accounts (“USoA”) Accounts.

As such, BHI has recorded the difference of ($456,434) between the 2014 OEB-approved OM&A and the 2014 actuals in the “Other” category.

Table 16 – OM&A Cost Drivers

OM&A	Last Rebasing Year (Revised CGAAP to MIFRS)	Last Rebasing Year (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Reporting Basis									
Opening Balance²	$17,687,000	$ 17,302,974	$ 16,846,540	$ 17,716,564	$ 18,088,885	$ 18,163,993	$ 18,806,349	$ 19,088,545	$ 19,762,504
Salaries and Benefits			$ 493,185	$ 196,786	$ 439,840	$ 562,656	-$ 298,657	-$ 259,136	$ 1,178,160
Incentive Pay			$ 1,739	$ 42,732	$ 171,578	$ 54,786	$ 44,334	$ 3,810	$ 43,162
Contracted Labour			$ 135,033	-$ 218,258	$ 84,119	$ 66,101	-$ 46,611	-$ 1,803	-$ 76,302
Temporary Staff			$ 81,476	$ 182,343	-$ 32,747	-$ 136,966	$ 226,202	-$ 36,387	-$ 218,489
Consulting Fees			$ 72,626	$ 159,223	-$ 148,771	$ 136,917	$ 227,699	-$ 69,699	-$ 100,738
Postage/Mail Service/Stationery			$ 30,839	-$ 23,852	-$ 12,957	-$ 3,154	$ 11,071	$ 25,875	$ 253,927
Bad Debt Expense			-$ 115,410	$ 77,425	-$ 146,086	$ 369,053	-$ 313,580	$ 213,503	-$ 113,300
Rate Rebasing Costs			$ -	$ -	$ -	$ -	-$ 98,788	$ -	$ 169,769
OEB Regulatory Costs			$ 12,857	-$ 41,609	$ 75,951	-$ 41,896	$ 3,205	-$ 2,512	$ 95,619
Computer Software			-$ 193,882	$ 111,946	-$ 31,641	-$ 103,145	$ 210,996	$ 376,057	-$ 170,978
Locates			-$ 150,217	-$ 14,036	-$ 53,256	-$ 122,838	-$ 3,588	$ 166,530	-$ 231
Vegetation Management			$ 266,235	-$ 48,691	-$ 24,352	-$ 80,166	$ 33,135	$ 191,534	$ 49,727
Materials - Distribution Mtce/Ops			$ 164,442	-$ 100,952	-$ 149,100	-$ 130,720	-$ 58,178	$ 32,041	$ -
Materials - Station Mtce/Ops			-$ 147,795	$ 26,968	-$ 90,845	$ 11,993	-$ 26,620	$ 19,376	$ 1,266
Allocated Depreciation in OM&A	($384,026)								
Other		($456,434)	$ 218,897	$ 22,296	-$ 6,625	$ 59,734	$ 371,575	$ 14,770	$ 623,679
Closing Balance²	$ 17,302,974	$ 16,846,540	$ 17,716,564	$ 18,088,885	$ 18,163,993	$ 18,806,349	$ 19,088,545	$ 19,762,504	$ 21,497,775

Table 17 below summarizes the cumulative change by major cost driver from the 2014 Cost of Service to the 2021 Test Year. Year over Year variances are discussed in further detail in Section 4.3 OM&A Program Delivery Costs with Variance Analysis.

Table 17 – Cumulative OM&A Cost Drivers

Description	$
2014 Cost of Service	**$17,687,000**
Salaries and Benefits	$2,674,976
Consulting Fees	$277,257
Postage/Mail Service/Stationery	$281,749
Rate Rebasing Costs	$70,981
OEB Regulatory Costs	$101,615
Computer Software	$199,353
Locates	($177,636)
Vegetation Management	$387,422
Materials	($448,124)
Other	$443,183
2021 Test Year	**$21,497,775**

BHI provides the overall levels of and changes to total capitalized OM&A for 2017 to 2021 in Table 18 below and in Tab “App.2-D_Overhead” of the Chapter 2 Appendices - Main. Annual variances are a function of the overall type and nature of the capital and operating work being executed by BHI. BHI made changes to its capitalization policies effective January 1, 2013 as discussed in Section 4.1.5 above.

Table 18 – Capitalized OM&A

OM&A Before Capitalization	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Bridge Year	2021 Test Year
Operations and Maintenance	$ 11,143,969	$ 11,443,472	$ 11,682,636	$ 11,399,554	$ 12,637,338
Billing and Collecting	$ 2,246,596	$ 2,648,912	$ 2,278,862	$ 2,877,786	$ 2,999,028
Community Relations	$ 35,026	$ 25,392	$ 15,271	$ 31,803	$ 36,800
Administrative and General (includes donations)	$ 6,821,621	$ 6,736,613	$ 7,261,482	$ 7,384,732	$ 8,195,335
Total OM&A Before Capitalization (B)	$ 20,247,213	$ 20,854,389	$ 21,238,250	$ 21,693,876	$ 23,868,502

Applicants are to provide a breakdown of capitalized OM&A in the below table. Capitalized OM&A may be broken down using the categories listed in the table below if possible. Otherwise, applicants are to provide its own break down of capitalized OM&A.

Capitalized OM&A	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Bridge Year	2021 Test Year	Directly Attributable? (Yes/No)	Explanation for Change in Overhead Capitalized
Direct Labour - Operations/Maintenance/Engineering	$ 1,271,893	$ 1,239,022	$ 1,374,618	$ 1,254,252	$ 1,590,900	Yes	Directly attributable to labour costs charged to capital
Employee Benefits - Operations/Maintenance/Engineering	$ 627,335	$ 626,967	$ 590,922	$ 499,183	$ 579,826	Yes	Directly attributable to labour costs charged to capital
Fleet	$ 183,993	$ 182,053	$ 184,166	$ 177,937	$ 200,000	Yes	Directly attributable to labour costs charged to capital
Total Capitalized OM&A (A)	$ 2,083,220	$ 2,048,041	$ 2,149,706	$ 1,931,372	$ 2,370,726		

% of Capitalized OM&A (=A/B)	10%	10%	10%	9%	10%		

Total OM&A After Capitalization (B-A)	$ 18,163,993	$ 18,806,348	$ 19,088,544	$ 19,762,504	$ 21,497,775

4.3 OM&A PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

4.3.0 Summary by OM&A Program

BHI provides a summary of OEB Appendix 2-JC – OM&A Programs as Table 19 below which identifies OM&A costs by each of the following programs. OEB Appendix 2-JC – OM&A Programs is provided in the Chapter 2 Appendices - Main.

Table 19 – OM&A by Program

Description	2014 CoS	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 MIFRS Actuals Incr/(Decr)	2021 vs. 2014 CAGR
Accounting		$643,925	$643,925	$679,751	$692,289	$609,360	$589,306	$586,931	$601,737	$608,967	($34,958)	(0.8%)
Administration		$2,027,076	$2,026,816	$2,155,209	$2,266,937	$2,446,606	$2,494,889	$2,680,875	$2,635,066	$2,673,579	$646,763	4.0%
Billing		$712,031	$712,031	$746,447	$706,688	$721,189	$712,361	$711,202	$760,793	$1,006,045	$294,014	5.1%
Communications		$185,510	$185,510	$254,375	$245,524	$224,395	$223,722	$283,381	$309,147	$366,481	$180,971	10.2%
Control Room		$1,483,827	$1,483,827	$1,288,581	$1,253,811	$1,435,402	$1,743,528	$1,612,981	$1,600,813	$1,729,177	$245,350	2.2%
Customer Service		$1,116,559	$1,116,559	$1,004,115	$1,104,048	$1,036,364	$1,477,751	$1,080,325	$1,509,343	$1,392,341	$275,782	3.2%
Distribution Maintenance and Operations		$3,389,193	$3,389,193	$4,409,725	$4,290,134	$3,820,764	$3,740,869	$3,585,346	$3,567,372	$4,216,494	$827,301	3.2%
Engineering		$1,522,263	$1,259,272	$1,186,759	$1,771,228	$1,413,632	$1,635,794	$2,078,242	$1,616,539	$2,172,006	$912,733	8.1%
Facilities		$527,141	$527,141	$471,068	$424,055	$418,310	$451,352	$429,895	$477,451	$463,385	($63,756)	(1.8%)
Fleet		$205,211	$127,109	$187,330	$234,473	$229,565	$269,692	$239,333	$244,920	$221,990	$94,881	8.3%
Human Resources		$621,549	$621,549	$580,001	$699,320	$760,628	$773,956	$943,978	$902,408	$1,103,009	$481,460	8.5%
Information Services		$1,101,899	$1,046,461	$1,162,262	$1,082,755	$1,275,599	$1,172,657	$1,234,239	$1,533,606	$1,487,283	$440,822	5.2%
Metering		$1,115,929	$1,115,929	$1,053,110	$1,045,518	$1,294,471	$1,058,305	$1,130,414	$1,266,207	$1,251,247	$135,318	1.6%
Regulatory		$785,425	$785,425	$751,701	$689,890	$740,031	$747,705	$670,591	$677,228	$1,029,102	$243,676	3.9%
Safety		$345,865	$345,865	$435,110	$413,562	$444,731	$451,400	$478,171	$559,249	$754,037	$408,172	11.8%
Stations Maintenance and Operations		$1,386,355	$1,386,355	$1,279,192	$1,095,186	$1,208,672	$1,194,799	$1,278,837	$1,432,635	$1,517,028	$130,673	1.3%
Other - FTE Adj		$0	$0	$0	$0	$0	$0	$0	$0	($572,068)	($572,068)	n/a
Miscellaneous		$73,572	$73,572	$71,830	$73,466	$84,274	$68,263	$63,803	$67,989	$77,673	$4,101	0.8%
Total	**$17,687,000**	**$17,243,330**	**$16,846,540**	**$17,716,565**	**$18,088,884**	**$18,163,993**	**$18,806,348**	**$19,088,544**	**$19,762,504**	**$21,497,775**	**$4,651,236**	**3.5%**

BHI provides a description of each program and a year over year variance analysis from the 2014 Actuals (MIFRS) to the 2021 Test Year. BHI has defined different programs than those identified in its 2014 Cost of Service which are more representative of BHI's business operations. Furthermore, OEB Appendix J-C as filed in BHI's settlement agreement in its 2014 Cost of Service did not reflect the entire OM&A envelope requested for recovery. As such it is not able to provide a comparison to the 2014 OEB Approved Costs on a program basis; however, BHI's 2014 Actuals (Revised CGAAP) were $17,243,330, $443,670 lower than its 2014 OEB Approved costs of $17,687,000 on a Revised CGAAP basis. Therefore, BHI has used the 2014 Actuals (MIFRS) as the basis for comparison.

BHI has further broken down a number of OM&A programs into sub-programs or discrete activity-based areas in order to provide a more thorough variance analysis.

4.3.0.1 Accounting

Program Overview

The Accounting program is responsible for accounts receivable and payable, capital asset accounting, banking, audit, budgeting, financial reporting, IESO settlement, and other reporting (OEB, Statistics Canada, Ministry of Finance); and its costs primarily consist of salaries and benefits to perform these functions.

Program Costs

BHI is budgeting $608,967 in 2021 to execute the functions in the Accounting program as identified in Table 20 below. This represents a decrease of ($34,958) and an average annual decrease of (0.8%) compared to the 2014 Actuals.

Table 20 - Accounting Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Accounting	$643,925	$643,925	$679,751	$692,289	$609,360	$589,306	$586,931	$601,737	$608,967	($34,958)	(0.8%)
Total	**$643,925**	**$643,925**	**$679,751**	**$692,289**	**$609,360**	**$589,306**	**$586,931**	**$601,737**	**$608,967**	**($34,958)**	**(0.8%)**

<u>Variance Analysis</u>

Cost has decreased by ($34,958) from 2014 actuals to the 2021 Test Year primarily driven by replacement of retired staff at lower salaries. There has been no change to number of full time equivalents (“FTEs”).

<u>2014-2021 Variance Explanation</u>

There are no material year-over-year variances for the 2014-2021 period and no significant changes within or outside BHI’s control.

4.3.0.2 Administration

Program Overview

The Administrative program is responsible for the overall governance and leadership of the organization and ensures that an appropriately skilled and experienced BHI Board and executive management team are in place. In addition to the salaries and benefits of executive management and BHI Board remuneration, other expenses incurred by BHI to deliver the governance and leadership necessary for adherence to strong business practices include legal, strategic consulting, industry association dues and risk management (insurance) services. This program also includes the annual incentive compensation expense for all non-union personnel.

<u>Incentive Pay</u>

Incentive Pay includes the annual incentive compensation paid to non-union personnel. BHI's annual incentive compensation plan is discussed in further detail Section 4.3.1 of this Exhibit 4.

<u>Director Remuneration</u>

Director Remuneration includes the annual and per meeting stipends of BHI's Board of Directors. In 2019, the governance model for the holding company, Burlington Hydro Electric Inc. ("BHEI") was restructured and renamed to Burlington Enterprises Corporation ("BEC") to better align with the governance structure supported and preferred by the OEB. This change is discussed further in Section 1.4.15 of Exhibit 1 and resulted in an increase in the size of the BHI Board; and consequently an increase in director remuneration, previously incurred by the BHEI Board.

<u>Insurance</u>

Insurance is the premium cost incurred for Personal Liability and Property Damage coverage provided by the reciprocal insurance exchange MEARIE. Coverage includes general liability, bodily and personal injury, property damage liability, environmental impairment, privacy, cyber and network security, and Director and Officer insurance.

<u>Professional Fees</u>

Professional Fees include both annual audit fees and ongoing legal advice fees. An open request for Proposal ("RFP") was awarded in 2016 for the provision of audit services for the four year period ending in 2019. Legal fees include the cost of legal advice for receivables collection, governance and BHI Board matters, subdivision agreements, right of way agreements and third party contract reviews.

Program Costs

BHI is budgeting $2,673,579 in 2021 to execute the functions in the Administration Program as identified in Table 21 below. This represents an increase of $646,763 and an average annual increase of 4.0% compared to the 2014 Actuals.

Table 21 - Administration Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$1,151,739	$1,151,739	$1,186,323	$1,208,321	$1,279,055	$1,265,350	$1,301,373	$1,297,896	$1,292,740	$141,001	1.7%
Incentive Pay	$403,303	$403,303	$405,042	$447,773	$619,351	$674,137	$718,472	$722,282	$765,444	$362,141	9.6%
Insurance	$167,703	$167,703	$168,483	$163,532	$157,207	$160,109	$146,015	$155,357	$170,000	$2,297	0.2%
Director Remuneration	$9,367	$9,367	$9,685	$9,685	$9,685	$9,684	$32,479	$114,570	$129,756	$120,389	45.6%
Memberships and Dues	$79,864	$79,864	$84,010	$86,302	$81,706	$83,334	$84,968	$84,600	$86,300	$6,436	1.1%
Professional Fees	$49,283	$49,283	$57,092	$48,556	$58,303	$66,399	$88,037	$59,101	$61,300	$12,017	3.2%
Bank Fees	$31,550	$31,550	$32,735	$36,307	$46,366	$47,586	$47,141	$47,737	$48,000	$16,450	6.2%
Administration - All Other	$134,267	$134,007	$211,839	$266,461	$194,933	$188,289	$262,390	$153,522	$120,039	($13,968)	(1.6%)
Total	**$2,027,076**	**$2,026,816**	**$2,155,209**	**$2,266,937**	**$2,446,606**	**$2,494,889**	**$2,680,875**	**$2,635,066**	**$2,673,579**	**$646,763**	**4.0%**

Variance Analysis

Costs have increased by $646,763 from the 2014 Actuals to the 2021 Test Year primarily driven by:

i. An increase in incentive pay of $362,141;
ii. An increase in director remuneration of $120,389; and
iii. An increase in salaries and benefits of $141,001.

The change in incentive pay since 2014 is due to changes to BHI's incentive compensation plan. Changes to the plan were based on the recommendations of an independent third party consultant's report.[11] The report determined that BHI's incentive program for its non-union employees was not competitive and the design of the plan was not comparable to the LDC market overall. BHI made revisions to its plan to retain and attract talent.

[11] Incentive Program Review, Willis Towers Watson, October 2016

The increase in directors' remuneration was as a result of change in corporate structure and the size of the BHI Board as discussed above.

Salaries and benefits have increased by 1.7% on average, less than the rate of inflation. Inflationary increases were partially offset by a reduction in one FTE in 2019 (Executive Assistant) whose duties have been absorbed within and outside the department, and by co-op students to realize savings.

2014-2015 Variance Explanation

Expenditures increased by $128,393 from 2014 to 2015. BHI commenced a two year strategic planning process in concert with the City of Burlington. Both Ernst and Young and KPMG were engaged extensively to assist with the project.

2015-2016 Variance Explanation

Expenditures increased by $111,728 from 2015 to 2016 primarily due to an increase in Incentive Pay and Director Remuneration.

2016-2017 Variance Explanation

Expenditures increased by $179,670 from 2016 to 2017 primarily due to an increase in Incentive Pay of $171,578 as discussed above. Material changes to BHI's incentive compensation plan took effect in 2017.

2017-2018 Variance Explanation

There were no material variances.

2018-2019 Variance Explanation

Expenditures increased by $185,986 from 2018 to 2019 primarily due to (i) an increase in Incentive Pay of $44,334, (ii) an increase in benefits of $36,023 due to one-time costs associated with moving benefit providers from Great West Life to Medavie Blue Cross; and iii) an increase in education and director training associated with corporate governance and directorship. The net savings associated with moving benefit providers is discussed in further detail in Section 4.3.1 of this Exhibit 4.

2019-2020 Variance Explanation

There were no material variances.

2020-2021 Variance Explanation

There were no material variances.

4.3.0.3 Billing

The Billing program is responsible for the accurate and timely billing of residential and commercial customers. This involves collecting, validating, and managing the accuracy of meter data and ensuring the integrity of the billing data received from the provincial Metering Data Management/Repository ("MDM/R"). The Billing program ensures compliance with regulatory requirements and implements changes relating to customer billing including rate changes, annual rate class reclassifications and the Industrial Conservation Initiative ("ICI").

The majority of the costs of the Billing program expenses are salaries & benefits and printing and postage costs associating with issuing customer invoices.

<u>Postage, Mail Service and Stationery</u>

Postage, Mail Service and Stationery costs represent approximately 65% of the Billing program costs in the 2021 Test Year. BHI converted all customers to monthly billing in Q1 2017 and by the end of 2020 expects to issue over 810,000 bills annually for its approximately 68,000 customers. BHI offers its customers electronic billing as a delivery option and has launched several campaigns to encourage customers to sign up for paperless billing to reduce printing and postage costs. More than 36% of BHI's customers receive electronic bills which provide convenience and accessibility.

Program Costs

BHI has budgeted $1,006,045 in the 2021 Test Year to execute the functions in the Billing Program as identified in Table 22 below. This represents an increase of $294,014 and an average annual increase of 5.1% compared to the 2014 Actuals.

Table 22 - Billing Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$294,194	$294,194	$289,507	$282,521	$313,633	$315,578	$288,733	$312,437	$318,959	$24,765	1.2%
Postage	$281,746	$281,746	$309,312	$295,051	$279,333	$283,354	$292,820	$310,000	$503,364	$221,618	8.6%
Mail Service Contract - Billing	$70,983	$70,983	$77,566	$74,538	$69,672	$63,589	$61,871	$70,000	$118,800	$47,817	7.6%
Stationery	$25,886	$25,886	$22,576	$16,013	$23,640	$22,548	$25,871	$26,437	$35,000	$9,114	4.4%
Billing - All Other	$39,223	$39,223	$47,485	$38,566	$34,912	$27,292	$41,907	$41,919	$29,922	($9,301)	(3.8%)
Total	**$712,031**	**$712,031**	**$746,447**	**$706,688**	**$721,189**	**$712,361**	**$711,202**	**$760,793**	**$1,006,045**	**$294,014**	**5.1%**

Variance Analysis

Costs have increased by $294,014 from the 2014 Actuals to the 2021 Test Year primarily driven by an increase in Postage, Mailing and Stationery costs of $278,549. This change was outside of BHI's control – the increase is directly related to the transition from bi-monthly to monthly billing for residential customers in Q1 2017. The net incremental costs associated with this transition were not recorded in the Billing Program until 2021 - they were outside of the base on which BHI's distribution rates were set in its 2014 Cost of Service (EB-2013-0115), and as such BHI applied to the OEB to establish a deferral account to record these costs. The OEB approved this request and directed BHI "*to record the costs and savings incurred from the transition to monthly billing in a deferral sub-account of Account 1508*" until its next cost-based rate order[12]. The costs associated with the transition to monthly billing were partially offset by the conversion of customers from paper billing to e-billing; and a reduction in working capital requirements. Furthermore, BHI has not increased its headcount in the Billing department since 2014; the incremental effort required to produce monthly bills was absorbed within the existing headcount in the department. The balance in this account is discussed in further detail in Section 9.3.0.1 of Exhibit 9.

2014-2021 Variance Explanation

There were no material variances in the Billing program year over year with the exception of 2021 in which the net incremental costs associated with the transition to monthly billing will be recorded for the first time, as discussed above. Salaries and Benefits increased in 2017 due to the addition of temporary staff to assist with the implementation of monthly billing. BHI did not permanently increase its headcount as a result of this transition - incremental effort required to produce monthly bills was absorbed within the existing headcount in the department. In 2019, there were two partial year vacancies in the Billing Program resulting in lower Salaries and Benefits.

[12] p 15, Decision and Rate Order EB-2016-0384, April 20, 2017

4.3.0.4 Communications

Program Overview

The Communications program is accountable for delivering timely, informed and quality communications to BHI's customers and stakeholders as it relates to BHI operations and programs. This can include, but is not limited to: marketing programs, branding initiatives, digital content, social media, promotions, customer engagement activities, media relations and information with direct relevance to the interests of BHI's customers (i.e. outage communications / safety messaging).

BHI undertakes communications planning on an annual basis to assist in anticipating communications issues and to formulate strategic and tactical approaches to address them. BHI strives to contribute to the quality of life in the community it serves, with a focus on corporate responsibility,

Communications are delivered through information-rich channels that are easily accessible to customers. A primary function of the program is to provide enhanced customer engagement and communications, with the goal of helping customers make better choices and create healthy, sustainable results for themselves and the community BHI serves. This includes engaging with customers and stakeholders through community events and festivals, and community-based groups (e.g. Chamber of Commerce, Rotary Clubs).

Communications are also required as public policy evolves in Ontario's electricity space. Examples include communication needs around the Fair Hydro Plan, the switch to monthly billing, bill presentment, and centralization of conservation programs under the IESO, among other changes.

The Communications program functions include:

- Customer Direct communications (e.g. information bulletins, newsletters, inserts, surveys);
- Corporate communications (e.g. annual reporting, news releases, media relations, marketing, branding exercises); and,

- Digital communications (e.g. Twitter, public website).

Customer Direct Communications

By communicating key information proactively and in a timely manner, customers are able to address their concerns and resolve issues without having to contact BHI directly. This consequently mitigates increasing operating costs. This is of particular relevance during power outages and major storm-related incidents (discussed further below under digital communications), but can also be applied to the kind of proactive/preventative information relayed through inserts and customer newsletters on subjects such as electrical safety, conservation, promotions, new services, special initiatives, and billing/public policy changes.

BHI engages customers directly through its annual customer satisfaction surveys which are a yearly sounding board and provide important customer feedback. They are a direct conduit between customers and BHI, and help to prioritize communication initiatives and efforts important to customers. Similarly, results gleaned from the bi-annual Public Awareness of Electrical Safety Survey have helped BHI shape its communications priorities as it relates to educating the public about electrical safety.

Corporate Communications

Corporate communications supports marketing and branding initiatives that strengthen customer relationships and build brand trust.

A trusted corporate brand helps to strengthen the uptake of programs and services. An example of this is BHI's paperless e-billing campaigns – 'Plant-a-Tree in a Community Park' and the 'Joseph Brant Museum Transformation Project'. These campaigns not only increased paperless billing uptake, but supported and provided meaningful donations for popular community initiatives. New e-billing registrations (i) realized overall administrative savings of approximately $11 per year per customer, primarily driven by postage; and (ii) from January 1, 2017 onwards, partially offset the incremental costs of the transition to monthly billing. Table 23 below identifies the increase in the number of BHI customers on e-billing. Approximately 25,000 of BHI's customers receive an e-bill.

Table 23 – Customers Enrolled in E-billing

Description	Time Period			
Start Date	06/2011	09/15/2016	10/01/2017	06/01/2019
End Date	09/14/2016	09/30/2017	05/31/2019	01/31/2020
Campaign	n/a	Plant a Tree	n/a	Joseph Brant Museum
# E-bill Enrollments - Period	15,650	3,456	4,194	1,554
# E-bill Enrollments - Ending	15,650	19,106	23,300	24,854

Promoting the value of electricity in customers' everyday lives and demonstrating BHI's value to the community are important public relation themes. In order to promote this, a 'value proposition' to BHI customers is incorporated into marketing campaigns such as 'Because of You We Shine'. The campaign features relatable locations within Burlington and promotes the importance and value of electricity in customers' everyday lives. Additionally, BHI Open Houses provide an opportunity for the public to see BHI's operations and gain a better sense of what it does and the value it delivers to the community.

Media relations activities, including the issuance of news releases, play an important role in disseminating information important to public safety, public relations and educating customers about the changes in the electricity sector affecting them. Positive local media relationships play a significant role in providing additional information channels, particularly during major storm and outage emergencies.

Importantly, communications support includes programs that feature BHI's most vulnerable customers, including marketing efforts to promote the Low-Income Energy Assistance Program ("LEAP"), the Affordability Fund Trust ("AFT") and the Ontario Electricity Support Program ("OESP").

Corporate Communications also provides annual reporting via publically released Community Reports, which provide highlights of each year's operations, capital programs, campaigns and activities.

Digital Communications

BHI's public website and its social media presence on Twitter expand the range of information exchange available to customers and stakeholders.

A primary objective of digital communications is to provide information that is easily accessed when customers are looking for answers. BHI's Twitter presence has been embraced by stakeholders, media and customers as a go-to source for outage information and other BHI news. BHI's outage map on its public website and tweets that provide up-dates on current outages and storm conditions are important digital tools through which customer expectations are being met.

BHI's public website (burlingtonhydro.com) is continually monitored and revised to ensure the latest news is being communicated and customer information needs are being met. A highly responsive site ensures emergency bulletins and updates can be easily posted on the homepage for easy access by customers, media and stakeholders.

Communications Program Costs

BHI is budgeting $366,481 in 2021 to execute the functions in the Communications Program as identified in Table 24 below. This represents an increase of $180,971 and an average annual increase of 10.2% compared to the 2014 Actuals.

There are a number of factors that account for an increase in expenditures for the Communications Program since 2014. Customers are looking for added tools, information and convenience when dealing with their local utility. The responsibility to inform and/or educate customers about government and industry programs, and increased responsibilities in public safety awareness programs, are just some examples of the kind of enhanced communications being developed and delivered. Several regulatory changes since 2014, as identified in Section 1.2.6.6 of Exhibit 1, have resulted in increased communications expenditures (e.g. website changes and enhancements; and bill inserts). BHI's efforts align with a refreshed customer-centric approach to how it communicates with its customers.

Just as importantly, digital technologies continue to impact all areas of BHI's business, including communications. BHI is serving a more technically savvy and informed customer – whether they are looking for tips and tools to better manage usage and electricity costs, or seeking accurate and timely power outage information. In recent years, BHI's investments in web-based technologies are helping it to respond to those expectations.

Investing in university internships, co-ops, and recent graduate placements, has facilitated managing the increased workload and provided hands-on experience to young people interested in a career in LDC sector communications. Recent one-year internships in 2018/19 and 2019/20 have resulted in an increase in salaries. The Communications program has functioned with only one full time employee in corporate communications since 2012.

How BHI communicates, delivers information and provide resources to its customers impacts its communication approach and associated expenditures. Customer feedback through surveys, social media, or everyday correspondence, continues to shape BHI's approach to delivering cost effective and meaningful programs that customers request and which deliver sustainable benefits to our customers.

Table 24 - Communications Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$118,923	$118,923	$123,269	$128,935	$130,414	$163,776	$198,224	$197,740	$227,216	$108,293	9.7%
Customer Communications	$44,412	$44,412	$89,318	$88,738	$65,097	$45,698	$49,599	$44,035	$77,404	$32,992	8.3%
BHI Website	$20,737	$20,737	$15,172	$18,983	$15,926	$21,799	$32,055	$36,833	$32,004	$11,267	6.4%
Communications - All Other	$1,438	$1,438	$26,616	$8,868	$12,958	($7,551)	$3,503	$30,539	$29,857	$28,419	54.2%
Total	**$185,510**	**$185,510**	**$254,375**	**$245,524**	**$224,395**	**$223,722**	**$283,381**	**$309,147**	**$366,481**	**$180,971**	**10.2%**

Variance Analysis

Costs have increased by $180,971 from the 2014 Actuals to the 2021 Test Year primarily driven by:

i. An increase in salaries and benefits to manage a larger communications portfolio as discussed above;

ii. An increase in website expenses, which includes the development of a new website in 2019/2020; and

iii. An increase in customer communications costs due to an increased and more robust program aimed at engaging BHI customers, including Open Houses in 2016 and 2018 that provided information on available programs (e.g. conservation, safety and engineering services) and included provincial and municipal agencies to showcase their role/programs.

This provided insight and valuable information about BHI's services and the opportunity to positively interact with BHI's customers.

The main change as compared to the 2014 Actual is the addition of 1 FTE in 2020 to manage a larger communications portfolio. BHI managed this cost increase by eliminating the executive assistant position in 2019; and merging these duties into a new role - Communications Associate and Executive Assistant to better meet customers' needs.

2014-2015 Variance Explanation

Expenditures increased by $68,865 from 2014 to 2015. This was due primarily due to an increase in customer communication costs due to (i) the launch of Customer Value Campaign (Shine); (ii) social media set-up; and follow-up communication efforts related to ice storm response (late 2013), including rural customer storm outage/safety inserts and promotion of BHI's new web-based outage map feature. In addition, salaries and benefits increased as a temporary staff member was engaged to manage additional workload.

2015-2018 Variance Explanation

There were no material variances.

2018-2019 Variance Explanation

Expenditures increased by $59,659 from 2018 to 2019. BHI made improvements to its website and hired a student intern to assist with increased communications activities and functions previously managed by the executive assistant in the Administration program.

2019-2020 Variance Explanation

Expenditures are expected to increase by $25,766 from 2019 to 2020 due to one-time costs associated with BHI's 75th Anniversary for branding (video production, website enhancements, new logo), customer engagement and employee communications.

2020-2021 Variance Explanation

Expenditures are expected to increase by $57,334 from 2020 to 2021. This is due to (i) net incremental costs of adding one FTE to assist with increased communications activities and functions previously managed by the executive assistant in the Administration program (the student intern was hired full-time); and (ii) communications costs associated with an Open House for the community to celebrate BHI's 75th Anniversary - the event was postponed from 2020 to 2021 due to the COVID-19 pandemic.

4.3.0.5 Control Room

The primary objective of BHI's control room is the safe and reliable operation of BHI's distribution system. This is accomplished with a full complement of system operators that provide and ensure safe work protection for BHI's employees, its contractors and the public. The control room is responsible for system monitoring, outage management (outage planning for construction and maintenance, dispatching, restoration efforts and event tracking), security monitoring, reviewing and preparing switching orders, communicating with Hydro One Ontario Grid Control Center, updating records and communicating with contractors and customers regarding outages.

BHI's control room is staffed 24 hours a day, 7 days a week and is linked to the distribution system by a data communication network. Information is processed by a Supervisory Control and Data Acquisition ("SCADA") system. Real-time breaker status, and voltage and current readings from five Hydro One transformer stations and 32 BHI substations are communicated to the control room and displayed on the SCADA system. BHI's control room operators continuously monitor the distribution system, relying increasingly on automated devices which are remotely controlled by equipment such as ScadaMates, IntelliRupters, Vista switchgear, and IntelliTeam II devices. The control room and these devices support systems operations, and when necessary, dispatch repair/trouble crews to manage equipment failures. The Control Room also co-ordinates field work to establish and preserve work protection and safe conditions for the crews doing work on the system.

BHI provides control room services to its affiliate, Burlington Electricity Services Inc. ("BESI") five days a week, eight hours a day or on an as needed, as requested basis. This service commenced in late 2017 and requires one FTE. The costs associated with this are not included in the 2021 Test Year OM&A - these costs are recorded in USoA Account 4380 in Other Revenue and identified in Table 60 of Exhibit 3.

The majority of the costs for operating the control room are attributed to labour (salary and benefits). BHI requires eight fully competent and qualified FTE, comprised of seven journey person operators and one supervisor to provide coverage for its 24X7 control room (excluding affiliate requirements). This does not include apprentices; and as such the FTE for this program can be higher to manage current and future workforce planning. The control room had vacancies from 2014 to 2019 as identified in Table 25 below; including the full time supervisor position which was vacant from 2014 to April 2018.

In the event that a full complement of staff is unavailable due to retirements or unplanned vacancies, BHI can incur overtime at a premium to provide adequate coverage, through the assignment of additional shifts. The difficulty in filling the specialized positions in the control room with qualified staff can lead to extended vacancies. In addition, new hires to BHI, whether at the apprentice or journey person level are not permitted to join the control room rotation until they have completed all training and competency requirements. This can result in additional costs – salaries and benefits are incurred for the new hires and overtime is incurred for the fully trained journey person operators who must take on extra shifts to ensure 24X7 coverage.

During 2015-2018, BHI incurred higher overtime to ensure 24X7 coverage, particularly in 2018 during which BHI experienced five major event days. The control room experienced turnover of 67% from 2014 to 2018 (six employees left - four of whom left in 2015 to other organizations) which negatively impacted costs over that period. BHI plans to hire one apprentice in 2021 to replace an upcoming retirement.

Table 25 - Control Room Program FTE

Year	BHI Control Room	BESI Control Room Services	Total
2014 CoS	9		9
2014	5		5
2015	5		5
2016	7		7
2017	7		7
2018	8	1	9
2019	9	1	10
2020	9	1	10
2021	10	1	11

BHI is budgeting $1,729,177 in 2021 to execute all functions in the Control room as identified in Table 26 below. This represents an increase of $245,350 and an average annual increase of

2.2% compared to the 2014 Actuals. This excludes incremental staffing required to provide control room services to BESI - these costs are recorded in Other Operating Revenue as discussed above.

Table 26 - Control Room Program Expenditures - Total

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$1,276,604	$1,276,604	$1,199,033	$1,161,812	$1,291,735	$1,588,943	$1,525,229	$1,506,840	$1,629,270	$352,666	3.5%
Maintenance	$135,949	$135,949	$24,891	$25,221	$85,182	$91,902	$24,253	$25,527	$31,000	($104,949)	(19.0%)
Bell Canada Line Rental	$31,878	$31,878	$32,156	$32,831	$32,795	$33,714	$34,211	$34,967	$35,664	$3,786	1.6%
Tower Rental	$11,400	$11,400	$11,400	$11,400	$11,720	$12,360	$12,360	$12,150	$12,046	$646	0.8%
Fibre Connection - Milton Control Room	$10,080	$10,080	$5,790	$5,400	$5,400	$5,800	$4,950	$5,088	$5,190	($4,890)	(9.0%)
Control Room - All Other	$17,916	$17,916	$15,311	$17,147	$8,570	$10,809	$11,978	$16,241	$16,007	($1,909)	(1.6%)
Total	**$1,483,827**	**$1,483,827**	**$1,288,581**	**$1,253,811**	**$1,435,402**	**$1,743,528**	**$1,612,981**	**$1,600,813**	**$1,729,177**	**$245,350**	**2.2%**

Variance Analysis

BHI Control Room costs are expected to increase by $245,350 from the 2014 Actuals to the 2021 Test Year primarily driven by:

(i) an increase in salaries and benefits of $352,666; partly offset by

(ii) a decrease in system maintenance costs of ($104,949).

There were no significant changes in total control room costs since the 2014 Actuals to the 2021 Test Year with the exception of salaries in benefits. The increase in salaries and benefits is due to annual pay increases and an increase in three FTE as compared to the 2014 actuals. The FTE increase can be attributed to (i) the control room supervisor position which was vacant at the end of and for half of 2014; and (ii) hiring of one apprentice in 2021 to replace a future retirement. The decrease in maintenance costs is due to the transfer of costs to the Station Maintenance Program in 2020 and 2021.

<u>2014-2015 Variance Explanation</u>

Expenditures decreased by ($195,246) from 2014 to 2015 due to (i) a decrease in system maintenance costs of ($111,058) in 2015 as identified above; and (ii) a decrease in salaries and benefits of ($77,751). Four staff members left for other organizations in 2015, and one replacement was hired leaving vacancies for a period of time before the positions were filled and training and competencies for the new hires were completed, prior to joining the shift rotation.

The decrease due to partial year vacancies was partially offset by an increase in overtime incurred by remaining staff members to provide 24X7 coverage.

2015-2016 Variance Explanation

Expenditures decreased by ($34,770) from 2015 to 2016 primarily due to a decrease in salaries and benefits as a result of full year vacancies.

2016-2017 Variance Explanation

Expenditures increased by $181,591 from 2016 to 2017 due to a (i) an increase in salaries and benefits of $129,923 and (ii) an increase in system maintenance of $59,961. BHI hired two apprentices in late 2016. Overtime was incurred at the same levels as 2016 as apprentices do not work control room shifts until training is fully completed; overtime costs for journey person operators are still required for shift coverage.

2017-2018 Variance Explanation

Expenditures increased by $308,126 from 2017 to 2018 due to (i) an increase in salaries and benefits of $297,208 including overtime. FTE increased by a net two employees. BHI hired a control room supervisor in 2018; this position had been vacant since 2014. A senior operator position left BHI for an outside position in 2018. An apprentice operator was hired in 2018 and a replacement journey person operator was hired in late 2018. These partial year vacancies and a high incidence of extreme weather events resulted in a significant increase in overtime. As identified above, apprentices and operators new to BHI are unable to participate in the shift rotation until deemed fully competent in BHI operations. The training and competency process for a new journey person operator is typically six months. As a result, overtime costs were incurred to ensure 24X7 coverage.

2018-2019 Variance Explanation

Expenditures decreased by ($130,547) from 2018 to 2019 primarily driven by a reduction in overtime charges.

2019-2020 Variance Explanation

Expenditures are expected to decrease by ($12,168) from 2019 to 2020 driven by Salaries and Benefits. A full complement of staff and supervisor is forecasted for 2020, partially offset by a reduction in overtime.

2020-2021 Variance Explanation

Expenditures are expected to increase by $128,364 driven by salaries and benefits. BHI expects to hire an apprentice/journey person in 2021 to prepare for an anticipated retirement.

4.3.0.6 Customer Service

Program Overview

The Customer Service program is responsible for customer call centre management and payment and collection functions. The Customer Service program expenses include salaries and benefits of the Customer Service staff, bad debt expense, and costs associated with collections management, credit management, and BHI's telephone and answering system.

BHI provides further details on the major sub-programs in the Customer Service program below.

<u>Bad Debt Expense</u>

BHI attempts to minimize losses prior to account finalization through the application of deposits, modifying billing frequency, placement of outstanding receivables with third party collection agencies and pursuing legal action if applicable. Material bad debt exposure can occur when catastrophic events take place (e.g. large commercial customer insolvencies or unplanned events such as fire/floods that render the customer's property unusable).

Bad Debt Expense associated with customer accounts has fluctuated from 2014 to 2019 as identified in Table 27 below.

Table 27 – Bad Debt Expense

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Bad Debt Expense	$251,327	$251,327	$119,583	$199,041	$80,470	$421,550	$102,391	$313,300	$200,000	($51,327)	(3.2%)
Variance Increase/(Decrease) vs. PY			($131,744)	$79,458	($118,571)	$341,080	($319,159)	$210,909	($113,300)	($113,300)	n/a

The increase in bad debt expense from 2017 to 2018 was due to a material write-off for one of BHI's customers as a result of a significant fire that rendered the customer's production facility unusable and resulted in bankruptcy. BHI expects bad debt expense to be approximately $313,300 and $200,000 per year in 2020 and 2021 respectively, consistent with the level approved in its 2014 Cost of Service. The higher amount in the 2020 Bridge Year includes additional write-offs for small commercial customers as a result of the COVID-19 pandemic.

Collections Management

Collections Management includes Collections Support costs, Collections Charges and Field Collection Services as identified below.

Collections support costs account for approximately 62% of the collections management budget. These charges represent the costs associated with the early stages of BHI's Collections Process (i.e. the period from seven days past due up to the issuance of the Disconnection/Collections notice). BHI's CIS in production up to Q3 2020 (Daffron) does not support automated collections management; specifically, Daffron does not have an automated dialer or the capability to generate Disconnection/Collection notices. As a result, BHI outsources this activity to a third party.

Historically, costs were fairly consistent year over year until 2017 at which time the Winter Disconnection Moratorium ("Moratorium") was introduced by the OEB[13] which now prohibits LDCs from disconnecting residential customers for non-payment from November 15, to April 30. The Moratorium achieved the important outcome of protecting vulnerable customers from disconnection in the winter months, however it resulted in (i) an increase in the number of customers in collections at the end of the moratorium; and (ii) an increase in the overdue balances to be paid, as compared to years when the Moratorium was not in effect. This has resulted in an increase in collections support costs of 80% as compared to the 2014 Cost of Service, as BHI's third party provider was required to hire an additional headcount to support collections outside of the Winter Moratorium.

Field Collections Services account for approximately 29% of the collections management budget. These charges represent the costs associated with producing and distributing BHI's Collection of Account notice which serves as an effective collections tool. BHI implemented two changes to its process to mitigate the impact of lost revenue associated with the elimination of the collection of account charge effective July 1, 2019[14]:

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[13] EB-2017-0318 Decision and Order, *Amending Electricity Distributor Licences to Prohibit the Disconnection of Residential Customers and Related Matters*, November 2, 2017, p 1

[14] EB-2017-0183 *Notice of Amendments to Codes and a Rule Amendment to the Distribution System Code, Standard Supply Service Code, Unit Sub-Metering Code, and Gas Distribution Access Rule (and Associated Rate Order),* March 14, 2019, p 16

- BHI transitioned its payment structure to a flat hourly rate from a per-piece pay rate in 2019
- BHI transitioned its delivery method for its Collection of Account Notice from hand delivery to Canada Post in 2019

The cumulative dollar impact of these changes from July 1, 2019 to April 30, 2021 is expected to be $112,000 and is recorded as an offset to lost revenue associated with the elimination of the collection of account charge. The balance in and disposition of this account are discussed in further detail in Exhibit 9.

Collections charges account for approximately 9% of the collections management budget. These charges represent the commission paid to BHI's third party collection agencies for recovering funds owed to BHI on finalized accounts. BHI assigns accounts with balances owing to third party collections 60 days after the final notice is issued to customers on finalized accounts. The collection agency contacts the customer to recover the amount owing on BHI's behalf. Customers have the option of remitting payment to either BHI or the Collection Agency, which in turn deducts its commission charge and remits the difference to BHI.

Credit Management (Credit Checks/Insurance/Risk Monitoring)

Credit Management includes the costs of credit checks, credit insurance and risk monitoring as identified below:

- BHI provides customers with the option of completing a Deposit Waiver Application which permits BHI to perform a soft credit check against their credit file to determine if they meet the requirements to have their Deposit waived. The costs associated with credit checks are recovered through Specific Service Charges.
- BHI purchased an annual Credit Insurance Policy through Euler Hermes at the end of 2019 to protect it against large customer specific catastrophic losses.
- BHI subscribes to Triggers, an automated account management tool provided by Equifax Canada. Triggers assists BHI to monitor and action vital changes in its customers' credit profiles before BHI's revenues and account receivables are impacted. Alerts are triggered by changes in credit score credit balance, credit utilization, address changes and new credit inquiries.

<u>Interactive Voice Response and Telephone Answering Service</u>

BHI has implemented two enhancements to its telephone system since its 2014 Cost of Service to provide its customers with improved customer service and response times.

2016 – Interactive Voice Response Implementation

BHI implemented a new front end phone service including an enhanced Interactive Voice Response ("IVR") in 2016 to increase inbound call capability and provide enhanced burstable phone availability. Burstable phone availability provides scalability on demand i.e. trunk capacity to take extra simultaneous calls is provided for a limited time when needed, at no charge, which allows BHI to accommodate busy seasons or activity spikes.

One of the outcomes of the 2013 Ice Storm was that BHI investigated ways to avoid customers receiving a busy signal if and when they are calling during mass outages. This was an issue experienced by other LDCs in addition to BHI.[15] One solution to this issue was for BHI to purchase additional trunk capacity on a permanent basis but it would have been at a significant cost to BHI. Ongoing costs would be incurred for capacity required only in the event of disaster or mass outage. As a result, BHI made the decision to migrate to a flexible burstable IVR that would (i) handle call volumes in the event of mass outages, (ii) provide BHI with improved tracking and reporting capability and (iii) provide customers with an enhanced selection of options to assist them with their enquiry.

2019 – Telephone Infrastructure Replacement and Implementation of Cloud-based Call Centre Management

BHI replaced its telephone system in 2019 and implemented cloud based call centre management. These changes allow BHI to administer the call centre queues locally and without the assistance and added cost of a third party vendor. Customers are now able to request call backs instead of waiting in call queues; and BHI plans to implement additional features such as real time chat and automated Email queuing in 2021 coincident with its new CIS implementation.

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[15] p 36, Report from Toronto Hydro to Manager of the City of Toronto, Status of Recommendations from December 2013 Ice Storm Report, June 16, 2015

Program Costs

BHI is budgeting $1,392,341 in 2021 to execute the functions in the Customer Service Program as identified in Table 28 below. This represents an increase of $275,782 and an average annual increase of 3.2% compared to the 2014 Actuals.

Table 28 - Customer Service Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$535,099	$535,099	$515,955	$576,436	$588,557	$595,074	$513,190	$611,837	$629,923	$94,824	2.4%
Temporary Staff	$20,277	$20,277	$45,093	$16,217	$11,084	$36,927	$85,456	$59,385	$28,490	$8,213	5.0%
Bad Debt Expense	$251,327	$251,327	$119,583	$199,041	$80,470	$421,550	$102,391	$313,300	$200,000	($51,327)	(3.2%)
Collections	$169,026	$169,026	$173,459	$162,693	$191,059	$233,941	$212,653	$259,407	$280,836	$111,810	7.5%
Credit Checks/Insurance/Risk Monitoring	$21,674	$21,674	$6,183	$5,826	$7,291	$6,932	$16,687	$78,423	$76,272	$54,598	19.7%
Lockbox	$24,638	$24,638	$24,389	$24,962	$24,974	$25,060	$23,189	$26,328	$26,796	$2,158	1.2%
Interactive Voice Response	$0	$0	$0	$39,750	$39,660	$39,660	$51,800	$83,897	$44,820	$44,820	n/a
Telephone Answering Service	$14,529	$14,529	$45,726	$26,366	$23,584	$28,070	$23,777	$4,457	$30,525	$15,996	11.2%
Customer Service - All Other	$79,989	$79,989	$73,727	$52,757	$69,685	$90,537	$51,182	$72,309	$74,679	($5,310)	(1.0%)
Total	**$1,116,559**	**$1,116,559**	**$1,004,115**	**$1,104,048**	**$1,036,364**	**$1,477,751**	**$1,080,325**	**$1,509,343**	**$1,392,341**	**$275,782**	**3.2%**

Variance Analysis

Costs have increased by $275,782 from the 2014 Actuals to the 2021 Test Year primarily driven by increases in:

i. salaries and benefits of $94,824 due to the replacement of one FTE in 2015 (the Customer Service program was understaffed in 2014 due to an employee retirement - the position was not replaced until partway through 2015);
ii. collections costs of $111,810 as a result of the Moratorium;
iii. credit management of $54,598 primarily due to the purchase of credit insurance in the amount of $75,000; and
iv. Interactive Voice Response and Telephone Answering Service $60,816 as a result of software and infrastructure enhancements;

partially offset by:

v. a decrease in bad debt expense of ($51,327).

There were no significant changes within BHI's control with the exception of the purchase of credit insurance in 2020 to mitigate the financial risk of large customer-specific catastrophic losses. The alternative was status quo which BHI rejected as a result of its historical experience with large customer defaults, specifically in 2014 and 2018.

2014-2015 Variance Explanation

Expenditures decreased by ($112,444) from 2014 to 2015 primarily due to an increase in bad debt expense of ($131,744). Bad debt expense can fluctuate significantly from year to year.

2015-2016 Variance Explanation

Expenditures increased by $99,933 from 2015 to 2016. BHI was short staffed one FTE in 2014 and for the majority of 2015. The increase in salaries was partially offset by a decrease in expenditures for temporary staff. Bad debt expense increased by $79,548 and BHI implemented a new front end phone service including an enhanced IVR as described above.

2016-2017 Variance Explanation

Expenditures decreased by ($67,684) from 2016 to 2017, primarily due to a decrease in bad debt expense.

2017-2018 Variance Explanation

Expenditures increased by $441,388 from 2017 to 2018 primarily due to a material bad debt write-off for one of BHI's large commercial customers as described above.

2018-2019 Variance Explanation

Expenditures decreased by ($397,426) from 2018 to 2019 primarily driven by bad debt expense as a result of the significant write-off in 2018; and favourable salaries and benefits offset by an increase in temporary staff. The Customer Service program experienced a temporary vacancy during the year for which the duties were covered off by temporary staff. The position was permanently filled in 2020.

2019-2020 Variance Explanation

Expenditures are expected to increase by $429,018 from 2019 to 2020 primarily driven by (i) bad debt expense which was uncharacteristically low in 2019 and is expected to increase above historical levels in 2020 due to small commercial write-offs as a result of the COVD-19 pandemic;

(ii) salaries and benefits as a result of a partial year vacancy in 2019 which was offset by the requirement to hire temporary staff; and (iii) an increase in credit management costs. BHI purchased an annual Credit Insurance Policy through Euler Hermes at the end of 2019 to protect it against large customer-specific catastrophic losses.

2020-2021 Variance Explanation

Expenditures are expected to decrease by ($117,002) from 2020 to 2021 primarily driven by a decrease in bad debt expense of ($113,300), which is expected to return to historical levels in 2021.

4.3.0.7 Distribution Maintenance and Operations

Program Overview

The Distribution Operations and Maintenance program is responsible for the on-going operation and maintenance of BHI's overhead and underground distribution system including labour and materials. Primary functions of this program are:

- Distribution Assets Inspection and Maintenance;
- Emergency and Trouble Call Response including Storms;
- Vegetation Management;
- Locates;
- Equipment Maintenance and Repairs;
- Insulator Washing; and
- Switch Cubicle Cleaning

BHI provides emergency and trouble call response 24 hours per day, 7 days per week.

Distribution Assets Inspection and Maintenance

BHI's Inspection and Maintenance activities are summarized in Table 29 below. The inspection activities are primarily conducted by third party contractors. BHI crews perform the majority of the repairs.

BHI outsources its underground inspection; and specialized underground maintenance and repairs to third parties to achieve cost efficiencies. These types of underground activities include locating and repairing defective primary underground circuits and faulted underground secondary circuits; and require specific equipment (e.g. horizontal directional drills) and specialized equipment and skilled labour which BHI does not have on hand or staff for. These costs are included in Contracted Labour and are primarily for civil contractors to excavate and repair primary or secondary cable, engineering designs and inspections. Contracted labour can vary significantly year over year and is directly proportional to the number of underground cable faults. This type of repair work is non-discretionary in the short term.

Table 29 – Inspection and Maintenance Activities

Assets	Category	Activity	Frequency
Overhead distribution assets	Inspections	Visual inspection	3-year cycle
		Infrared scanning	Annually
	Predictive maintenance	Pole testing	After 20 years of service life and every 7 years thereafter
	Preventative maintenance	Vegetation management	3-year cycle
		Load interrupting switch maintenance	3-year cycle
		Insulator Washing	Annually
Underground distribution assets	Inspections	Visual inspection	3-year cycle
		Infrared scanning	Annually
	Preventative maintenance	Switching cubicle cleaning	As required
Station assets	Inspections	Visual inspection	Monthly
	Predictive maintenance	Oil testing of Power Transformers	Annually or monthly/quarterly
	Preventative maintenance	Whole station	5-year cycle
		Breakers and relays	3-year cycle

Overhead Distribution Assets: BHI conducts periodic line patrols to inspect all overhead distribution equipment, including pole-mounted transformers, switches, auxiliary equipment and conductor wire. In addition to line patrols, BHI performs stand-alone pole inspections and wood pole treatment, and thermography patrols. Thermographic scanning is used to detect abnormal temperature conditions or hotspots in equipment and connections. These hotspots left uncorrected will result in mechanical failure and unplanned outages. BHI's service territory is split into three areas and the visual inspections are on a three-year cycle. Pole testing commences after a pole has reached 20 years of its typical useful life and every seven years thereafter. Thermography patrols are completed annually.

Overhead Switch Maintenance & Insulator Washing: BHI conducts two types of overhead preventative maintenance on its overhead distribution system: (i) the periodic inspection and maintenance of overhead switches such as SCADA-Mate and three-phase gang-operated switches; and (ii) the washing of porcelain insulators located at high-risk locations on BHI's 27.6kV network where porcelain insulators are prone to contamination build-up. Insulator washing is discussed in further detail below.

Underground Distribution Assets: BHI conducts visual inspections on its underground distribution assets on a three year cycle and annual infrared scanning. Preventative maintenance on the underground assets includes switching cubicle cleaning (as required and based on inspections), thermography/ultrasound scanning, dry ice cleaning (as required), vault inspection and cleaning, and submersible transformer visual inspection.

Materials

Materials are required to repair or maintain BHI's distribution system, the cost of which is directly proportional to the type of repair or maintenance, the number of failures - which can be rectified by repair - and the incidence of extreme weather events. Material expenditures were significantly higher in 2014 to 2016 due to extreme weather events in 2013 and 2015; in particular ice storms and freezing rain in December 2013 and March 2015. Repairs to BHI's distribution system can sometimes lag months behind the actual extreme weather event, as damage is not always evident and does not immediately cause failures.

Vegetation Management

BHI performs vegetation management on 161 overhead primary feeders extending almost 1,000 circuit kilometres along Burlington's arterial thoroughfares, rights-of-way, and residential streets. These feeders co-exist with the City of Burlington's mature and dense tree canopy which is located on streets, right-of-ways and trees on customer property. The City of Burlington's wooded natural areas cover more than 3,800 hectares with 52,000 street trees. Some of BHI's overhead distribution system runs along/through these wooded areas. BHI conducts trimming of vegetation near overhead feeders to minimize the impact of power interruptions on system reliability as a result of tree damage.

Planned vegetation management activities are executed by contractors with support from BHI's internal resources. Trees and branches are pruned according to minimum clearance standards based on the American National Standards Institute ("ANSI") A300 – Standard Practices for Trees, Shrubs and other Woody Plant Maintenance, and the City of Burlington's Urban Forest Management Plan. In addition to the minimum clearance standards, BHI considers other factors such as:

- Species and growth patterns of a tree: fast-growing trees are trimmed more and slow-growing trees are trimmed less;

- Natural trimming practices: branches are pruned back to a natural point of growth in the crown of the tree and leaders are “trained” (shaped) to grow away from the lines;
- Distance of major limbs that exhibit minimal growth, versus minor branches that can exhibit aggressive growth;
- Directional pruning practices: maintenance of tree shape and branch patterning;
- Overall aesthetics and balance of the tree;
- Removal of dead limbs; and
- Storm hardening: select removal of branches within the canopy to minimize the possible effects of wind and severe weather, but maintain the overall tree appearance.

BHI avoids the practice of “tree topping”, which is the indiscriminate removal of branches to reduce the size of the tree crown. As a result, and given the above-noted factors, BHI mandates the use of certified utility arborists for vegetation management activities with training, knowledge, and certification in the practice of arboriculture.

Vegetation management mitigates the risk of vegetation interference by pruning trees near BHI’s overhead feeders. Vegetation interference is one of the most common causes of power interruptions, as overhead feeders are prone to tree branch contacts. Trees may make contact with distribution feeders as a result of natural growth, or when severe weather causes branches to break and fall onto lines or to bend and make intermittent contact. Conductors on feeders can also naturally stretch and sag due to ice and snow build-up, heavy loading or warm weather, bringing the lines closer to tree limbs. Branch contacts with lines result in a new path for current to travel; causing the branch to become energized which poses a safety risk.

On average, during the years 2015 – 2019, 9% of the outages, 19% of Customers Interrupted, and 17% of Customer Hours Interrupted were a result of tree contact (excluding loss of supply and major events). Vegetation-related power interruptions have a significant impact on system reliability and are second only to defective equipment as the leading cause of system outages. These statistics exclude interruptions that occurred on major event days. During such days, the distribution system is particularly vulnerable to tree contacts and costly tree damage.

As more time passes since the last tree pruning for a particular feeder, it becomes more likely that tree contacts will occur and associated risks will increase (including system reliability, financial, and safety risks). These risks can be effectively mitigated through vegetation management.

Vegetation management is also a widely accepted means of effectively "storm-hardening" a system (i.e. proactively mitigating against storm damage and associated system reliability risks). Storm hardening involves selectively removing portions of a tree canopy to reduce the "sail effect" of branches during high winds and to reduce the likelihood that broken branches will make contact with lines. As such, more frequent tree pruning further reduces risks posed by severe weather.

BHI's distribution system is susceptible to damage from severe weather and storms, as evidenced by the December 2013 ice storm; and more recently three and five major event days in 2019 and 2018 respectively; seven of which were directly attributable to adverse weather. BHI provides a summary of its major event days in Appendix 9 of the DSP.

In many cases, the effects of these storms continue well after the storm has passed. Broken and weakened trees and tree limbs continue to pose a threat to overhead lines until the tree is pruned.

In addition to maintaining system reliability, proper vegetation management can mitigate safety risks, such as trees and vegetation that grows or is blown into power lines. This vegetation can become energized, and in certain situations, can cause fires or cause 'step and touch' potential risks to the general public. Another safety risk stems from branches or trees that bring energized conductors to the ground when they fall, which pose significant safety hazards to the public. Vegetation management is expected to mitigate these risks.

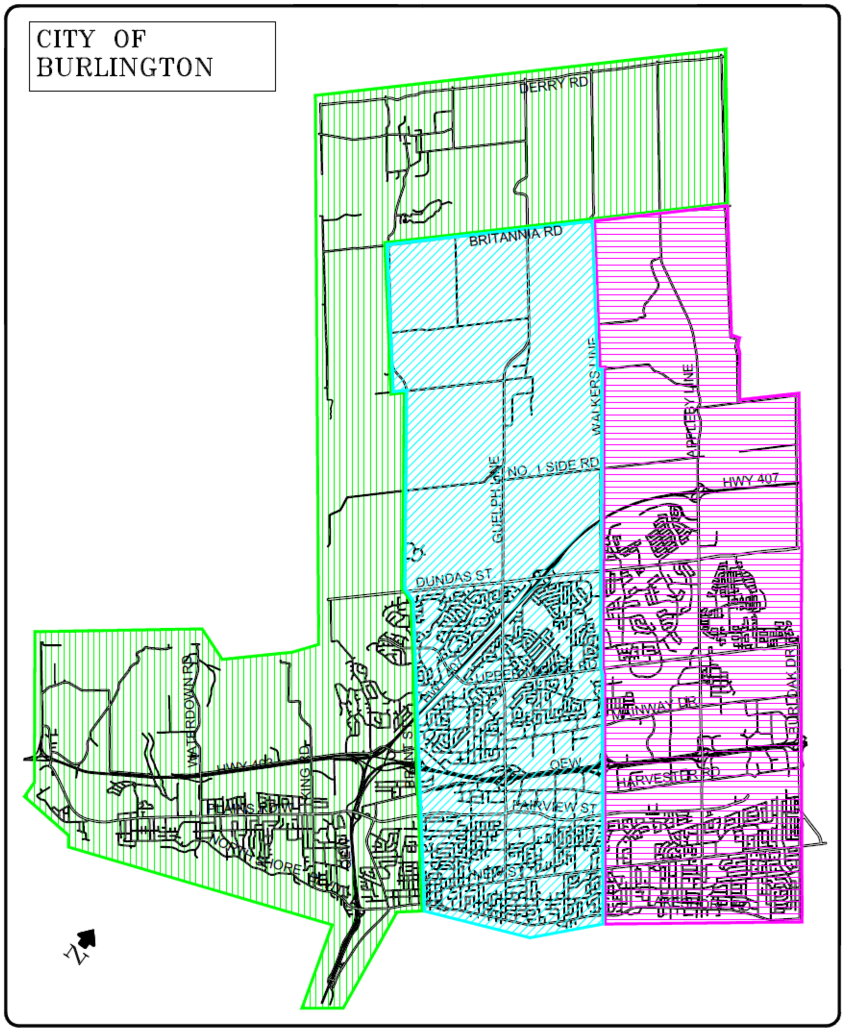
Vegetation risks have been increasing in Burlington in recent years due to invasive species infestation such as the Emerald Ash Borer and the Asian Long-Horned Beetle. Both these species compromise a tree's structural integrity and greatly increase the risk of a branch or tree falling into overhead feeders. Timely vegetation management enables BHI to mitigate the risks associated with invasive species by removing the resulting dead and dying tree limbs.

BHI's service territory is split into three sections with one section being completed each year. i.e. vegetation management is conducted on a three year cycle. BHI clears three meters in from the high voltage lines or wires (primary distribution system) in all directions to address three years of growth. This is an established utility practice. Cutting back further than three meters can compromise tree structure and impact the visual appeal of the mature tree canopy in the City of Burlington.

Sections are divided into a total of 17 zones in order to effectively manage each section. BHI awards the contract through a competitive tendering practice. The tendering process for the 2020- 2022 cycle period was designed to award the contract to multiple vendors based on several criteria, not a sole vendor as had been past practice.

The outcomes of awarding the contract to multiple vendors were (i) to lower the overall cost of vegetation management by awarding the contract by zone as compared to awarding the entire contract to one vendor and (ii) to achieve faster completion of the zones in each section during the January to May prior to commencement of foliage growth. This was facilitated by dividing the work among multiple contractors. The advantage of completing vegetation management earlier in the year mitigates heavy foliage growth which can increase damage to limbs and consequently overhead infrastructure, causing longer power interruptions and higher costs to repair. BHI identifies its three vegetation management sections in Figure 5 and Table 30 below.

1 **Figure 5 - BHI's Vegetation Management Sections**



2

Table 30 – Vegetation Management Areas and Zones

Area/Zone	Street Borders
Area A	West Burlington (Brant St to Highway 6 and all area north of Britannia Rd)
Area B	Central Burlington (Brant St to Walkers Line; Lakeshore Rd to Britannia Rd)
Area C	East Burlington (Walkers Line to Burloak Drive; Lakeshore Rd to Britannia Rd)
Zone 1 - Area C	Walkers to Appleby; Lakeshore to Fairview (mostly rear lot)
Zone 2 - Area C	Appleby to Burloak; Lakeshore to Fairview (mostly rear lot)
Zone 3 - Area C	Appleby to Burloak; Fairview to Dundas
Zone 4 - Area C	Burloak to Walkers; Fairview to Dundas
Zone 5 - Area C	Walkers to Tremaine; Dundas to Britannia
Zone 6 - Area B	Lakeshore to Fairview, Walkers to Guelph
Zone 7 - Area B	Guelph to Brant, Lakeshore to Fairview
Zone 8 - Area B	Fairview to Upper Middle; Walkers to Guelph
Zone 9 - Area B	Guelph to Brant, Fairview to Upper Middle
Zone 10 - Area B	Upper Middle to Dundas, Walkers to Guelph
Zone 11 - Area B	Guelph to Brant, Upper Middle to Dundas
Zone 12 - Area B	Walkers to Brant, Dundas to Britannia
Zone 13 - Area A	Plains Rd to King Rd, North Service Rd to North Shore Blvd
Zone 14 - Area A	Dundas St to North Shore Blvd, King Rd to Brant Street
Zone 15 - Area A	Brittania St to Dundas St, Milborough Town Line to Cedar Springs
Zone 16 - Area A	Derry Rd to Brittania Rd, Milborough Town Line to Guelph Line
Zone 17 - Area A	Derry Rd to Brittania Rd, Guelph Line to Bell School Line

Vegetation Management expenditures include (i) fixed price costs for scheduled vegetation management for a three year cycle based on the contract pricing described above; (ii) variable costs from ‘as requested’ line clearing work as a result of customer calls, trouble calls, and storm related work throughout the year; and (iii) supervisory management.

Locates

BHI is required under the Ontario Underground Infrastructure Notification System Act, 2012 (“the Act”) to identify the location of its underground distribution system when requested, to ensure that homeowners and contractors can dig safely when excavating a new building, repairing buried infrastructure, landscaping or pursuing any other project which requires them to break ground.

This service is referred to as 'cable locating' or 'locates' and is facilitated by Ontario One Call. BHI's duties under the Act include but are not limited to:

- providing excavators with responses to excavation requests within five business days;
- reporting the completion of those locate responses to Ontario One Call within three business days; and
- ensuring Ontario One Call has factual up-to-date information.

BHI is responsible for the service costs associated with locate requests in its service territory.

BHI outsources its cable locating function to third party providers who process incoming requests and identify the location of BHI's underground infrastructure. Excavators are not charged for using Ontario One Call. This encourages the widespread adoption of the service, which yields significant public safety benefits and prevents costly damage to utility infrastructure. The cost of the locate program includes the service fee to Ontario One call and the cost of performing the locate, which varies depending on the nature of the locate requested.

Equipment Maintenance and Repairs

Equipment maintenance and repairs are for tools required to operate and maintain the distribution system such as hydraulic tools, recording equipment, jumper cables and confined space rescue equipment. Expenditures are on average $67,000 per year with no material variance year over year.

Overhead Insulator Washing

Overhead insulator washing is a planned, preventative maintenance activity conducted in areas subject to salt spray and heavy contamination. BHI contracts this work out to a third party. Insulator washing prevents insulator breakdown and reduces pole fires, particularly on overhead lines in close proximity to the QEW/403 corridor. Insulator washing is conducted twice in the winter at high-risk locations in Burlington. Average annual expenditures are $46,439 per year with no material variance year over year.

Switching Cubicle Cleaning

BHI contracts a third party to perform CO2 cleaning of its underground distribution switchgear to remove contaminants such as dust, salt spray and dirt. This is a responsive program based on inspections that occur on an annual basis as part of a three-year inspection cycle.

PCB Cleanup/Disposal

This sub-program includes costs associated with the removal of polychlorinated biphenyls ("PCBs") from transformers, transformer disposals and on-site services. Transformers that are at the end of their useful life are tested, removed and disposed by a third party environmental company in compliance with municipal, provincial and federal requirements. BHI also disposes of scrap metal for which it receives a credit. The average annual expense including credits for scrap metal is $6,000 per year.

Feeder Rental

This sub program includes costs for (i) two feeder rentals from a neighbouring LDC to supply BHI customers in the east end of Burlington and (ii) property rental fees to Hydro One Networks Inc. for a municipal substation Average annual expenditures are $25,000 with no material variance year over year, with the exception of 2014 Actuals

Easements

BHI incurs costs for easements to access land owned by the Ontario Infrastructure and Lands Corporation (407ETR corridor) and CN Rail for the purposes of constructing, maintaining and operating its distribution system.

Program Costs

BHI is budgeting $4,216,494 in 2021 to execute the functions in the Distribution Maintenance and Operations Program as identified in Table 31 below. This represents an increase of $827,301 and an average annual increase of 3.2% compared to the 2014 Actuals.

Table 31 - Distribution Maintenance and Operations Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$1,129,774	$1,129,774	$1,684,321	$2,002,902	$1,644,422	$1,945,518	$1,726,310	$1,335,607	$2,005,531	$875,757	8.5%
Temporary Staff	$34,303	$34,303	$56,609	$56,116	$67,256	$36,630	$17,366	$61,260	$61,260	$26,957	8.6%
Contracted Labour	$383,877	$383,877	$506,135	$291,968	$380,325	$412,992	$406,305	$338,038	$288,000	($95,877)	(4.0%)
Materials - Distribution Mtce and Ops	$627,210	$627,210	$800,895	$685,393	$553,141	$417,790	$379,900	$391,970	$394,489	($232,721)	(6.4%)
Vegetation Management	$381,080	$381,080	$647,315	$598,624	$574,272	$494,106	$527,241	$718,775	$768,502	$387,422	10.5%
Locates	$564,636	$564,636	$414,419	$400,383	$347,127	$224,289	$220,701	$387,231	$387,000	($177,636)	(5.3%)
Equipment Maintenance/Repairs	$57,180	$57,180	$72,312	$62,335	$60,288	$64,651	$86,257	$81,363	$65,928	$8,748	2.1%
Insulator Washing	$37,536	$37,536	$77,750	$41,843	$39,488	$39,757	$43,166	$48,987	$45,600	$8,064	2.8%
Switch Cubicle Cleaning	$6,800	$6,800	$0	$3,300	$13,600	$13,600	$23,380	$33,912	$32,564	$25,764	25.1%
PCB Cleanup/Disposal	$4,946	$4,946	$35,491	$16,786	$8,313	($42,598)	$11,087	$8,370	$6,737	$1,791	4.5%
Feeder Rental	$60,866	$60,866	$24,520	$24,520	$24,520	$24,000	$24,000	$24,403	$24,403	($36,463)	(12.2%)
Easements	$36,542	$36,542	$27,338	$26,101	$30,535	$28,917	$29,225	$30,049	$28,800	($7,742)	(3.3%)
Tools and Clothing	$36,991	$36,991	$30,929	$52,085	$38,315	$40,776	$50,209	$51,555	$51,555	$14,564	4.9%
Distribution Mtce and Ops - All Other	$27,452	$27,452	$31,691	$27,778	$39,162	$40,441	$40,199	$55,852	$56,124	$28,672	10.8%
Total	**$3,389,193**	**$3,389,193**	**$4,409,725**	**$4,290,134**	**$3,820,764**	**$3,740,869**	**$3,585,346**	**$3,567,372**	**$4,216,494**	**$827,301**	**3.2%**

Variance Analysis

Costs have increased by $827,301 from the 2014 Actuals to the 2021 Test Year primarily driven by:

i. an increase in salaries and benefits of $875,757; and
ii. an increase in vegetation management expenditures of $387,422;

partially offset by:

iii. a decrease in materials of ($232,721); and
iv. a decrease in costs associated with the cost of providing locates of ($177,636).

<u>Salaries and Benefits</u>

Salaries and Benefits have increased by $875,757 from the 2014 Actuals to the 2021 Test Year. The increased incidence and severity of extreme weather events; equipment failures; and an increase in emergency and trouble calls has contributed to the increase in total salaries and benefits. Staffing in the department has decreased from 23 in 2014 to 22 FTE in the 2021 Test Year, however time apportioned to operating as compared to capital has increased and BHI has had to increase its reliance on contractors to complete its capital work to address the increase in operating requirements. Overtime has increased primarily due to:

- increased repairs and troubleshooting associated with:

  - overhead distribution lines (e.g. overhauling and repairing line cut-outs; repairing damaged conductors and secondary bus; pulling slack on service wires; retying service wire; refastening and/or tightening service brackets; and realigning and relocating equipment on poles; and
  - underground cables (e.g. cleaning ducts, repairing underground service plant, identifying cable faults and splicing to repair; changing lightning arrestors; replacing bushing inserts, junction bars); and
- a high rate of turnover and vacancies – ten employees have left the distribution maintenance and operations department since 2014, five of which were in 2019. Existing, fully competent employees incur overtime while new hires and apprentices complete all training and competency requirements.

The change in salaries and benefits represents a significant change as compared to 2014. BHI has taken action to reduce its rate of turnover - to the extent that it is within its control - as described in Section 4.3.1 – Workforce Planning and Compensation. Although the incidence and severity of extreme weather events are outside of BHI's control; BHI does have some control in the medium to long term over equipment failures; and the associated emergency and trouble calls. An increase in capital expenditures to replace infrastructure at the end of its useful life and in poor/very poor health condition, as proposed in BHI's DSP, may mitigate repair and troubleshooting costs in the medium term (2022 and onwards).

SAIDI and SAIFI, including major events and loss of supply are trending upward as identified in Figure 6 below. Number of hours of outages due to defective equipment was 42,418 in 2019 compared to 24,573 in 2015, an increase of 73%, as identified in Figure 7 below. These both have a direct impact on the expenditures required for the Distribution Operations and Maintenance Program.

Figure 6 – Historical SAIDI and SAIFI

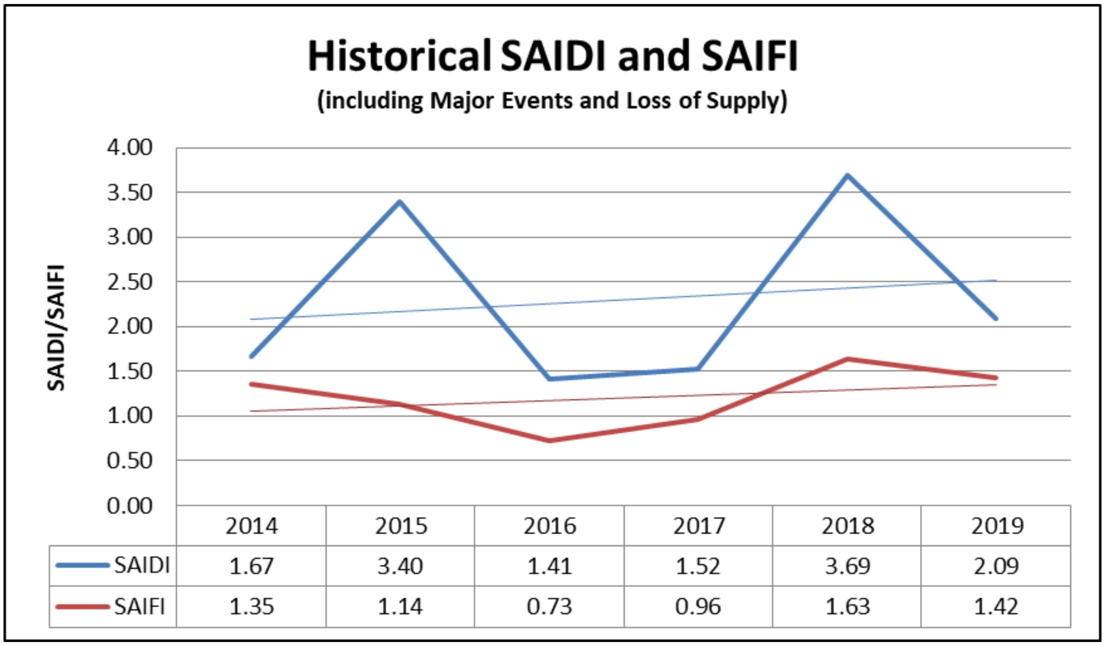
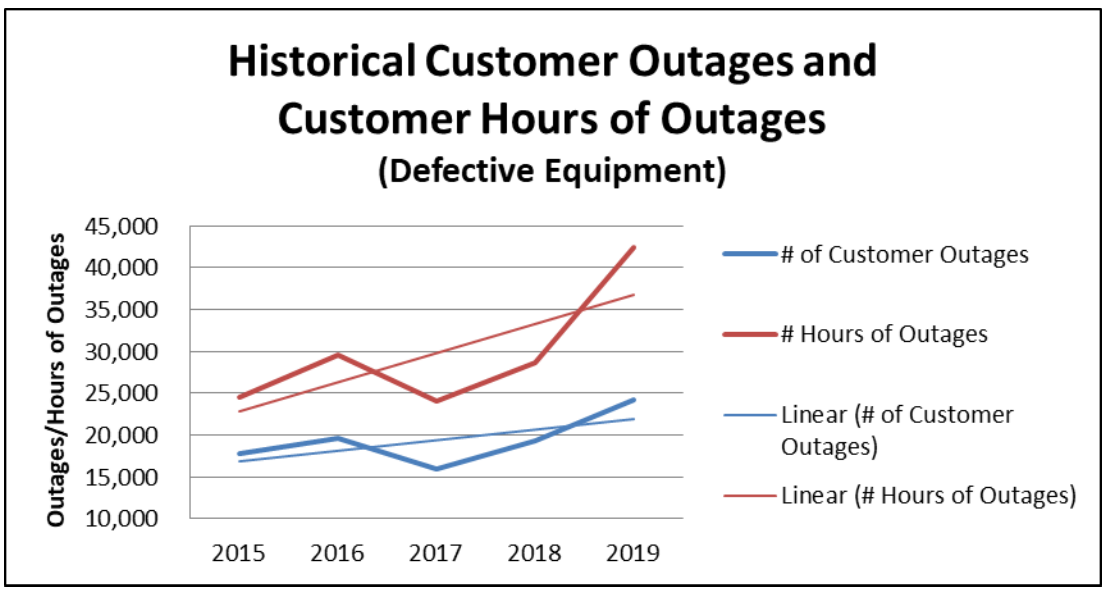


Figure 7 – Outages due to Defective Equipment



BHI expects to hire two apprentices in 2021 to replace employees who are scheduled to retire over the next five years. New hires to BHI at the apprentice level are not permitted to work independently until they have completed all training and competency requirements. Proper succession planning and hiring in advance of expected retirements ensures BHI has qualified resources available to ensure it can operate safely, reliably and efficiently. It takes approximately four to seven years for an apprentice to reach full proficiency. This results in additional costs due to the requirement to staff for two positions per retirement for a temporary period of time - a full time competent journeyperson and an apprentice requiring training.

Vegetation Management

Costs have increased by $387,422 from the 2014 Actuals to the 2021 Test Year driven by current market costs for vegetation management reflected in a three-year contract awarded in December 2019 for 2020 to 2022. This cost also includes tree trimming as requested by BHI's customers and emergency vegetation management primarily due to extreme weather. This is a significant change within BHI's control but is required to ensure the safe and reliable distribution of electricity. BHI minimized these costs by changing the structure of its tree trimming contract to allow for more than one successful proponent i.e. the contract was awarded by section and zone as discussed in further detail above.

Materials

Costs have decreased by ($232,721) from the 2014 Actuals to the 2021 Test Year. As identified above, repairs to the distribution system as a result of severe ice storms and freezing rain in 2013 and 2015 increased expenditures on materials during this period. BHI expects material expenditures to be approximately $400,000 per year in 2020 and 2021, consistent with 2018 and 2019 expenditure levels.

Locates

Expenditures associated with underground cable locates have decreased by ($177,636) from the 2014 Actuals to the 2021 Test Year. These expenditures are non-discretionary and are directly proportional to (i) the number of locates requested by customers and contractors who are excavating a new building, repairing buried infrastructure, landscaping or pursuing any other project in Burlington which requires them to break ground; (ii) the time required to complete each locate; and (iii) the contracted rate negotiated by BHI. BHI pays for locates on an hourly basis not on a per locate basis.

BHI contracts its locates work out to a third party. BHI switched locate providers in 2018 and negotiated a reduction in the hourly charge for locates, which resulted in a significant reduction in total cost, as identified in Table 32 below.

In 2019, BHI experienced difficulty meeting its obligations under the Ontario Underground Infrastructure Notification System Act, 2012 ("the Act") as a result of an increase in locate volume throughout the HN01 area (Burlington, Hamilton, Ancaster, Dundas, Stoney Creek, Georgetown, Milton, Acton and Oakville), due to Bell's new Fibre-to-the-home ("FTTH") projects. These projects entailed placing approximately 500kms of fibre, for which BHI or its contractor was not made aware of in advance. Large parts of the HN01 area were serviced by the same contractor as used by BHI, who conducts locates for all utilities including hydro, gas and telephone. They were not appropriately staffed to accommodate the FTTH projects and as a result BHI was not able to respond to all excavation requests within five business days in 2019. Its appointment scheduled metric for locates for 2019 was 41%; the inability to complete locates in the five-day timeframe increased the risk of infrastructure damage, loss of service, and injury. Since that time BHI has taken the following actions, effective in 2020, to eliminate the late delivery of locate responses:

- Increased locating resources with its existing contractor;
- Created efficiencies within the existing contractor's ticket management software; and
- Contracted with a second locator to respond to hydro locate requests only in approximately 60% of BHI's service area.

As a result, BHI is completing locate requests within five business days 95% of the time or more. However, in order to achieve this metric, BHI's locate costs have increased from $220,701 in 2019 to $387,000 in 2021. BHI rejected the status quo due to the unacceptable implications to safety of remaining with one locate provider. BHI expects its 2021 locate costs to be $177,636 lower than 2014 Actuals.

Table 32 – Cost per Locate

Description	2014	2015	2016	2017	2018	2019
# of locates	10,614	11,999	12,758	11,306	13,392	12,696
$ Cost of locates	$564,636	$414,419	$400,383	$347,127	$224,289	$220,701
$/locate	$53	$35	$31	$31	$17	$17

2014-2015 Variance Explanation

Expenditures increased by $1,020,532 from $3,389,193 in 2014 to $4,409,725 in 2015 due to:

i. an increase in salaries and benefits of $554,547 primarily due to an increase in adverse weather. Staff were shifted from operating to capital work due to an increase in the incidence of adverse weather (number of total customer hours of interruptions increased from 110,260 in 2014 to 226,140 in 2015; similarly customer hours of interruptions due to adverse weather increased from 53,487 in 2014 to 162,245 in 2015);
ii. an increase in contracted labour of $122,258. BHI experienced an increase in repairs for underground conductors and devices as compared to 2014;
iii. an increase in materials of $173,685; and
iv. an increase in vegetation management costs of $266,235 as a result of (i) unplanned, emergency line clearing work due to three extreme weather events in November 2014, March 2015 and June 2015 which caused trees and limbs to fall on or in close proximity to power lines and (ii) completion of Area C-East Burlington which was only 80% completed in 2014;

partially offset by:

v. a decrease in underground cable locate costs of ($150,217). Overall costs decreased despite a 13% increase in the number of locates performed. BHI pays for locates on an hourly basis – locates completed per hour were higher in 2015 as compared to 2014.

2015-2016 Variance Explanation

Expenditures decreased by ($119,591) from $4,409,725 in 2015 to $4,290,134 in 2016 due to:

i. a decrease in materials of ($115,502) which was directly attributable to the decrease in repairs for underground conductors and devices; and
ii. a decrease in vegetation management costs of ($48,691) – 2015 included the completion of tree trimming in East Burlington which was carried over from 2014; partially offset by
iii. a net increase in salaries and benefits and contracted labour of $104,414 due to an increase in repairs required as a result of defective equipment; contracted labour

decreased as compared to 2015, during which BHI experienced higher than average underground cable faults.

<u>2016-2017 Variance Explanation</u>

Expenditures decreased by ($469,370) from $4,409,725 in 2016 to $4,290,134 in 2017 due to:

i. a decrease in salaries and benefits of ($299,764);
ii. a decrease in materials of ($132,252); and
iii. a decrease in locates of ($53,256) due to a decrease in volume; partially offset by
iv. an increase in contracted labour of $88,357 primarily due to an increase in expenditures associated with 3-Dimensional imaging of the manholes and vaults in BHI's distribution system. This 3D imaging is required to plan repairs, confirm available ducts and assess the overall condition of the manholes and vaults.

<u>2017-2018 Variance Explanation</u>

Expenditures decreased by ($79,895) from $3,820,764 in 2017 to $3,740,869 in 2018 due to:

i. a decrease in materials of ($132,352);
ii. a decrease in locates of ($122,838) due to a decrease in volume; and
iii. a decrease in vegetation management of ($80,166) due to lower costs associated with BHI's annual maintenance; partly offset by
iv. an increase in salaries and benefits of $301,096 due to an increase in repairs due to extreme weather events and outages due to defective equipment. BHI experienced five major event days in 2018.

<u>2018-2019 Variance Explanation</u>

Expenditures decreased by ($155,523) from $3,740,869 in 2018 to $3,585,346 in 2019 primarily due to a decrease in salaries and benefits of ($219,208). BHI experienced fewer major events in 2019 and staff were re-deployed to capital work, specifically system access and system service. The increase in capital expenditures is discussed in further detail in Section 5.4.2 of the DSP.

<u>2019-2020 Variance Explanation</u>

Expenditures are expected to decrease by ($17,974) from $3,585,346 in 2019 to $3,567,372 in 2020 due to:

i. a decrease in salaries and benefits of ($390,703) primarily driven by the Metrolinx Electrification of the GO rail corridors (“Metrolinx project”). BHI re-deployed two operations crews to the Metrolinx project in 2020 to complete the overhead distribution portion of certain phases. This is a one-time variance of as the Metrolinx project is expected to conclude in 2021; and for which the majority of the work is underground distribution contracted out to a third party – BHI crews do not perform major underground construction; partially offset by

ii. an increase in vegetation management of $191,534 driven by new contract pricing for the 2020-2022 period; and

iii. an increase in locates of $166,530 due to the addition of a second locate contractor to service a portion the City of Burlington at a higher rate per hour. The locate volume in Halton region increased in 2019 due to the installation of Bell Fibe and BHI’s existing locate contractor did not meet the requirements under the Act as described above.

<u>2020-2021 Variance Explanation</u>

Expenditures are expected to increase by $649,122 from $3,567,372 in 2020 to $4,216,794 in 2020 due to:

i. an increase in salaries of $390,703, as identified above, due to the completion of the overhead phases of the Metrolinx project for which two operations crews were redeployed to capital to complete;

ii. an increase in salaries and benefits of $279,222 due to the advance hiring of two apprentices in 2021 to replace retirees in 2022-2025 (refer to Section 4.3.1.1 for an explanation of this workforce planning strategy); and

iii. an increase in vegetation management costs of $49,727 driven by new contract pricing for the 2020-2022 period.

4.3.0.8 Engineering

Program Overview

The Engineering Program is accountable for (i) all aspects of distribution system design for BHI including engineering procedures; overhead and underground distribution system design; and engineering standards; (ii) operating and maintaining BHI's Geographic Information System ("GIS"), Outage Management System ("OMS") and other engineering software; and (iii) pole and cable testing programs.

A primary function of Engineering is developing new designs and standards associated with BHI's distribution system in order to maintain and add new plant in compliance with the Electricity Act, Ontario Regulation 22/04 Electrical Distribution Safety.

The Engineering program expenses include salaries and benefits of the engineering staff engineering consulting services, designs and estimates, engineering software, licensing and support, and pole and cable testing.

BHI provides further details on the major sub-programs in the Engineering program below.

Consultants

Consulting services includes the costs associated with developing and maintaining engineering procedures to improve and standardize work flow, facilitate training for new employees and improve customer service. The program also includes the consulting services associated with the study, selection and implementation of BHI's new GIS system, replaced in January 2020. Consulting services also include expenditures associated with engineering design; asset and capital expenditure management; arc flash studies; connection impact assessments; development and revision of engineering standards; and the development of two new asset management tools to (i) evaluate and prioritize capital programs and projects; and (ii) optimally allocate limited capital dollars and resources.

GIS/OMS Licensing & Support

GIS and OMS licensing and support includes on-going support and maintenance of the applications including updates and deployments, minor enhancements, data integrity maintenance, bug fixes, and database maintenance.

Pole & Cable Testing

BHI takes tests its wood poles on an annual basis to facilitate the proactive replacement of wood poles in poor and very poor condition. Wood poles are tested after 20 years in service and every 7 years thereafter. The testing is performed by a third-party engineering company using specialized test equipment. Defective poles are identified for replacement and critical poles are replaced immediately and those equipped with transformers or underground cable connections are identified as high priority.

Sample cable testing is performed by a third party engineering company in five community areas: Tyandaga South, Tyandaga North, Brant Hills, Headon Forest and Palmer. Based on the results of this testing, BHI conducts complete testing in a specific area to identify the worst performing cable segments. These cables are prioritized for replacement under the primary underground rebuild program and in conjunction with other capital programs, if reactive repair is not economically feasible and replacement is warranted.

Program Costs

BHI is budgeting $2,172,006 in 2021 to execute the functions in the Engineering Program as identified in Table 33 below. This represents an increase of $912,733 and an average annual increase of 8.1% compared to the 2014 Actuals.

Table 33 - Engineering Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$1,166,933	$1,166,933	$1,151,877	$1,268,944	$1,304,711	$1,357,058	$1,378,479	$1,152,560	$1,424,622	$257,689	2.9%
Temporary Staff	$17,122	$17,122	$29,861	$50,291	$57,470	$49,762	$163,152	$94,875	$58,500	$41,378	19.2%
Consultants	$41,113	$41,113	$62,650	$93,177	$99,940	$147,399	$297,087	$238,665	$167,000	$125,887	22.2%
Computer Software	$3,525	$3,525	$11,298	$9,113	($16,556)	$30,269	($2,835)	$47,000	$61,823	$58,298	50.6%
Design and Estimates	$10,234	$10,234	$12,147	$19,065	$26,738	$20,598	$10,660	$24,403	$24,830	$14,596	13.5%
GIS/OMS Licensing and Support	$85,014	$85,014	$73,199	$260,973	$177,537	$147,907	$271,397	$404,277	$214,000	$128,986	14.1%
Memberships and Dues	$37,592	$37,592	$32,512	$28,912	$41,913	$38,969	$39,276	$39,936	$41,000	$3,408	1.2%
Software Amortization	$262,990	$0	$0	$0	$0	$0	$0	$0	$0	$0	n/a
Pole/Cable Testing	$21,895	$21,895	$14,909	$14,834	$14,967	$14,850	$30,705	$32,865	$134,000	$112,105	29.5%
Prints and Supplies	$30,284	$30,284	$26,177	$29,144	$23,647	$32,064	$26,929	$25,000	$25,437	($4,847)	(2.5%)
Engineering - All Other	$66,975	$66,975	$57,574	$123,069	$62,611	$66,429	$74,026	$95,853	$92,985	$26,009	4.8%
Allocated to Capital/Billable	($221,416)	($221,416)	($285,445)	($126,295)	($379,346)	($269,511)	($210,635)	($538,894)	($72,191)	$149,225	(14.8%)
Total	**$1,522,263**	**$1,259,272**	**$1,186,759**	**$1,771,228**	**$1,413,632**	**$1,635,794**	**$2,078,242**	**$1,616,539**	**$2,172,006**	**$912,733**	**8.1%**

Variance Analysis

Costs have increased by $912,733 from the 2014 Actuals to the 2021 Test Year primarily driven by:

i. An increase in salaries and benefits and temporary staff of $299,067;
ii. An decrease in the percentage of engineering resources allocated to capital work of $149,225;
iii. An increase in GIS/OMS support costs of $128,986;
iv. An increase in Consultant costs of $125,887; and
v. An increase in pole/cable testing of $112,105. BHI plans to increase its level of cable testing in the 2021 Test Year due to the increased incidence of cable failures in 2019 and 2020.

<u>2014-2015 Variance Explanation</u>

Expenditures decreased by ($72,513) from 2014 to 2015 primarily due to: (i) a higher proportion of capital versus operating work of ($64,029); and (ii) lower salaries as a result of a retirement late in the year; partially offset by (iii) an increase in consulting services of $21,537 for arc flash studies, pole database maintenance and development of an engineering procedure guide.

<u>2015-2016 Variance Explanation</u>

Expenditures increased by $584,469 from 2015 to 2016 primarily due to:

i. an increase in licensing and support associated with BHI's GIS and OMS of $187,774. BHI implemented a new OMS in 2014 and 2015. After the December 2013 Ice Storm, it became evident that BHI's existing Outage Management software could not adequately meet the needs of the business or BHI's customers, and needed to be replaced;

ii. an increase in salaries and benefits of $117,076 due to the addition of two engineering technicians and one locate clerk in 2016;
iii. a higher proportion of operating versus capital work of $159,150; and
iv. an increased in consulting services of $30,527 due to the continued development of an engineering procedure guide and services associated with BHI's CYME Power Engineering Software.

<u>2016-2017 Variance Explanation</u>

Expenditures decreased by ($357,596) from 2016 to 2017 primarily due to:

i. a higher proportion of capital versus operating work of ($253,051); and
ii. a decrease in licensing and support associated with BHI's GIS and OMS of ($83,437). 2016 included one-time expenditures as identified above.

<u>2017-2018 Variance Explanation</u>

Expenditures increased by $222,161 from 2017 to 2018 primarily driven by (i) an increase in consultant costs due to the implementation of the new engineering procedure guide and the CYME implementation; and (ii) a higher proportion of operating versus capital work of $109,835.

<u>2018-2019 Variance Explanation</u>

Expenditures increased by $442,448 primarily due to an:

i. and increase in temporary staff of $113,390 due to temporary vacancies;
ii. an increase in consulting costs associated with process improvements related to locates, assembly units and standards; a new Program Evaluation Tool and Project Prioritization Tool and operating costs associated with BHI's GIS implementation; and
iii. an increase in GIS/OMS support associated with improvements to the OMS, CYME integration, incident and switching enhancements and data fixes.

<u>2019-2020 Variance Explanation</u>

Expenditures are expected to decrease by ($461,703) from the 2019 Actuals to the 2020 Bridge Year primarily due to the following:

i. a decrease in salaries and benefits of ($225,919) due to one resignation and one retirement earlier in 2020; these two departures are expected to be partly offset by the addition of six FTE later in 2020 – one redeployment from billing, three replacement hires, and two new positions; and
ii. a decrease in consultant costs of ($58,422); partly offset by
iii. an increase in GIS/OMS support of $132,880 associated with BHI's GIS as a result of the implementation of a new GIS in 2020 (annual license fees and integration costs); and
iv. an increase in capital vs. operating work due to the temporary re-deployment of two operations crews to the Metrolinx project in 2020 as described above in the Distribution, Maintenance and Operations Program.

<u>2020-2021 Variance Explanation</u>

Expenditures are expected to increase by $555,467 from the 2020 Test Year to the 2021 Bridge year due to:

i. an increase in salaries and benefits due to the addition of FTE;
ii. an increase in operating vs. capital work as two operations crews are expected to complete their work on the Metrolinx project in 2020; and
iii. an increase in cable testing of $101,135 primarily due to the high incidence of underground primary cable failures in 2020; partly offset by
iv. a decrease in GIS/OMS licensing support of ($190,277) which included one-time licensing and integration costs in 2020; and
v. a decrease in consultants costs of ($71,665) as all costs associated with the new asset management tools were incurred in 2019 and 2020.

4.3.0.9 Facilities

Program Overview

The Facilities Program is accountable for office building maintenance, procurement and warehousing. Primary functions of this program are:

- operations and maintenance of BHI's buildings and substations including but not limited to utilities, buildings and grounds maintenance, janitorial services and insurance;
- the administration of procurement policies;
- procurement of materials and services; and
- management of the inventory and equipment used to construct and maintain BHI's distribution assets.

Program Costs

BHI is budgeting $463,385 in 2021 (net of the burden allocated to materials) to execute the functions in the Facilities Program as identified in Table 34 below. This represents a decrease of ($63,756) and an average annual decrease of (1.8%) compared to the 2014 Actuals.

Table 34 - Facilities Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Facilities - Office Building Maintenance	$361,894	$361,894	$312,924	$268,120	$283,588	$261,331	$268,924	$299,385	$300,886	($61,008)	(2.6%)
Facilities - Service Centre and Stores	$687,738	$687,738	$739,688	$699,239	$648,273	$667,106	$520,776	$578,898	$623,009	($64,729)	(1.4%)
Total before Allocation	**$1,049,632**	**$1,049,632**	**$1,052,612**	**$967,359**	**$931,861**	**$928,437**	**$789,700**	**$878,283**	**$923,895**	**($125,737)**	**(1.8%)**
Burden Allocated to Materials	($522,491)	($522,491)	($581,544)	($543,304)	($513,551)	($477,085)	($359,805)	($400,831)	($460,510)	$61,981	(1.8%)
Total	**$527,141**	**$527,141**	**$471,068**	**$424,055**	**$418,310**	**$451,352**	**$429,895**	**$477,451**	**$463,385**	**($63,756)**	**(1.8%)**

<u>Variance Analysis</u>

Total costs have decreased by ($63,756) from the 2014 Actuals to the 2021 Test Year primarily driven by a decrease in salaries and benefits partially offset by an increase in building operations and maintenance and utilities. BHI realized permanent cost savings in 2015 by reducing its headcount. It eliminated one stock keeper position coincident with the retirement of two warehouse employees to realize permanent cost savings; partially offset each year from 2018 to 2021 by the addition of a summer student.

4.3.0.10 Fleet

Program Overview

The Fleet program supervises the acquisition, operations and maintenance of BHI's fleet which includes approximately 49 vehicles. BHI has developed a Fleet Management Plan ("FMP") to track and manage its fleet, and determine optimal dates for replacement and future fleet needs. BHI prioritizes fleet replacements using the following evaluation criteria:

1. Age
2. Mileage
3. Type of usage
4. Reliability
5. Maintenance and Repair Costs
6. Condition

Other qualitative and quantitative criteria are factored into the fleet replacement decision such as the uniqueness of a specific vehicle and availability of BHI staff to operate it e.g. a Mobile Crane Operator license is required to operate a Material Handler vehicle due to its higher weight rating. Work requirements or staffing changes can also contribute to the addition or change to BHI's fleet.

<u>Vehicle Replacement Schedules</u>

Eleven LDCs identified their vehicle replacement schedules in their recent cost of service application, a summary of which BHI provides in Table 35 below. Typically, in the electricity distribution sector, light truck and passenger vehicles are replaced every 8 years and large truck vehicles are replaced every 15 years.

Table 35 – Fleet Replacement Schedule

LDC	EB#	Replacement Schedule	
		Light Vehicles	Work Equipment (Heavy Vehicles)[1]
BHI	EB-2020-0007	8 years	12 years
Alectra Utilities	EB-2019-0018	10 years	12 years (medium duty); 15 years (heavy duty; trailers; fleet equipment)
Algoma Power	EB-2019-0019	not provided	12 years (bucket, RBD); 17 years (pickup)
EnergyPlus	EB-2018-0028	8-10 years	15-20 years (large trucks); 9-12 years (dump); 15-25 years (trailer, bobcat, forklift, tension machines)
Essex Powerlines	EB-2018-0039	7 years & 200,000 km	15 years & 300,000 km (bucket, RBD, dump)
Greater Sudbury Hydro	EB-2019-0037	8 years	12 years (bucket, RBD, forklifts, tension machines, trailers); 8 years (stake, flatbed)
Hydro Ottawa	EB-2019-0261	8 years (vans - compact, cargo); 10 years (automobiles, pickups)	12 years (vans - stepside, cube, walk-through; trucks - dump, bucket, RBD); 15 years (stake, flatbed, boom, crane; forklift, trailer)
Kitchener Wilmot Hydro	EB-2019-0049	10-12 years	10-12 years (bucket, RBD); 7-8 years (heavy-use power-operated equipment)
Lakeland Power Distribution	EB-2018-0050	10 years & 200,000 km	10-20 years & 220,000 km/10,000 hr (dump); 10-20 years & 10,000 hr (large specialized vehicle)
Oshawa Power & Utilities	EB-2020-0048	6 years & 150,000 km	10 years & 250,000 km (digger derrick, bucket)
Waterloo North Hydro	EB-2020-0059	10 years + 1 year to replace	14 years + 2-2.5 years to replace (dump, work body); 14 years + 2.5-3 years to replace (bucket, RBD, crane)

1. RBD = Radial Boom Derrick Truck

BHI's service territory is a mix of urban and rural areas; however the majority of the population is located in urban areas. As such, the kilometers driven on an annual basis is typically on the lower end for vehicles and BHI is able to extend the useful life of its vehicles past the typical useful life. BHI replaces its light truck and heavy truck vehicles, on average, every eight and twelve years respectively.

Program Costs

BHI is budgeting $524,343 in 2021 to maintain and operate the fleet of vehicles and equipment as identified in Table 36 below. This represents a decrease of ($140,859) and an average annual decrease of (3.3%) compared to the 2014 Actuals. Of this total amount, $302,353 of the costs are allocated to capital and billable capital projects.

Table 36 - Fleet Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$14,465	$14,465	$10,968	$12,413	$7,352	$14,436	$1,283	$15,843	$30,338	$15,873	11.2%
Vehicle Operations and Maintenance	$558,494	$558,494	$561,031	$511,430	$535,302	$555,103	$491,060	$474,000	$482,058	($76,436)	(2.1%)
Depreciation	$78,102	$0	$0	$0	$0	$0	$0	$0	$0	$0	n/a
Vehicles - All Other	$92,243	$92,243	$3,021	$3,876	$12,203	$2,489	($12,334)	$23,114	$11,947	($80,296)	(25.3%)
Total before Allocation to Capital/Billable	**$743,304**	**$665,202**	**$575,020**	**$527,719**	**$554,857**	**$572,028**	**$480,009**	**$512,957**	**$524,343**	**($140,859)**	**(3.3%)**
Allocated to Capital/Billable	($538,093)	($538,093)	($387,690)	($293,246)	($325,292)	($302,336)	($240,676)	($268,036)	($302,353)	$235,740	(7.9%)
Total OM&A	**$205,211**	**$127,109**	**$187,330**	**$234,473**	**$229,565**	**$269,692**	**$239,333**	**$244,920**	**$221,990**	**$94,881**	**8.3%**

Variance Analysis

Costs have decreased by ($140,859) from the 2014 Actuals to the 2021 Test Year primarily driven by a reduction in vehicle and operations maintenance costs of ($76,436).

BHI is able to control costs and extend the life of vehicles beyond the typical useful life through its FMP. BHI regularly analyzes the condition of each vehicle and performs regular preventative maintenance on its trucks including annual rust protection service (spray-on rust inhibitor applied to vehicle cavities and under carriage); which has extended the useful life of its vehicles and avoided costly replacements and expensive reactive maintenance, providing value to BHI customers. In addition, annual operations and maintenance costs have decreased since 2014.

2014-2021 Variance Explanation

Expenditures are expected to decrease by ($140,859) from 2015 to 2021 due to a reduction in vehicle operations and maintenance costs. The reduction in costs is due to regularly scheduled maintenance of vehicles, a minimum of twice a year, using synthetic oils and annual rust inhibitor spraying.

4.3.0.11 Human Resources

Program Overview

The Human Resources program is responsible for effective management of all employee and labour relations, including the interpretation and administration of the collective agreement provisions, non-occupational and occupational illness or injury employee claims, case management, talent acquisition, training and development, payroll administration, design and administration of the compensation and benefits program, and associated technology systems and solutions. The Human Resources program supports both unionized and non-unionized work groups to ensure workplace issues are addressed promptly and appropriately, and in compliance with legislation, policies, and collective agreement procedures.

The program develops and executes the strategic workforce staffing plan, organization and job design, succession planning, employee communication, performance and productivity, and employee development strategies and programs.

The payroll function ensures that BHI employees are compensated for their services in a timely and accurate manner, consistent with relevant time-keeping and other records. The function also ensures that all relevant legislative requirements and statutory deductions are appropriately applied to employee payments and that payroll withholdings amounts are remitted on a timely basis. In addition, the function maintains accurate OMERS pension fund records for participating employees.

Consultants

Human Resources Consultant costs includes third party expertise services such as Total Compensation Reviews, Incentive Plan reviews, HR assistance to fill in gaps (i) where there is no in-house expertise or (ii) to accommodate work volume overflow. Consultants have also been used during the period from 2014 to 2019 for third party audits of Human Resources programs and harassment and workplace violence investigations.

The costs for this sub-program in 2014 was $70,741 as compared to a projected cost in the 2021 Test Year of $70,000. There is no material increase to report for this sub-program from 2014 vs.

2021. Year over year fluctuations between 2014 and 2021 are a result of changes in the volume of workload and activity year over year.

<u>Retiree Benefits and Group Insurance</u>

As identified in Section 4.3.1.3 of this Exhibit 4, costs for this Human Resources sub-program are associated with post-retirement health, dental and life insurance benefits. Retirees are eligible for health and dental benefits up to the age 65 while post 65 benefits include life insurance only for which Burlington pays 100% of the premium. Both Unionized and Non-Union Employees that were hired after 2014 are no longer eligible for post-retirement life insurance. This was agreed to during collective bargaining as part of BHI's efforts to find efficiencies with the benefit plan.

The costs associated with Retiree Benefits and Group Insurance were $317,828 in 2014 as compared to $345,505 in the 2021 Test Year – an increase of $27,677. The primary driver of the increase is the number of retirements that have occurred since 2014. This has increased the number of members in both the Health and Dental post retirement plan and the Life insurance plan. In 2014, BHI had eleven members in the health and dental as compared to 25 members in 2020. In 2014, BHI had 62 members in the post retirement life insurance plan as compared to 83 members in 2020.

Human Resources Program Costs

BHI is budgeting $1,103,009 in 2021 to execute the functions in the Human Resources Program as identified in Table 37 below. This represents an increase of $481,460 and an average annual increase of 8.5% compared to the 2014 Actuals.

Table 37 – Human Resources Program

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$92,694	$92,694	$94,405	$130,144	$205,442	$214,200	$215,905	$275,732	$484,969	$392,275	26.7%
Temporary Staff	$23,585	$23,585	$12,418	$609	$0	$0	$76,460	$30,477	$12,852	($10,733)	(8.3%)
Union Expenses	$23,581	$23,581	$5,290	$8,728	$27,797	$4,998	$21,420	$7,058	$28,000	$4,419	2.5%
Retiree Benefits and Group Insurance	$317,828	$317,828	$337,413	$348,556	$362,799	$357,843	$377,427	$351,615	$345,505	$27,677	1.2%
Consultants	$70,741	$70,741	$11,011	$91,024	$54,042	$57,524	$68,589	$90,539	$70,000	($741)	(0.2%)
Professional Fees	$13,269	$13,269	$11,424	$22,855	$8,020	$23,925	$62,216	$43,044	$31,200	$17,931	13.0%
Payroll Software	$10,476	$10,476	$10,367	$11,513	$11,322	$12,088	$25,719	$30,157	$27,978	$17,502	15.1%
Advertising	$9,302	$9,302	$33,512	$12,340	$9,592	$10,503	$16,875	$12,000	$12,000	$2,698	3.7%
Health and Wellness	$8,978	$8,978	$13,547	$14,844	$13,115	$10,096	$643	$275	$15,000	$6,022	7.6%
Human Resources - All Other	$51,095	$51,095	$50,614	$58,707	$68,499	$82,779	$78,724	$61,511	$75,504	$24,409	5.7%
Total	**$621,549**	**$621,549**	**$580,001**	**$699,320**	**$760,628**	**$773,956**	**$943,978**	**$902,408**	**$1,103,009**	**$481,460**	**8.5%**

Variance Analysis

Costs have increased by $481,460 from the 2014 Actuals to the 2021 Test Year primarily driven by an increase in salaries and benefits of $392,275 driven by an increase in FTE. BHI identifies the changes in Human Resources Staffing levels from the 2014 Cost of Service to the 2021 Test Year in Table 38 below.

Table 38 – Year over Year FTE Changes - Human Resources Program

FTEs	2014 Cost of Service	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
FTE	1	1	1	2	2	2	2	4	4
Change vs. Prior Year		0	0	1	0	0	0	2	0

2014-2015 Variance Explanation

Expenditures decreased by $41,548 from 2014 to 2015, primarily driven by a decrease in consultant fees of $59,730.

2015-2016 Variance Explanation

Expenditures increased by $119,319 from 2015 to 2016, primarily driven by (i) an increase of consultants fees of $80,013; and (ii) an increase in salaries and benefits of $35,739 primarily due to transfer of the payroll function to the Human Resources department from the Accounting department. Prior to 2016 the payroll function resided with a unionized accounting position – in order to remove these confidential duties from the union the payroll function was transferred to a newly created Human Resources position in the latter part of 2016.

2016-2017 Variance Explanation

Expenditures increased by $61,308 from 2016 to 2017, primarily driven by an increase to salaries and benefits of $75,298. 2017 included a full year of salaries and benefits associated with the payroll function transferred from to Human Resources from Accounting in 2016.

2017-2018 Variance Explanation

There is no material variance.

2018-2019 Variance Explanation

Expenditures increased by $170,022 from 2018 to 2019, primarily driven by:

i. an increase in temporary staff costs of $76,460 due to the hiring of an Interim Human Resources Director;
ii. an increase in professional fees of $38,291. In 2019, BHI experienced higher than normal labour relations activity with regards to grievances and arbitrations. This resulted in the need to use professional legal expertise;
iii. an increase in union expenses of $16,422. Higher than normal labour relations activity resulted in an increase to the labour burden for unionized members to participate in the arbitrations and costs for offsite venues and arbitrators fees.
iv. an increase in payroll software operating expenses of $13,631 associated with the implementation of a new HRIS as discussed in Section 4.1.1 of this Exhibit; and
v. an increase in Retiree Benefits and Group Insurance of $19,584 due to a significant increase in the number of retirements, resulting in an increase in members in the Retiree Benefits and Group Insurance plan.

2019-2020 Variance Explanation

Expenditures are expected to decrease by ($41,570) from 2019 to 2020 driven by a decrease in temporary staff party offset by an increase to salaries and benefits of $59,827 due to the addition of two new positions: a Director of People and Culture and an HR and Payroll Administrator.

The Director of People and Culture was hired due to the retirement of the previous Director of Human Resources and Safety whose position was a dual role - Safety and Human Resources duties were merged into one role in an attempt to find efficiencies. BHI has found since this retirement, that it cannot efficiently and effectively manage both roles with one FTE due to (i) internal and external factors such as BHI’s high rate of turnover; (ii) technological advancements; and (iii) increasing regulatory requirements related to safety in particular. As such, BHI replaced this retirement with two positions - a Director of Safety and a Director of People and Culture. One of these positions will be offset by a future retirement within the Human Resources department in 2022 i.e. this position will not be replaced when the retirement occurs. BHI decided that it was important to succession plan and hire the two positions in advance of the 2022 retirement to ensure that (i) Safety and Human Resources practices continue to be compliant with current standards and (ii) BHI can effectively manage the turnover within the organization.

The HR and Payroll Administrator will be hired to provide back-up for the payroll function. Currently, BHI does not have a back-up due to retirements that have occurred and the skill set required is not available internally. The new position was created in order to mitigate risk and provide support and back-up for position currently administering HR and payroll.

2020-2021 Variance Explanation

Expenditures are expected to increase by $200,601 from 2020 to 2021, primarily driven by (i) an increase to salaries and benefits of $209,237 which represents the full year costs associated with the two new positions hired in 2020; and (ii) an increase to union expenses of $20,942 associated with the negotiation of new collective agreements with BHI's two unions in 2021.

4.3.0.12 Information Technology

Program Overview

The Information Technology Program is accountable for all aspects of BHI's information technology investment, support and services in alignment with BHI's strategic business plans and budget requirements. These responsibilities include the following:

- Infrastructure support of all BHI assets including telecommunications, telephony, hardware, software and network administration;
- Coordination with key service providers for BHI's program of externally managed services and cloud technology;
- Implementation and management of BHI's Information Security Management System in alignment with the Ontario Cyber Security Framework;
- Business Application Implementation and Support;
- Disaster Recovery, Backup Recovery and Business Continuity; and
- Maintaining license compliance with all hardware and software technology

The Information Technology Program operating expenses include salaries and benefits of the Information Technology staff and related training; software and hardware annual maintenance; hosting and telecommunication costs; remote managed services; professional consulting services; disaster recovery and business continuity; corporate telephone and cyber security related implementation and insurance costs.

The Information Technology program's highest operating cost is salaries and benefits. Information Technology market salaries continue to present market anomalies due to a tight labour market for IT technology skill sets. BHI has maintained this cost at a steady state from 2014 through to 2019. BHI's strategy is to leverage cloud technologies and remote managed services where appropriate. In particular, BHI defers to industry subject matter expertise and services that cannot be maintained or managed in-house on a cost effective basis.

BHI provides further details on the major sub-programs for the Information Technology program below.

<u>Information Technology – Consulting Services Sub-Program</u>

BHI outsources certain IT services to third party consultants where it is not effective or cost efficient to staff for these requirements internally. BHI must strategically navigate the challenging and rapid technology changes within the IT infrastructure support arena including the ever advancing cyber security threat landscape. For BHI, these challenges demand strategic outsourcing of selected IT services in balance with the realignment of internal IT resource skillsets in order to effectively manage costs and meet IT scheduled commitments. This applies to IT infrastructure support activity that includes cyber security related services for the management of Firewalls, email filtering, intrusion detection and prevention monitoring and management of 24X7 Customer facing applications.

BHI incurred an increase in 2018 of approximately $72,815 as it began to move to an outsourced model for cyber security monitoring in order to protect BHI's information assets on a 24X7 basis. BHI also leveraged various cloud technologies for disaster recovery backups and an Electronic Document Records Management system.

In 2019 BHI incurred a further increase of approximated $77,490 as it responded to continued evolvement of IT infrastructure technology demands. This included further incremental costs as the outsourced model for 24X7 cyber security monitoring was fully deployed, increased security monitoring and management of 24X7 Customer facing applications, implementation of additional cloud based software solutions and further outreach to professional services for internal IT infrastructure support activities.

BHI has maintained FTE counts from 2014 through to 2020.

<u>Information Technology – Software Annual Maintenance Sub-Program</u>

The Software Annual Maintenance sub-program includes all business systems, all operation related software for servers and devices, backup software solutions, reporting tools sets and business software solution data bases. Software maintenance costs have decreased since 2014 due to a reallocation of some software annual maintenance costs to capital or other departments (i.e. computer lease for legacy systems, Geographical Information System software respectively).

The maintenance costs associated with BHI's legacy CIS and ERP systems continue to increase and are scheduled to be decommissioned over the next one to four years.

Information Technology – Hardware Annual Maintenance Sub-Program

The Hardware Annual Maintenance sub-program includes maintenance for all IT Infrastructure hardware (e.g. servers, storage devices, routers, switches). The 2019 annual costs were $26,740, significantly higher than 2015. Increases from 2014 are due to the transition of BHI to 24X7 hardware support in alignment with BHI's business requirements for IT infrastructure high availability.

Information Technology – Hosting Services/Tele-Communications Sub-Program

The Hosting Services and Tele-communications Sub-Program represents BHI's strategic move to external hosting of 24X7 customer facing applications where applicable. Although some services were in place in 2014, this sub-program also includes BHI's response to the increased cyber security threat landscape which demanded an increase in monitoring and security of 24X7 customer facing applications. These customer facing applications include the BHI corporate website, eBill presentment and the customer Outage Map. This category also includes the 2017 implementation of a cloud based Employee Intranet, available both internally and externally via any employee owned device. Based on these business requirements, this sub-program's operating costs increased by $56,618 in 2017.

Information Technology – Cyber Security Sub-Program

BHI's Cyber Security Sub-Program reflects Cyber Security Insurance. Other Cyber Security operating costs have been addressed within the Consulting Services Sub-Program and the Hosting Services/Tele-Communications Sub-Program.

Information Technology – Disaster Recovery Sub-Program

BHI's Disaster Recovery Sub-Program expenditures have remained constant from 2014 through 2019. Increases in 2020 and 2021 are expected due to enhanced cloud based backup sites for mission critical systems, as well as advanced disaster recovery toolsets.

Program Costs

BHI is budgeting $1,487,283 in 2021 to execute the functions for the Information Technology Program as identified in Table 39 below. This represents an increase of $440,822 and an average annual increase of 5.2% compared to the 2014 Actuals.

Table 39 - Information Technology Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$613,566	$613,566	$616,519	$439,705	$561,588	$576,085	$527,890	$631,210	$731,194	$117,629	2.5%
Temporary Staff	$0	$0	$0	$175,253	$174,355	$66,064	$62,593	$95,000	$0	$0	n/a
Consultants	$42,479	$42,479	$78,373	$90,307	$53,142	$125,957	$203,447	$199,060	$145,500	$103,021	19.2%
Software - Annual Maintenance	$257,887	$257,887	$310,102	$191,918	$230,842	$169,793	$204,187	$280,704	$258,709	$822	0.0%
Software Amortization	$55,438	$0	$0	$0	$0	$0	$0	$0	$0	$0	n/a
Hardware - Annual Maintenance	$514	$514	$7,756	$4,105	$2,814	$0	$26,740	$40,390	$43,597	$43,083	88.6%
Hosting Services/Telecommunications	$57,458	$57,458	$64,933	$86,846	$143,464	$130,552	$110,094	$156,450	$170,434	$112,976	16.8%
Cyber Security	$0	$0	$0	$35,040	$33,647	$33,217	$29,113	$29,602	$30,120	$30,120	n/a
Disaster Recovery	$26,075	$26,075	$37,341	$15,648	$25,777	$26,094	$29,206	$53,700	$61,800	$35,725	13.1%
Information Services - All Other	$48,483	$48,483	$47,238	$43,933	$49,970	$44,894	$40,969	$47,490	$45,929	($2,554)	(0.8%)
Total	**$1,101,899**	**$1,046,461**	**$1,162,262**	**$1,082,755**	**$1,275,599**	**$1,172,657**	**$1,234,239**	**$1,533,606**	**$1,487,283**	**$440,822**	**5.2%**

Variance Analysis

Costs have increased by $440,822 from the 2014 Actuals to the 2021 Test Year primarily driven by:

i. An increase in salaries and benefits of $117,629;
ii. An increase in consulting services of $103,021; and
iii. An increase in hosting services and telecommunications of $112,976.

<u>2014-2015 Variance Explanation</u>

Expenditures increased by $115,800 from 2014 to 2015 primarily due to an increase in consulting services and software maintenance. BHI experienced an increase in these operating costs largely due to the outsourcing of a managed Firewall, implementation of monitoring services for a prominent Customer facing application and other cyber security related services.

<u>2015-2016 Variance Explanation</u>

Expenditures decreased by ($79,506) from 2015 to 2016 primarily due to a decrease in software annual maintenance due to (i) maintenance fees associated with BHI's Outage Management System which were reclassified to the Engineering Program and (ii) a reduction in the cost of an AS400 lease; partially offset by increasing support costs associated with BHI's legacy CIS, Daffron. The IT program had two vacancies in 2016 due to retirements in 2015 and 2016 which were offset by an increase in temporary staffing. The IT program was short staffed by one FTE.

2016-2017 Variance Explanation

Expenditures increased in by $192,843 from 2016 to 2017 primarily due to (i) an increase in salaries and benefits as a result of the permanent hire of an IT Infrastructure and Security Specialist; and (ii) an increase in hosting services and communications. BHI invested in it 24x7 customer facing applications such as ViewMyBill and its Corporate Website. BHI implemented Shine Inside, a cloud based employee Intranet, available both internally and externally via any employee-owned device.

2017-2018 Variance Explanation

Expenditures decreased by ($102,942) from 2016 to 2017 primarily due to a decrease in temporary staff who were hired on a full time basis.

2018-2019 Variance Explanation

Expenditures increased by $61,582 from 2018 to 2019 primarily due to an increase in consulting and software support services. Expenditures included investments in Security SaaS, customer facing application support as well as network administration and infrastructure services including a transition to cloud based backup/recovery.

2019-2020 Variance Explanation

Expenditures are expected to increase by $299,367 from 2019 to 2020 primarily due to

1. an increase in salaries and benefits of $103,320 due to the addition of a new position: Senior IT Infrastructure Specialist; and
2. an increase in operating expenditures associated with software applications, enhanced hosting services and infrastructure improvements. BHI invested in the following:
    - DiliTrust Exec, a Board portal software solution designed to improve operational processes around good Corporate Governance, including the secure, transparent and collaborative sharing of sensitive and confidential data

- Infrastructure monitoring and patching; implementation of an improved backup strategy; and additional support costs for customer facing applications including BHI's Customer Outage Map and Customer e-Bill Portal; and
- Temporary Staff for Network Administration and Operations Infrastructure Support due to a vacancy effective October 2019. BHI implemented and performed significant infrastructure upgrades and maintenance work to ensure reliability, availability and cyber security of its systems.

2020-2021 Variance Explanation

There are no material variances expected. The decrease in total costs as compared to 2021 is a result of the elimination of temporary staff that are no longer required.

4.3.0.13 Metering

Program Overview

The Metering program is responsible for purchasing and installing metering equipment (meters and communication systems) which BHI relies upon to record electricity consumption and demand for billing and market settlement purposes. This program includes Metering Services which is responsible for maintaining and testing metering equipment to ensure proper functionality and compliance with applicable legislative and regulatory requirements. Meter testing is a requirement under the Electricity and Gas Inspection Act (R.S.C., 1985, c. E-4) ("Electricity and Gas Inspection Act") enforced and administered by Measurement Canada.

BHI's Metering program maintains approximately 68,000 smart, suite, commercial and industrial meters. BHI has partnerships and contracts with third party metering specialists in suite metering for multi-residential buildings, and wholesale metering for its registered Wholesale Meter points with the Independent Electricity System Operator ("IESO").

The Metering program also performs in field checks of its metering installations. These field checks consist of two parts; a static test, and a dynamic test:

- The static test involves a visual review of the instrument transformer serial numbers, ratios, meter information, meter type, wiring, grounding, condition of cabinets, evidence of tampering, by-passed conductors, loose connections and any other safety issues.
- The dynamic test involves the physical connections of test equipment (circuit analyzer), the take voltage, current, power and phase angle measurements to verify that instrument transformer ratios and billing multipliers are correct.

The primary objective of the Metering Program is to maintain an accurate meter population that provides accurate data for billing purposes and provides added value by using hourly data for engineering and operations purposes such as loading calculations, and power outage and power restoration information. This objective is accomplished with a full complement of meter service technicians that are proficient in power system calculations, knowledge of communication systems and cellular technology and safe operations around energized equipment. Qualified staff are able to detect theft, errors and safety issues that arise. The Metering Program maximizes the efficiency of the communication network of BHI's AMI system to ensure fewer instances of missing data, a timely response to defective meters, and completeness and accuracy of customer data. BHI employs contractors when necessary for bulk or large quantity meter changes to avoid hiring permanent staff for a temporary need.

Measurement Canada Compliance

BHI is required to comply with the metering requirements set out by Measurement Canada, which state that all meters must be resealed at specific intervals in order to ensure that customers' electricity use is accurately metered. BHI's meter sampling and testing program verifies the accuracy of meters, ensuring compliance with applicable requirements under the Electricity and Gas Inspection Act and the Weights and Measures Act. These federal legislations permit the use of meters for a set period of time, also referred to as a "seal period", before they must be either tested (i.e. re-verified) or replaced. The time span for smart meters is typically ten years. When meters are tested and re-verified for accuracy, the seal period is extended. For meter testing purposes, Measurement Canada permits utilities to form lots (i.e. groups of meters with homogeneous meter characteristics), and test only a small number (the "sample group") from the lot. Typically, between two to five percent of randomly selected meters from each lot form the sample group. For smaller homogeneous lots, the sampling rate could be as high as 50 percent. The number of meters to be tested is determined in accordance with Measurement Canada's specification S-S-06, *Sampling Plans for the Inspection of Isolated Lots of Meters in Service* ("the Specification"). The seal period of the isolation lot of meters can be extended if the accuracy statistics for the sample group meet tolerances stipulated in Measurement Canada's Specification. Some unique meters do not belong to any isolation lot and must be removed from service and tested individually before their seal periods expire. Table 40 below identifies the number of meters with a seal period that will expire during the 2020-2024 period. It also lists the number of meters that will need to form the sample groups for meter testing purposes based on the sample size for each isolation lot, to ensure compliance with Measurement Canada's requirements.

Table 40 – Meters Expiring during 2020-2024

Meter Type		2020		2021		2022		2023		2024	
Model	Form	# Due	# in Sample	# Due	# in Sample	# Due	# in Sample	# Due	# in Sample	# Due	# in Sample
REX2	2S/3S	27,426	1,050	667	140	435	90	392	90	753	140
G-Rex	2A	-	-	16	16	-	-	-	-	-	-
REX2	12S	424	90	3,490	225	12	12	3	3	8	8
A3RL	10A	19	19	3	3	-	-		-	1	1
A3RL	16S	-	-	2,808	140	-	-	64	64	72	72
A3RL	35A	69	69	173	173	-	-	-	-	-	-
A3RL	36A	42	42	582	140	20	20	31	31	17	17
Iton	Sent	-	-	11	11	7	7	2	2	64	64
Quad	MC5	22	22	3	3	73	73	210	210	356	356
ION	PML	-	-	2	2	-	-	-	-	-	-
	Total:	**28,002**	**1,292**	**7,755**	**853**	**547**	**202**	**702**	**400**	**1,271**	**658**

When conducting meter testing, BHI relies on field crews and contracted meter crews to remove meters that are part of a sample group and return them to an Accredited Meter Services shop for testing. Test results are forwarded to BHI for documentation and further action based on the test results. A “pass” results in an update to the meter records and the extension of seal periods, dependent on the tested accuracy levels. Seals for BHI’s smart meters with a ten-year initial seal period, are extended for all of the meters within the group by up to an additional eight years, if a “pass” is achieved for the sample size.

BHI provides further details on the remaining sub-programs in the Metering program below.

<u>Advanced Meter Infrastructure (AMI) Operations</u>

BHI utilizes the Honeywell (ELSTER) EA_MS mesh network system to measure, collect and analyze energy usage and has agreements with Honeywell to host and operate the system on its behalf.

<u>Computer Software MV90 and Maintenance Fees</u>

BHI incurs annual software maintenance fees for AMI system support for its Customer Information Systems (CIS) and licensing fees for MV90 MIST metering software.

Data Acquisition System for Meters Inside Settlement Timeframe (MIST)

BHI has an ITRON MV90 license and has a contract with Utilismart Corporation to operate and assist with data collection of its 500 plus interval meters. The costs associated with this are in Computer Software in the Metering Program.

Web Presentment and Wholesale Settlement

BHI contracts a third party to provide web presentment and wholesale settlement services for its MIST meters.

The metering group is also responsible for emergency response to customer trouble call requests, when the Control Room determines that the trouble call is related to isolated area or single customers.

The majority of expenditures in the Metering Program are non-discretionary because they are (i) driven by statutory or regulatory obligations, or (ii) the requirement to resolve a meter issue in the field on a reactive basis.

Program Costs

BHI is budgeting $1,251,247 in 2021 to execute the functions for the Metering Program as identified in Table 41 below. This represents an increase of $135,318 and an average annual increase of 1.6% compared to the 2014 Actuals.

Table 41 - Metering Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$452,418	$452,418	$369,564	$417,480	$606,757	$448,001	$436,270	$502,629	$561,418	$109,000	3.1%
Contracted Labour	$36,325	$36,325	$40,011	$12,961	$3,129	$3,655	$630	$56,100	$26,100	($10,225)	(4.6%)
AMI Operations	$326,333	$326,333	$312,048	$280,409	$292,155	$295,357	$299,709	$294,742	$283,672	($42,661)	(2.0%)
Computer Software - MV90/Maintenance	$113,567	$113,567	$121,528	$129,920	$139,915	$100,600	$114,560	$134,772	$135,132	$21,565	2.5%
Wholesale Settlement and Web Presentment	$124,235	$124,235	$132,055	$122,166	$128,866	$127,624	$198,194	$157,350	$160,105	$35,870	3.7%
Communications	$38,046	$38,046	$46,034	$40,627	$43,479	$52,275	$60,046	$35,625	$36,204	($1,842)	(0.7%)
Metering - All Other	$25,005	$25,005	$31,870	$41,955	$80,170	$30,793	$21,005	$84,989	$48,616	$23,611	10.0%
Total	**$1,115,929**	**$1,115,929**	**$1,053,110**	**$1,045,518**	**$1,294,471**	**$1,058,305**	**$1,130,414**	**$1,266,207**	**$1,251,247**	**$135,318**	**1.6%**

Approximately 50% of the costs for executing the metering program are attributable to salaries and benefits. The full complement of staff to perform metering services is four journeyperson Meter Technicians and one Meter Services Supervisor; however, FTE may be higher to allow for succession planning and training.

Variance Analysis

Costs have increased by $135,318 from the 2014 Actuals to the 2021 Test Year with no significant changes within or outside of BHI's control. The increase is due to

i. an increase in the costs related to salaries and benefits. In 2014, a journeyperson meter technician retired resulting in a partial year vacancy and lower salary and benefits; and
ii. an increase in overtime costs. Meter Technicians are on "stand by" as first responders to emergency trouble calls during the day and after-hours. These costs fluctuate with BHI customer needs and requirements.

Year over year fluctuations in salaries and benefits are typically the result of staff turnover due to retirements, and the resulting partial year vacancies prior to recruiting and staffing these positions again.

<u>2014-2015 Variance Explanation</u>

Expenditures decreased by ($62,819) from 2014 to 2015 primarily due to a decrease in salary and benefits. A journeyperson meter technician retired resulting in a partial year vacancy.

<u>2015-2016 Variance Explanation</u>

Expenditures decreased by ($7,592) from 2015 to 2016. There was no change in salaries and benefits as the increase in costs as a result of hiring a new journey person Meter Technician was offset the retirement of the Metering Manager.

<u>2016-2017 Variance Explanation</u>

Expenditures increased in by $248,953 from 2016 to 2017 primarily due to salaries and benefits due to the addition of FTE partway through 2016 work shifted from capital to operating.

<u>2017-2018 Variance Explanation</u>

Expenditures decreased by ($263,666) from 2017 to 2018 due to two vacancies in the metering group. A retirement and transfer of a technician to another program resulted in decrease in salary and benefits.

2018-2019 Variance Explanation

Expenditures increased by $99,609 from 2018 to 2019 primarily due to (i) an increase in third party fees associated with Wholesale Settlement and Web Presentment of $70,570 and (ii) an increase in salaries and benefits due to an increase in FTE (two technicians were hired and one technician was redeployed to another department). The increase in Wholesale Settlement and Web Presentment expenditures in 2019 was a result of a correction – certain charges on third party invoices were historically recorded as retailer expenses in error. BHI made an adjusting entry in 2019 and corrected the allocation in 2020 and onwards.

2019-2020 Variance Explanation

Expenditures are expected to increase by $135,793 from 2019 to 2020 due to FTE additions in 2019 and 2020.

2020-2021 Variance Explanation

There are no material variances.

4.3.0.14 Regulatory Affairs

Program Overview

The Regulatory Affairs Program is accountable for all aspects of regulatory processes for BHI including: regulatory filings; compliance with applicable codes and legislation; and related internal operational support. Regulatory Affairs builds and supports key relationships with government, regulators, industry peers, and stakeholders to monitor, influence, and evaluate potential impacts and opportunities related to industry regulation and government energy policy.

A primary function of Regulatory Affairs is developing and defending applications for electricity distribution rates (e.g. Cost of Service Applications) and annual Incentive Rate Mechanism ("IRM") applications. Regulatory Affairs advises executive management of the financial, operational and customer implications of current and evolving regulation with due regard for corporate strategy and compliance.

The department is also responsible for overall management and monitoring of the capital budget. BHI hired a Senior Financial Analyst, Capital Monitoring and Reporting in 2020 to facilitate execution of BHI's capital expenditure plan on time and on budget; analyze variances; and identify risks and course corrective action. This position is also responsible for maintaining and updating the Program Evaluation Tool and Project Prioritization Tool – two new asset and capital management tools introduced in 2020 to (i) evaluate and prioritize capital programs and projects; and (ii) optimally allocate limited capital dollars and resources.

The Regulatory Affairs program expenses include salaries and benefits of the Regulatory Affairs staff, the OEB Annual Assessment; OEB Cost Awards, rate filing costs, LEAP funding and legal and consulting services.

BHI provides further details on the major sub-programs in the Regulatory Affairs program below.

OEB Regulatory Costs

OEB regulatory costs include the OEB Annual Assessment and Cost Awards. The amount approved for the OEB Annual Assessment in BHI's 2014 Cost of Service was $206,000.[16] There was no amount budgeted for Cost Awards. The OEB revised its Cost Assessment Model effective April 1, 2016[17] which materially changed the amount charged to LDCs for the OEB Annual Assessment. The OEB established a variance account for LDCs to record any material differences between the OEB Annual Assessment currently built into rates, and Annual Assessments that resulted from the application of the new cost assessment model effective April 1, 2016. Commencing from April 1, 2016 to April 30, 2021, BHI recorded and plans to record the difference between the actual Annual Assessment and that which was approved in rates ($206,000) in the variance account for disposition in this Application. Disposition of this account are discussed in Section 9.3.0.1 of Exhibit 9. Average annual OEB Regulatory Costs from 2014 to 2020 are $213,987 which represent the OEB Annual Assessment of $206,000 and Cost Awards. The increase of $101,615 from the 2020 Bridge Year to the 2021 Test Year represents the increase in the OEB Annual Assessment as a result of the changes to the Cost Assessment Model in 2016.

Rate Rebasing Costs

The costs associated with preparing BHI's 2014 Cost of Service were $493,939 and were amortized over five years from 2014 to 2018. BHI's costs associated with preparing its 2021 Cost of Service are forecast at $848,844 or $169,769 per year amortized over five years from 2021 to 2025. The primary driver of the increase is staffing and consultant costs associated with meeting the filing requirements associated with Customer Engagement, the Asset Condition Assessment and the Distribution System Plan as identified in Table 42 below.

[16] Burlington_Hydro_AttE-Chapter 2-Appendices_20140506, Tab App.2-M Regulatory Costs
[17] OEB Letter re *Revisions to the Ontario Energy Board Cost Assessment Model*, February 9, 2016

Table 42 – Rate Basing Costs 2014 Cost of Service vs. 2021 Cost of Service

Description	2014 Cost of Service	2021 Cost of Service	% Incr/(Decr)
Legal/Consultant Costs	$331,107	$338,855	2.3%
Intervenor costs	$53,779	$125,000	132.4%
Distribution System Plan	$109,053	$100,000	-8.3%
Sub-total	**$493,939**	**$563,855**	**14.2%**
Customer Engagement	$0	$193,662	n/a
Asset Condition Assessment	$0	$49,500	n/a
Incremental Resources	$0	$41,828	n/a
Total	**$493,939**	**$848,844**	**71.9%**

LEAP funding

LEAP funding for 2021 represents 0.12% of BHI's 2021 revenue requirement as identified in Section 4.3.6 of this Exhibit and mandated by the OEB.[18]

Program Costs

BHI is budgeting $1,029,102 in 2021 to execute the functions in the Regulatory Program as identified in Table 43 below. This represents an increase of $243,676 and an average annual increase of 3.9% compared to the 2014 Actuals.

Table 43 - Regulatory Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$363,415	$363,415	$354,752	$332,023	$303,332	$346,286	$367,622	$380,570	$458,077	$94,662	3.4%
OEB Regulatory Costs	$206,685	$206,685	$219,542	$177,933	$253,884	$211,988	$215,193	$212,681	$308,300	$101,615	5.9%
Rate Rebasing Costs	$98,788	$98,788	$98,788	$98,788	$98,788	$98,788	$0	$0	$169,769	$70,981	8.0%
IRM Filing Costs	$6,314	$6,314	$10,135	$8,534	$656	$11,257	$22,866	$26,913	$9,500	$3,186	6.0%
Leap Funding	$74,279	$74,279	$34,603	$34,603	$34,603	$34,603	$34,603	$34,603	$47,000	($27,279)	(6.3%)
Regulatory - All Other	$35,945	$35,945	$33,881	$38,009	$48,768	$44,783	$30,307	$22,461	$36,456	$511	0.2%
Total	**$785,425**	**$785,425**	**$751,701**	**$689,890**	**$740,031**	**$747,705**	**$670,591**	**$677,228**	**$1,029,102**	**$243,676**	**3.9%**

Variance Analysis

Costs have increased by $243,676 from the 2014 Actuals to the 2021 Test Year primarily driven by:

[18] p.33, Section 2.4.3.6, Chapter 2 Filing Requirements

i. An increase in annual OEB costs of $101,615;
ii. An increase in salaries and benefits of $94,662 as a result of the addition of a Senior Financial Analyst - Capital Monitoring and Reporting; and
iii. An increase in the costs associated with filing a Cost of Service application of $70,981.

The increase in costs associated with the annual OEB cost assessment and Cost of Service application are outside of BHI's control. Rationale for the increase in FTE is provided above.

2014-2015 Variance Explanation

Expenditures decreased by ($33,725) from 2014 to 2015. 2014 Actuals included LEAP funding for both the 2013 and 2014 rate year.

2015-2016 Variance Explanation

Expenditures decreased by ($61,811) from 2015 to 2016. A portion of the OEB Annual Assessment related to 2016 in the amount of $39,732 was recorded in 2017 instead of 2016 Actuals.

2016-2017 Variance Explanation

Expenditures increased by $50,141 from 2016 to 2017. A portion of the OEB Annual Assessment related to 2016 in the amount of $39,732 was recorded in 2017 instead of 2016 Actuals.

2017-2018 Variance Explanation

An increase in Salaries and Benefits was offset by a decrease in OEB Regulatory Costs. OEB Regulatory Costs included $39,732 in expenditures for the OEB Annual Assessment which should have been recorded in 2016. Salaries and Benefits increased by $42,954. There was a partial year vacancy in the Regulatory department in 2017.

2018-2019 Variance Explanation

Expenditures decreased by ($77,114) from 2018 to 2019 primarily driven by Rate Rebasing Costs for the 2014 Cost of Service, which were not incurred in 2019 and 2020 as they were fully amortized over the 2014-2018 period.

2019-2020 Variance Explanation

Expenditures are expected to increase by $6,637 from 2019 to 2020 primarily driven by Salaries and Benefits. The mid-year addition of the Senior Financial Analyst described above was offset by a reduction in salaries as a result of staffing in the department shifting to lower-service, lower-cost employees due to retirements.

2020-2021 Variance Explanation

Expenditures are expected to increase by $351,874 from 2020 to 2021, driven by (i) Rate Rebasing Costs of $169,769 for this Application as identified above; (ii) an increase in salaries and benefits due to the full year head count addition described above; and (iii) an increase of $95,619 in OEB Annual Assessment Costs. The amount forecast in 2021 represents a full year of Annual Assessment costs using the OEB's current methodology as revised in April, 2016.

4.3.0.15 Safety

Program Overview

The Safety Program is accountable for ensuring a safe work environment for BHI's employees, contractors and customers through inspections, audits, training, implementation of policies and procedures, and compliance with statutory health and safety requirements. The Safety Program ensures BHI employees are working safely with minimal exposure to hazards and provides training to employees on safety in the work place. It reduces employee risk of injury through the development and implementation of programs, the application of risk based management system standards, effective training, diligent inspections, and thorough investigations into incidents and near misses.

The Safety program expenses include salaries and benefits and costs associated with Safety Programs such as the Safety Management System, BHI's Public Safety Campaign, the Safety Incentives Program and Training.

BHI delivered a portfolio of 17 safety training programs in 2019, from the new employee safety orientation to chainsaw operation, among others. BHI is working towards achieving "Sustainability" - the final ZeroQuest level of the Infrastructure Health & Safety Association's (IHSA's) ZeroQuest® Program, which recognizes a healthy and safe work environment that is achieved through strict criteria and measurement standards.

BHI provides further details on the major sub-programs in the Safety program below.

<u>Safety Management System</u>

A robust Safety Management System ("SMS") improves system efficiency and effectiveness through the centralized management of common activities such as inspections, audits, reporting, investigations, and training. It facilitates compliance with the Distribution System Code, the Occupational Health & Safety Act ("OHSA"), O.Reg 22/04 Electrical Distribution Safety and other legislative requirements. An SMS also provides a mechanism for mitigating the risk in achieving corporate objectives relating to health, safety, and environmental performance. BHI's SMS relies heavily on manual inputs and processes and as such BHI is planning to upgrade its SMS in 2021 to a fully automated system which is accredited by the Ministry of Labour. The increase in expenditures from 2020 to 2021 are primarily due to permanent ongoing costs associated with the implementation of this system. Automated features in the new system include workplace inspections, risk management, incident management, training and competency tracking and reporting. The new SMS will create one system of record to track, investigate, manage safety incidents, analyze data and generate reports to monitor performance and support critical business decision-making.

Public Safety Campaign

BHI is committed to promoting and educating its employees, residential and commercial customers, contractors, Burlington's youth and first responders on safe practices and the safe use of electricity. Its restoration efforts are conducted according to exacting, documented and highly regulated standards. BHI's Public Safety Campaign promotes safety education in the following ways:

- BHI has delivered thousands of presentations on safety awareness in community elementary schools focusing on junior kindergarten to Grade 8. BHI attended 12 schools and reached 4600 students in 2019;
- BHI is a large supporter of Rob Ellis's 'MySafeWork' program that targets high school students;
- Each year, BHI is joined by Oakville Hydro and the Electrical Safety Authority (ESA) to host the Power to Be Safe Powerline Safety Seminar, attended by hundreds of business operators and employees from high risk sectors, such as landscaping, operators of high lift booms, excavators and builders;
- BHI continues to support the local and provincial safety and awareness programs for young and new worker awareness;
- BHI promotes public safety by leveraging the ESA's online safety video series featuring "Lucky the Squirrel";
- BHI's website has a dedicated Safety page which provides video links, presentations and tips to educate families, businesses, teachers and youth and first responders on safe practices; and
- BHI belongs to and supports the Bolt Video series and contributes both financial and technical expertise to the bolt video development, the technical review process, and the

use and distributing of the videos; these safety videos are used safety meetings, trades training and to support the development of provincial standardized training.

Training Safety

BHI conducts general safety training for all employees and more specific, targeted training for its apprentices.

Staff Training

The Safety program coordinates training for BHI's highly skilled, electrical staff including power line maintainers, municipal substation technicians, and metering technicians. Training is conducted on a 5-year rolling basis and includes training mandated by provincial regulations such as the construction verification program identified in O.Reg 22/04 Electrical Distribution Safety.

Other training includes safety leadership development and training for BHI's Joint Health and Safety Committee ("JHSC") whose members require additional competencies such as incident investigation risk management and implementing workplace inspections.

Apprentice Training

Apprentice training includes ongoing training of a new apprentice hire through to full journey person status. This training includes, but is not limited to, initial apprentice training, transportation of dangerous goods, working at heights, the construction verification program, Workplace Hazardous Materials Information System ("WHMIS") training and the multiple training requirements of the Ministry of Labour and the Workplace Safety and Insurance Board ("WSIB").

Other Training

Other training includes leadership development, skills development and harassment and violence in the workplace.

Program Costs

BHI is budgeting $754,037 in 2021 to execute the functions in the Safety Program as identified in Table 44 below. This represents an increase of $408,172 and an average annual increase of 11.8% compared to the 2014 Actuals.

Table 44 - Safety Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$213,433	$213,433	$280,244	$288,071	$291,131	$292,303	$313,204	$364,919	$455,213	$241,780	11.4%
Consultants	$11,735	$11,735	$12,862	$1,490	$11,295	$12,185	$3,775	$14,020	$35,000	$23,265	16.9%
Training - Apprenticeships/Other	$74,228	$74,228	$67,429	$57,883	$61,822	$77,647	$92,850	$120,000	$131,000	$56,772	8.5%
Safety Management System	$19,696	$19,696	$33,519	$2,550	$32,717	$32,131	$40,588	$22,210	$70,000	$50,304	19.9%
Public Safety Campaign	$9,955	$9,955	$27,980	$53,320	$33,526	$23,892	$15,271	$30,003	$35,000	$25,045	19.7%
Safety - All Other	$16,818	$16,818	$13,076	$10,248	$14,240	$13,242	$12,483	$8,097	$27,824	$11,006	7.5%
Total	**$345,865**	**$345,865**	**$435,110**	**$413,562**	**$444,731**	**$451,400**	**$478,171**	**$559,249**	**$754,037**	**$408,172**	**11.8%**

Variance Analysis

Costs have increased by $408,172 from the 2014 Actuals to the 2021 Test Year primarily driven by:

i. An increase in salaries and benefits of $241,780 primarily as a result of one employee changing from part time status in 2014 to full time status in 2015; and the addition of a Facilities Manager in 2020;
ii. An increase in training costs of $56,772; and
iii. An increase in the costs associated with operating BHI’s Safety Management System as identified above.

The main change as compared to the 2014 Actuals is the addition of a Manager of Facilities and Security Manager in 2020. Prior to 2020, BHI assigned responsibility for ensuring the efficient maintenance and operations; and security of BHI’s buildings and properties (head office, stores area and garage, and 32 municipal stations) across multiple departments and positions – Purchasing, Human Resources, Safety and Station Maintenance Departments which was inefficient and ineffective. Adding the facilities role to existing positions impacted employees’ primary workload – BHI found that facilities management was being conducted at the expense of employees’ primary responsibilities, in particular safety management.

<u>2014-2015 Variance Explanation</u>

Expenditures increased by $89,245 from 2014 to 2015 primarily due to an increase in salaries and benefits as a result of one employee changing from part time status in 2014 to full time status in 2015; and an increase in activities for BHI’s Public Safety Campaign.

2015-2016 Variance Explanation

Expenditures decreased by ($21,548) from 2015 to 2016 primarily due to a decrease in expenditures on BHI's Safety Management System partially offset by an increase in activities for BHI's Public Safety Campaign.

2016-2017 Variance Explanation

Expenditures increased by $31,169 from 2016 to 2017 as expenditures on BHI's Safety Management System returned to historical levels.

2017-2019 Variance Explanation

There were no material variances

2019-2020 Variance Explanation

Expenditures are expected to increase by $81,078 from 2019 to 2020 primarily driven by (i) an increase in training; (ii) investment in BHI's Safety Management System and (iii) an increase in BHI's Public Safety Campaign. Training costs have increased due to (i) an increase in new staff requiring training due to retirements and resignations and (ii) an increase in training requirements.

The Province of Ontario has changed the expiry dates for some its safety training (Working at Heights, the Transportation of Dangerous Goods, and the Utility Work Protection Code) from three years to two years, consequently increasing the frequency and cost of training for BHI employees. In addition, the high percentage of attrition and retirements at BHI - discussed in more detail in Section 4.3.1 of this Exhibit 4 - has resulted in increased training costs.

2020-2021 Variance Explanation

Expenditures are expected to increase by $194,788 from 2020 to 2021, driven by an increase in salaries and benefits; an increase in operating costs associated with BHI's Safety Management System; and consulting costs. BHI plans to hire a Manager of Facilities and Security Manager with responsibility for ensuring the efficient maintenance and operations; and security of BHI's buildings and properties (head office, stores area and garage, and 32 municipal stations). Many of these responsibilities were previously performed by other positions within the Human Resources, Safety and Station Maintenance Departments which was inefficient and ineffective but amounted to the equivalent of one FTE. Adding the facilities role to existing positions impacted employees' primary workload – BHI found that facilities management was being conducted at the expense of employees' primary responsibilities, in particular safety management.

4.3.0.16 Stations

Program Overview

The Stations Program is responsible for the operations and maintenance of all equipment at BHI's 32 Municipal Stations ("substations") that house 44 substation power transformers. BHI's substation maintenance strategy focuses on minimizing, to the extent possible, emergency, reactive work by improving the effectiveness of BHI's planned maintenance program (including predictive and preventative actions) for its substations. This program is also responsible for maintenance activities for BHI's assets located at customer-owned buildings or dedicated areas on customer premises.

The Stations Program conducts inspection and maintenance tasks typically on a fixed cycle and is focused on preserving and maximizing an asset's performance over its expected useful life while mitigating a wide variety of system risks. Inspections focus on predetermined conditions indicative of a potential failure.

The Stations program expenses include salaries and benefits, Equipment Operations and Maintenance and Building Operations and Maintenance.

BHI provides further details on the major sub-programs in the Stations program below.

Substation Equipment Operations and Maintenance

The Substation Equipment Operations and Maintenance sub-program includes planned preventive and unplanned corrective maintenance of Substation Power Transformers, Substation Switchgear, Breakers and Relays, and the DC and Supervisory Control and Data Acquisition ("SCADA") Systems. Preventive maintenance performed on the above mentioned equipment includes electrical, mechanical, and type-specific maintenance tasks.

BHI owns and maintains 32 substations. The substations undergo a complete detailed preventive maintenance at least once every five years. Power Transformer maintenance includes electrical testing and mechanical maintenance. However, Breakers and Relays preventive maintenance work is carried out every three years and includes detailed internal visual inspection, insulation resistance tests, and confirmation that there are no structural deficiencies in breakers. In addition, Relay maintenance includes function testing, calibration of electromechanical relays, and protection setting updates, if required. System operations data (e.g. faults experienced by a transformer) is also relied on to identify the need for and plan the maintenance activities. The type and extent of maintenance activities are based on assessments and recommendations for each substation and as such can fluctuate from year to year. Expenditures can vary year over year depending on the nature of the work required and the number of substations scheduled for maintenance.

<u>Substation Building Operations and Maintenance</u>

The Substation Building Operations and Maintenance sub-program includes inspection and maintenance activities. BHI performs (i) a monthly visual inspection of all 32 substations to check for any deficiencies and identify corrective actions; and (ii) an annual inspection of BHI owned electrical equipment such as transformers and switches located within customer – owned buildings (vaults) or dedicated areas on customer premises. Inspections are conducted for Substation structure, Substation Power Transformers; Breakers and Relays; and DC and SCADA Systems. During the inspection a records of the transformer's oil and winding temperature, and transformer oil level has been taken and documented findings in monthly and annual reports.

Planned annual thermographic (IR) scanning and DC systems (Batteries and Chargers) detailed predictive maintenance is performed as well. Good utility practice guides BHI's scheduling of dissolved gas analysis testing; for example, the frequency of testing is greater for those transformers with higher levels of dissolved gas. This data is considered in combination to assess transformers 'health' and to identify the need for and plan maintenance activities. Costs can vary depending on the nature of the work involved and the number of problems resolved.

Program Costs

BHI is budgeting $1,517,028 in 2021 to execute the functions in the Stations Program as identified in Table 45 below. This represents an increase of $130,673 and an average annual increase of 1.3% compared to the 2014 Actuals.

Table 45 – Stations Program Expenditures

Description	2014 Actuals (Revised CGAAP)	2014 Actuals (MIFRS)	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)	2021 vs. 2014 CAGR
Salaries and Benefits	$754,788	$754,788	$761,260	$620,653	$784,994	$796,575	$849,672	$872,405	$932,587	$177,799	3.1%
Materials - Station Mtce/Ops	$278,917	$278,917	$131,122	$158,090	$67,245	$79,238	$52,618	$71,994	$73,260	($205,657)	(17.4%)
Building Operations and Maintenance	$101,277	$101,277	$127,287	$90,228	$77,089	$81,540	$105,964	$123,535	$125,510	$24,233	3.1%
Insurance	$62,960	$62,960	$62,960	$44,682	$38,456	$36,345	$39,504	$47,352	$48,300	($14,660)	(3.7%)
Telephone/Utilities	$81,151	$81,151	$89,109	$89,887	$108,621	$95,471	$103,616	$99,434	$98,440	$17,289	2.8%
Leases/Rent	$24,292	$24,292	$32,532	$28,477	$32,212	$30,990	$31,265	$31,558	$29,077	$4,785	2.6%
Oil Tests	$32,589	$32,589	$14,732	$11,526	$33,118	$24,941	$32,293	$18,234	$18,531	($14,058)	(7.7%)
Software Maintenance	$26,955	$26,955	$40,635	$29,737	$26,943	$28,141	$41,382	$134,994	$161,050	$134,095	29.1%
Station Mtce/Ops - All Other	$23,426	$23,426	$19,555	$21,906	$39,994	$21,558	$22,523	$33,130	$30,273	$6,847	3.7%
Total	**$1,386,355**	**$1,386,355**	**$1,279,192**	**$1,095,186**	**$1,208,672**	**$1,194,799**	**$1,278,837**	**$1,432,635**	**$1,517,028**	**$130,673**	**1.3%**

Variance Analysis

Costs have increased by $130,673 from the 2014 Actuals to the 2021 Test Year primarily driven by:

i. An increase in software maintenance of $134,095 associated with BHI's SCADA system;
ii. An increase in the costs associated with salaries and benefits increase of $177,799 due to the addition of an apprentice in 2021 to succession plan for upcoming retirements;

partially offset by:

iii. A decrease in substation equipment materials of ($205,657).

There are no material increased from 2014 to 2021.

<u>2014-2021 Variance Explanation</u>

Salaries and Benefits and Materials fluctuate year over year dependent on (i) the number of substations maintained; (ii) the corrective actions required to resolve issues discovered during maintenance; and (iii) the shift between operating and capital work, dependent on substation renewal work and. Material changes to expenditures in the Stations program are i) a decrease in salaries and benefits in 2016 as a result of a vacancy in the Stations program; and (ii) a permanent increase in software maintenance associated with BHI's SCADA system. In 2021, BHI expects to hire an apprentice.

4.3.0.17 FTE Adjustment

Program Overview

BHI is proposing to adjust its OM&A expenditures in the 2021 Test Year by ($572,068) as identified in Table 46 below in order to mitigate the 2021 Test Year rate increase.

Table 46 – 2021 Test Year FTE Adjustment

Description	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year	2021 vs. 2014 Incr/(Decr)
Other - FTE Adj								($572,068)	($572,068)
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($572,068)**	**($572,068)**

FTE in 2021 is not representative of the average FTE over the 2021-2025 rebasing period. As identified in Table 47 below, BHI's FTE is expected to be 107 in 2021 and decreases to 100 by the end of 2025. The average head count over the five year period is 102.6 FTE. The reason for the expected decrease in FTE from the 2021 Test Year to 2025 is anticipated retirements.

Table 47 – 2021-2025 Budgeted FTE

Function	Category	2021 Test Year	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Average 2021-2025
Trades & Tech. Staff							
Powerline Tech. & Crane Operator	Non Mgmt	19	18	17	17	18	17.8
Station Maintenance	Non Mgmt	7	7	7	6	6	6.6
Metering Technician	Non Mgmt	5	4	4	4	4	4.2
Control Room Operators	Non Mgmt	10	10	10	9	9	9.6
Engineering Technicians	Non Mgmt	10	10	9	9	9	9.4
TOTAL Trades FTEs		51	49	47	45	46	47.6
Supervisory Staff							
Line Supervisors	Mgmt	2	2	2	2	2	2.0
Stations Supervisors	Mgmt	1	1	1	1	1	1.0
Metering Supervisor	Mgmt	1	1	1	1	1	1.0
Control Room Supervisor	Mgmt	1	1	1	1	1	1.0
Engineering Supervisors	Mgmt	5	5	5	5	5	5.0
TOTAL Supervisory FTEs		10	10	10	10	10	10.0
Non-Trades & Technical							
Executive	Mgmt	4	4	4	4	4	4.0
Management	Mgmt	15	14	14	14	14	14.2
Non-Union	Non Mgmt	9	9	9	9	9	9.0
Union	Non Mgmt	18	18	18	18	17	17.8
TOTAL Other FTEs		46	45	45	45	44	45.0
BUDGETED FTE		**107**	**104**	**102**	**100**	**100**	**102.6**
AVERAGE FTE		**105.0**	**105.5**	**103.0**	**101.0**	**100.0**	**102.6**

The rates set in the 2021 Test Year are effectively in place for a five year period with the exception of adjustments for inflation. As such, if BHI were to request recovery in rates for salaries and benefits based on 107 FTE it would inappropriately over charge rate payers over the five year period (BHI would recover in rates the salaries and benefits for 107 FTE in each of 2021 to 2025; however over the five year period it would only incur costs associated with, on average, 102.6 FTE). BHI proposes to reduce the salaries and benefits in the 2021 Test Year by $572,068 - the equivalent of 4.4 FTEs - so that it recovers the equivalent of 102.6 FTE per annum over the five year period. BHI will under recover OM&A in 2021 and 2022 and over recover OM&A in 2023-2025. Over the five year period BHI and ratepayers will be held whole.

4.3.1 Workforce Planning and Compensation

BHI provides detailed information on its workforce planning, employee complement, compensation and benefits below. BHI outlined its plans to attract, motivate and retain the talent required to maintain and renew its distribution system in its last cost of service application (EB-2013-0115). At that time, BHI was faced with a potential turnover approaching 33 percent of its workforce within a five to ten year time period. BHI was focused on offering a competitive compensation package and rewarding work experience to compete successfully for employees with the requisite skill sets.

BHI's workforce has undergone significant change since 2014. During the period between 2014 and 2019, BHI experienced a workforce turnover rate of 49 percent; consequently, approximately 50 percent of its current workforce has less than five year's tenure/experience with the organization. Workforce and succession planning remain critical over the next five years as BHI expects to experience turnover of 20 percent of its workforce between 2021 and 2025, as identified in Table 6 of Appendix A. This is solely due to anticipated retirements; 25 percent turnover is expected between 2020 and 2025. Matching the resource capability with the work demands in the electrical distribution sector requires both short- and long-term planning. Numerous contributing factors are impacting BHI's workforce planning including:

- Managing the effects of its aging workforce including significant turnover in 2015 to 2021 primarily due to retirements;
- Dealing with a shortage of skilled labour in the electrical industry;
- Leveraging technological advancements and ensuring BHI is capable of delivering on customer expectations while at the same time competing for new emerging skills; and
- Increased work demands, due in part to the requirement to replace distribution infrastructure beyond its useful life.

4.3.1.1 Workforce Planning

BHI provides its Five-Year Strategic Workforce Plan filed as Appendix A in this Exhibit.

As identified above and in Section 4.1.2 of this Exhibit 4, BHI has been presented with several challenges since its 2014 Cost of Service which have informed and influenced its workforce planning and strategies:

- Managing Turnover: The high turnover between 2015 to 2019, in addition to the difficulty in recruiting for positions which are in short supply, has been exacerbated by the large number of vacant positions at BHI year-over-year since 2014 as identified below in Tables 48 and 49; and in Table 56;
- Competitive Labour Market and Skills Shortage: BHI operates in an extremely competitive market in which there are challenges recruiting for certain positions, particularly power system operators, engineers and electricians; and Information and Technology ("IT") occupations. A shortage of fully competent, proficient employees in the marketplace to fill vacancies requires BHI to advance hire a higher percentage of apprentices who require four to seven years of training to reach full proficiency, as identified in Table 9 of Appendix A; and
- Technological advancements and changes require employees with different skills, expertise and competencies to meet the needs of BHI's stakeholders. To address this challenge, BHI has eliminated and created several new positions as identified further below.

Managing Turnover

As identified in BHI's last Cost of Service application (EB-2013-0115), BHI was experiencing an average annual turnover rate of 2.4% for unexpected turnover (i.e. excluding retirements) and 5.2% including retirements.[19] BHI's turnover rate has increased significantly since that time - a large percentage of BHI's employees have retired and are expected to retire as identified in Table 49 below. Turnover between 2014 and 2019 increased to an average annual rate of 8.2%, with 2015 and 2019 being significantly higher at 10.8% and 15.4% respectively, as identified in Table 48 below. BHI expects nine employees to retire in 2021.

[19] p5, Exhibit 4 Tab 4 Schedule 2 EB-2013-0115

Table 48 – Turnover Numbers and Rates by Type

Year	2014		2015		2016		2017		2018		2019		Avg 2014-2019	
Type	R	L	R	L	R	L	R	L	R	L	R	L	R	L
Non Management	2	0	6	3	3	1	3	1	2	1	5	4	21	10
Management	1	0	0	1	3	0	2	1	1	0	3	2	10	4
Turnover Rate %	3.2%	0.0%	6.5%	4.3%	6.6%	1.1%	5.5%	2.2%	3.3%	1.1%	8.8%	6.6%	33.6%	15.2%
Total Turnover Rate %	**3.2%**		**10.8%**		**7.7%**		**7.7%**		**4.4%**		**15.4%**		**48.8%**	

R = Retired; L = Left BHI (voluntary or otherwise)

Table 49 – Number of Retirements 2014-2025

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Non Management	2	6	3	3	2	5	3	5	2	3	1	2
Management	1	0	3	2	1	3	1	4	1	2	1	0
Total # Retirements	**3**	**6**	**6**	**5**	**3**	**8**	**4**	**9**	**3**	**5**	**2**	**2**
Cumulative Total # Retirements	**3**	**9**	**15**	**20**	**23**	**31**	**35**	**44**	**47**	**52**	**54**	**56**

BHI's high rate of turnover from 2014 to 2021 has made it difficult to attain optimal headcount, resulting in:

- Priorities shifting from being proactive to one of being reactive which caused delays in filling of vacancies and budgeted positions;
- An increase in the duration of the hiring process as the Human Resources department cannot accommodate the added workload resulting from unplanned recruitment; and
- An increase in workload of Hiring Managers which impacts their ability to fill the position quickly.

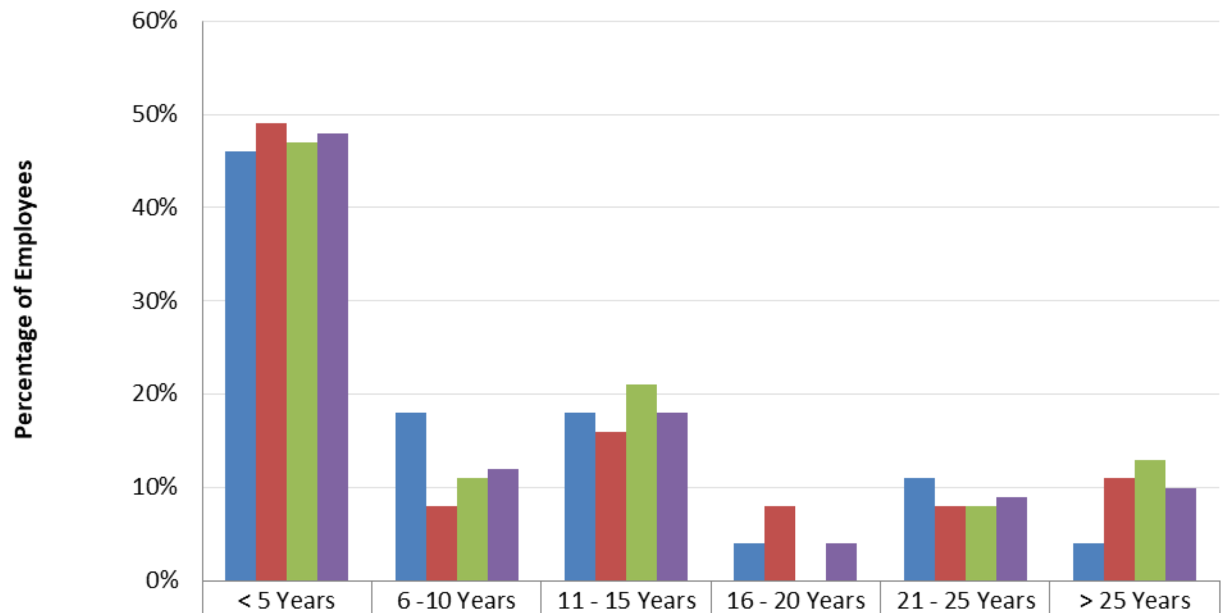
Potential impacts of high turnover are:

- Staff that are more experienced are required to work overtime as less experienced staff take longer to complete tasks or are not fully qualified to do the work - as a result experienced staff may become stressed or experience burnout as they are required to do the same/more with less experienced staff and resources;
- Potential risk of erosion of work and safety processes if knowledge of experienced workers is not transferred to new hires before departure - this can result in compromised safety for employees and service for customers;
- Potential negative impact to employee and customer satisfaction levels if adequate resources are not available to complete work; and

- Attraction and retention of staff is at risk - BHI turnover due to resignations has more than doubled from the five year period between 2010 to 2014 (five employees resigned) and the five-year period between 2015 to 2019 (fourteen employees resigned).

Figure 8 below identifies the years of service by employee group – 48% of BHI's current workforce has less than five years tenure/experience with the organization. While an influx of new hires brings opportunities to BHI, it also results in the depletion of a vast amount of knowledge and experience.

Figure 8 – Years of Service by Employee Group in 2020



	< 5 Years	6 -10 Years	11 - 15 Years	16 - 20 Years	21 - 25 Years	> 25 Years
Management	46%	18%	18%	4%	11%	4%
Office Staff	49%	8%	16%	8%	8%	11%
Trades / Tech	47%	11%	21%	0%	8%	13%
Total BHI	48%	12%	18%	4%	9%	10%

Ensuring BHI has the right number of people in place at the right time is critical to meet the needs of its customers and stakeholders. The potential consequences of delays in hiring, as a result of high turnover and skills shortages, include a shortage of resources to maintain and operate the system; and a reliance on an inexperienced or inadequately trained workforce to perform highly complex, safety sensitive tasks.

In order to address the high rate of turnover, BHI plans to fill its remaining vacancies in 2020 and has added to its staff complement in 2020 and 2021 to ensure it has adequate resources to accommodate apprentices and staff with less experience than the employees they are replacing. BHI will utilize a multi-faceted approach to allow for flexibility to ‘right size’ its workforce over the next five years, and allocate sufficient funds to ensure its new hires are properly on boarded, trained and developed to maintain a highly skilled and proficient trades and technical workforce; and mitigate potential risks associated with working in a high-risk environment. BHI has strived to maintain its workforce at its optimal level of 100, however that has not always been possible due to the workforce challenges it has faced over the last seven years, as described in Section 4.1.1 of this Exhibit 4. As previously mentioned, FTE will temporarily increase to 107 in the 2021 Test Year to manage past and future retirements. BHI’s complement of staff will have a high proportion of employees with less than five years tenure with the company. However, FTE will decrease to 100 in by 2024 at which time BHI will not be faced with the same pressures of a retiring workforce as exist today. As such, BHI is proposing to smooth out its employee costs over the 2021-2025 rate period as discussed in Section 4.3.0.17 - FTE Adjustment to appropriately recover costs over the five year rate term.

Vacancies are considered an opportunity to re-assess needs across the organization. Positions are not automatically re-filled; and staffing consideration is given to current skills and talent needs - between departments and across the organization. Business unit staffing is fluid and ready to change and shift accountabilities to accommodate allocating the right position with the right skills into the right job. This process provides BHI the opportunity to continually determine staffing/skills need – by either allocating FTEs to different departments, or eliminating FTEs if there is an opportunity to do so, yet still remaining efficient and maintaining sufficient experience and proficiency across the organization.

BHI will also continue to use a mix of contingent workers (contractors and consultants) to meet sudden workload demands due to either insufficient resources or the timing of capital projects. The use of contractors allows BHI flexibility in managing within budget constraints as opposed to hiring FTEs. Contractors also provide BHI with access to specialized skills that may not yet be present in-house, are too expensive, or for which there is not sufficient full-time capacity to hire.

Competitive Labour Market and Skills Shortage

Employers in the electricity sector are competing for workers both within the sector and with other industries. With the exception of some specialized trades (e.g. power line technician), most occupations within the electricity sector share skills that are transferable to other industries - in particular, engineering, construction and Information and Communication Technology ("ICT") occupations. Electrical Engineers and Powerline Technicians are the largest occupations within the electrical industry, each accounting for 11% of the total workforce. BHI's Trades and Technical occupations account for almost 37% of its workforce.[20]

Labour demand is expected to increase for most engineering occupations. Electrical engineers, technologists and technicians, and power system operators are expected to see the highest net increase in labour demand over the next ten years. In addition, with digital transformation and technological change, BHI will be competing for ICT expertise.

BHI employees are often sought after by other organizations that may offer similar roles in other geographic regions. BHI's employee turnover has substantially increased since 2014 in part due to retirements, as identified above, but also includes a significant increase to non- retirement attrition as noted above. BHI has also experienced some difficulty attracting new employees for some positions in Information Technology, Engineering and trades supervisory roles - an indication that the competition for labour is increasing.

One strategy that BHI employs to mitigate the impact of the skills shortage is to hire apprentice graduates to fill vacancies as a result of retirements. BHI strives to minimize training overlap, but in some cases hiring of apprentice graduates must be completed in advance of retirements to provide the lead time necessary to train them before the retirements occurs. This ensures the organization (i) has the capability to maintain a minimum number of fully trained and proficient workers; and (ii) achieves a continuity of skills and proficiency in order to ensure the safe and reliable distribution of electricity.

[20] Electricity HR Report , Workforce in Motion 2017-2022

It is not unusual in the electricity sector for utilities to advance hire apprentices within a three to four year window of projected qualified tradespeople leaving. As identified in Table 50 below, it takes between four to five years for trades and technical positions to reach full proficiency. New hires to BHI at the apprentice level are not permitted to work independently until they have completed all training and competency requirements. In a potentially dangerous, safety sensitive environment, such as working with electricity, BHI and the sector recognize the need to utilize a combination of advance hiring practices and hiring fully qualified trades and technical workers.

Table 50 – Years to Reach Proficiency

Trades & Technical Positions	Years to Reach Proficiency	Comments
Powerline Technician	5	May require longer for lead hand positions
Substation Maintainer	5	May require longer for lead hand positions
Meter Technician	5	May be able to work on limited meters in first two years
Control Operator	5	May require longer for lead hand positions
Design Technician	4	Engineering design work requires college degree & hours
Distribution Engineer	4	Takes four years to quality for P. Eng.
Supervisory Positions	5-7	Requires leadership, right competences and business skills

BHI continues to track and monitor its employee demographics, cognizant of the potential upcoming retirements, specifically of its highly skilled trades and technical positions.

Technological and Regulatory Changes

Since BHI's last Cost of Service application, the electricity sector has undergone significant technological changes at a rapid pace including the greater use of Information & Communications Technologies ("ICT"), smart grid applications, renewable technology integration, the electrification of transportation, and the decentralization of the electricity system through an increase in Distributed Energy Resources ("DERs"). BHI, in particular, has implemented, or is in the process of implementing, new Information & Communications Technologies such as an Outage Management System ("OMS"); a CIS; a GIS and a digital payroll/HRIS system. The introduction of new technologies and systems has resulted in emerging skill sets that did not exist before. Further, requirements from regulatory and legislative bodies (e.g. ESA, Cyber Security) have increased. In order to close this gap and adapt to these technological and regulatory advancements and changes, BHI utilizes a variety of workforce planning approaches including training and development, promoting internally, acquiring apprentice graduates and hiring skilled trades. BHI has also created and eliminated a number of positions in order to ensure its workforce is equipped with the experience, knowledge and skills to achieve its objectives. These positions are discussed in further detail below.

New Positions

BHI created and added seven new positions to its staff complement during 2014 to 2020 that were not budgeted during its last rate application for the following reasons:

- Rapid technology advancements and associated emerging security issues;
- Skills shortage/gaps as a result of the above;
- An increase in distribution infrastructure and BHI property and buildings beyond the end of their useful lives; and
- Increasing requirements from regulatory and legislative bodies.

Engineering and Operations

A Project Engineer - Grid Modernization and Planning was hired in early 2020. This new position is required for project engineering distribution system modeling and simulations, systems analysis for optimization and reliability, and protection and coordination studies of electric utility distribution systems. The position is required due to an increase in regulatory requirements from the Electrical Safety Authority which require a new set of skills that BHI has not previously hired for.

BHI will hire a System Architect - Technology Specialist in late 2020, due to increasing expectations with regards to the manner in which customers have indicated they would like BHI to communicate and interact with them, in particular outages and estimated time for restoration; and improvements to BHI's customer portal. BHI implemented a new Outage Management System ("OMS") in 2014/2015, in part due to deficiencies with its legacy system, identified after the 2013 ice storm. The system requires system monitoring, updates and custom programming. The need for this position has emerged due the inability of BHI's third party contractor to respond in a timely manner to customer requests – BHI can better serve its customers in-house. BHI has since been actively recruiting for this position since 2019; however the skill set required is difficult to find. This position will be responsible for ensuring metrics associated with reliability and system response are monitored and targets met; and ensuring customers receive timely communication response during power outages.

Regulatory and Finance

A new Senior Financial Analyst, Capital Monitoring and Reporting was hired in 2020. This position partners with multiple departments to facilitate execution of BHI's capital expenditure plan on time and on budget; analyze variances; forecast; and identify risks and course corrective action. This position is also responsible for maintaining and updating the Program Evaluation Tool and Project Prioritization Tool – two new asset and capital management tools introduced in 2020 to (i) evaluate and prioritize capital programs and projects; and (ii) optimally allocate limited capital dollars and resources. These tools are discussed in more detail in BHI's DSP.

Information Technology

Significant changes with respect to the security of data have occurred since BHI's last cost of service. Security of BHI's customer information and protection of their privacy continues to be of paramount importance. *"The risk of security breaches and exposure to cyber-attacks within the electrical energy sector has grown substantially with the implementation of Smart Grids, Smart Metering and SelfGeneration. Increased use of automation, different communication networks, and the use of wireless networks, data flows, hand-held electronic devices and the internet of things (IoT) have created attack vectors that have not been considered in the past. As well, the growing demand for real-time data exchange between entities within the province, to support business units have resulted in increased cyber security risks to Ontario's energy sector*".[21].

Cyber-attacks occur daily, are constantly evolving, and can result in business or service disruption; viruses have evolved and proliferated quickly and malware has become more complex and destructive to an organization's assets. The OEB's new Cyber Security Framework acknowledges the criticality of this threat to utility operations, and prescribes regulatory requirements to address these risks.[22] To address these changes and mitigate cyber security risk, BHI in a comprehensive cyber security protection program, which includes the created the following new positions.

A Security and IT Infrastructure Specialist was hired in 2016 to focus on the security and ongoing protection of BHI's assets and data including its customers' billing and payment information. This

[21] Ontario Cyber Security Framework, Version [1.0], December 6, 2017
[22] Ibid

position is specifically responsible for the deployment of the Ontario Cyber Security Framework as part of BHI's comprehensive cyber security protection program and to ensure that BHI is following industry best practices in its efforts to protect and secure its assets.

A Senior IT Infrastructure Specialist was hired in 2020 who is responsible for the overall health and maintenance of all IT infrastructure including telecommunications, network administration, hardware/software, backup/recovery and security operations. This position meets IT's infrastructure requirements to respond on a timely basis to ever evolving IT technology advancements which include advanced cyber security functionality and related standards in order to provide uninterrupted service to customers.

Facilities

A Manager of Facilities and Security is expected to be hired in the third quarter of 2020 with responsibility for ensuring the efficient maintenance and operations; and security of BHI's buildings and properties (head office, stores area and garage, and 32 municipal stations). Many of these responsibilities were previously performed by other positions within the Human Resources, Safety and Station Maintenance Departments which amounted to the equivalent of one FTE but was inefficient and ineffective. Adding the facilities role to existing positions impacted employees' primary workload – BHI found that facilities management was being conducted at the expense of employees' primary responsibilities, in particular safety management. This new position is offset by a recent retirement in the Distribution Maintenance and Operations department which will not be filled.

Communications

A Communications Associate and Executive Assistant was hired in 2020 to assist with increased communications activities and functions previously managed by the executive assistant in the Administration program (position eliminated in 2019). This position:

- Provides executive assistance to the Board, CEO and executive staff;
- Develops strategies that support/coordinate internal communications;
- Manages social media platforms: Twitter, LinkedIn, Facebook, Instagram, YouTube;
- Proposes, develops and implements creative solutions that address overall design, site navigation, and layout of content on corporate, employee and special event websites.

Eliminated Positions/FTE

To mitigate the increase in OM&A as a result of adding these new positions, BHI eliminated the following positions:

- Purchasing – Storekeeper (2015) – duties were absorbed by existing staff members and summer students at a lower cost than hiring a full time replacement.
- Stations Maintenance and Operations - Stations Maintenance Technician (2015) – this FTE was previously filled with an apprentice.
- Information Technology - IT Support Analyst (2016) - the position was eliminated in 2016 and replaced with the Security and IT Infrastructure Specialist position; a new skill set was required to manage the deployment of the Ontario Cyber Security Framework.
- Stations Maintenance and Operations - Stations Lead Hand (2016) - this FTE was previously filled with an apprentice.
- Regulatory - CDM Manager (2016) – an employee who left voluntarily was not replaced; BHI outsourced all CDM duties to a third party to reduce costs and eliminate the risk of severance costs in the event of the termination of the Conservation First Framework.
- Administration - Executive Assistant (2019) – BHI did not immediately replace this early retirement. Duties were performed by co-op students to realize efficiencies and were eventually amalgamated into the role of the Communications Associate and Executive Assistant, a new position created in 2020.
- Distribution Maintenance and Operations – Locator (2019) – BHI did not find it cost efficient to have a full time locator on staff and took advantage of a planned retirement to eliminate this position.

4.3.1.2 Compensation

Overview

BHI is committed to ensuring that it operates safely, reliably and efficiently. In order to remain a viable and attractive employer for prospective new hires and maintain valuable talent, BHI remains focused on offering a competitive market-driven total compensation package. This includes remaining competitive, yet prudent in negotiating its two Collective Agreements and offering an LDC peer group comparable incentive program for its management team.

As described above, BHI's workforce has experienced and continues to experience significant change – a high turnover rate, skill shortage, technological advancements and regulatory changes. To manage this level of change in its workforce, BHI must position itself to attract, motivate and retain talent with the appropriate skill set to:

- Maintain reliability and operate its distribution system safely and efficiently;
- Incorporate customers' needs and preferences into its operations;
- Respond in a timely manner to increasing legislative and regulatory requirements;
- Accommodate customer growth and system access investments;
- Execute its asset management and capital expenditure plans; and
- Execute its planned infrastructure renewal to address assets at the end of their service lives and in poor and very poor condition as measured by a health index;
- Mitigate and manage the impacts of an aging workforce and a competitive labour market; and
- Implement and leverage technological advancements.

Consequently, BHI's total compensation package and ability to offer a rewarding work experience must enable it to compete successfully for employees with the requisite skill sets.

BHI's workforce is comprised of unionized and non-unionized employees.

Unionized Employees

BHI's workforce is comprised of two different unions (Inside Workers and Outside Workers) for which the International Brotherhood of Electrical Workers ("IBEW") Local 636 is the sole bargaining agent. Approximately 70 percent of BHI's employees are unionized. The Inside workers are comprised of Customer Service Representatives, Billing Clerks, Engineering Services Technicians, Accounting Clerks. The Outside workers are comprised of Power line, Metering and Substation Maintenance Technicians and Control Operators.

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 BHI's distribution system, as well as the competitive wage levels of its geographic market.

BHI's most recent contract covers a 4 year period from April 1, 2017 to March 31, 2021. Wage increases were negotiated at 2.1% 2.1%, 2.0%, and 2.0% for each contract year in 2017, 2018, 2019 and 2020 respectively. This is consistent with other negotiated settlements in the industry. Table 51 below summarizes the annual wage adjustments for both unions from 2014 to 2021. These increases represent a cumulative, compounded increase of [redacted] from 2014 to 2021.

As identified in Table 14 in Section 4.1.2.11 of this Exhibit 4, inflationary increases account for approximately 87% of the increase in base salaries and benefits. BHI will be renegotiating a new contract with both unions in early 2021.

Table 51 – Unionized Annual Wage Increase

Year	%
2014	2.5%
2015	2.5%
2016	2.5%
2017	2.1%
2018	2.1%
2019	2.0%
2020	2.0%
2021	[redacted]
Compounded	[redacted]

Every position and job classification covered by the collective agreements has been evaluated using the Korn Ferry (Hays) job evaluation point method. The methodology used in determining the job point worth is based on Know-How, Problem Solving, Accountability and Working Conditions. As a result of the evaluations, an appropriate rate is determined for each position and job classification. Rates are reviewed (i) on a regular basis and (ii) if a significant change in responsibilities has occurred. Each job classification has a wage rate progression scale that increases from a base starting rate to a maximum rate.

Executive/Management/Non-Union Employees

BHI provides its non-unionized employees (Executive, Managers and Non-union) with a total cash compensation package comprised of two elements: base salary and incentive pay. BHI's performance-based philosophy ensures that rewards are appropriately aligned with the strategic direction of the company.

A customer service focused utility requires a team of highly talented and skilled individuals. To attract, retain, motivate, and develop talented individuals, BHI provides a competitive and rewarding compensation plan. The plan has been developed to ensure and reward teamwork, leadership excellence, business acumen, integrity, and commitment to customers. Inherent in this philosophy is the opportunity for employees who achieve above-average performance levels to receive compensation increases consistent with the Company's Pay for Performance and Incentive Compensation Plan.

The following objectives and principles form the foundation of BHI's total cash compensation plan:

- **TALENT:** To attract, retain, develop, and motivate the best person available for each position.
- **QUALITY WORK**: To emphasize the importance of work performance excellence and reward it accordingly.
- **POSITIVE WORK ENVIRONMENT**: To achieve business plan results by creating a positive work environment where compensation practices demonstrate BHI's commitment to fairness and equity, individual development and growth, as well as contributing to the success of the business.
- **CAREER ORIENTATION:** To encourage self-development, skill and competency development by offering challenging work assignments and career opportunities based on individual and team performance.
- **RECOGNITION:** To gain the commitment of all team members to BHI's values and mission by sharing credit for personal success and business success through the informal and formal recognition of personal and team contributions.

- **LABOUR MARKET COMPARISONS**: BHI will offer and pay salaries that are competitive with other similar size companies and like-industry companies. Competitive is defined at or about the 50th percentile of the market.

Salaries

BHI uses a pay grade salary structure that includes thirteen pay grades. These grades are for all levels of Executive/Management/Non-union employees. Each pay grade has a higher base salary job rate and range according to level of responsibility. Each pay grade and job rate has a salary range set between 80% and 120%. Job rate (100% compa-ratio) is the rate at which a fully experienced and competent individual achieves or is expected to operate at. Below job rate, the individual is considered developing (Junior). Achieving above job rate is possible for individuals who have demonstrated superior performance. The use of salary ranges provides for the:

- Opportunity to reward, retain and attract top talent beyond 100%;
- Opportunity to mitigate compression issues between Unionized and Non-Unionized staff; and
- Opportunity to provide developmental opportunities for high potential employees.

Each position within each grade has been evaluated using the Korn Ferry (Hays) job evaluation point method.

Table 52 below summarizes the annual average salary increases for the non-union group from 2014 to 2021. These increases represent a cumulative, compounded increase of [redacted] from 2014 to 2021.

Table 52 – Non-Unionized Annual Salary Increase

Year	%
2014	2.7%
2015	2.5%
2016	2.4%
2017	2.3%
2018	2.2%
2019	2.2%
2020	2.2%
2021	[redacted]
Compounded	[redacted]

BHI's budgeted salary increase is set at [redacted] percent for 2021. As identified in Table 14 in Section 4.1.2.11 of this Exhibit 4, inflationary increases account for approximately 87% of the increase in base salaries and benefits.

BHI's total compensation plan is reviewed regularly for its competitiveness against two market comparators – the All Industrial Market and Ontario Utilities Market.

BHI considers its primary competition for talent to be the Ontario Utilities market. It recognizes the importance of offering a competitive compensation package to its non-union staff and conducts a compensation review approximately every three years. The last review was completed by Korn Ferry in December 2019[23]. The compensation analysis was conducted using job size analysis in which BHI's roles are benchmarked against roles of a similar size from selected comparator groups. Job size is determined using the Korn Ferry (Hay) Guide Chart - Profile Method of job evaluation. The results of the review indicated that BHI was competitive for all compensation elements and overall compensation was slightly above the market median.

Incentive Pay

BHI offers an incentive compensation variable pay plan in which all Non-union employees are eligible to participate. The plan is designed to promote teamwork and encourage all participants to achieve the overall mission, strategy, and objectives of the Company. The purpose and goal of the plan is to motivate staff to look for continued efficiencies within their respective business units. Performance in BHI is measured against a balanced scorecard of key performance indicators in each of four categories:

- Financial
- Customer
- Operations – Continuous Improvement
- Employee – Safe Work Environment

Both Corporate and Individual Objectives are set based on the four balanced scorecard categories above and are weighted annually and differ by position level. The objectives are:

[23] 2019 Management and Non-Union Employee Pay Report

(i) set based on a SMART setting approach i.e. Specific, Measurable, Achievable, Realistic and Timely ;
(ii) considered stretch targets; and
(iii) over and above activities considered part of an employee's day to day job.

The Plan design is reviewed by a third party approximately once every three to four years. The last review was completed in October 2016 by Willis Towers Watson[24] – BHI changes its plan to be consistent with industry practice.

BHI provides its historical and forecast incentive pay per employee in Table 53 below.

Table 53 – Average Incentive Pay per Employee

	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	5-Year Average
# of Employees	29	31	30	31	29	30
Average Amount	**$14,720**	**$15,515**	**$20,826**	**$20,977**	**$22,743**	**$18,956**

Performance Management Program

Non-Unionized Employees

Performance management is a shared communication process that includes input from the employee and the supervisor. It is the collaborative process that facilitates the link between the employee's job duties and expectations and the organization's mission, vision, values and corporate strategic objectives. The performance management process assists employees in identifying where there may be opportunities for development and to learn about potential career paths that may be available to them in the organization. This feedback process improves productivity and enhances employee motivation and commitment.

Unionized Employees

All unionized employees participate in a formal performance review annually to discuss their performance with their supervisors. Goals and objectives in areas that require improvement to meet job or performance targets are agreed to for the next review period.

[24] Incentive Program Review, Willis Towers Watson, October 2016

4.3.1.3 Employee Benefits Program

BHI has a comprehensive and competitive benefits package which includes health and dental insurance, life insurance, vacation and leave policies, Employer health tax, CPP, EI contributions and WSIB insurance. The plans are designed to address the health and wellness needs of BHI's employees.

All benefit plans for each employee group are essentially the same. The unionized benefit plans, negotiated through collective bargaining, are a result of a collaborative and negotiated process, based on factors such as recent settlements in the LDC sector in BHI's geographic area.

In addition to a pension benefit from OMERS, employees also receive post-retirement health, dental and life insurance benefits up to the age of 65. Post-retirement benefits for retirees post the age of 65 include life insurance only, for which BHI pays 100% of the premium. Both Unionized and Non-Union Employees that were hired after 2014 are no longer eligible for post-retirement life insurance. This was agreed to during collective bargaining as part of BHI's efforts to find efficiencies within the benefit plan.

Please refer to "Employee Benefits Variances" below for further analysis of Employee Benefits.

4.3.1.4 Employee Costs and Variance Analysis

Table 54 below replicates Appendix 2-K of the Chapter 2 Filing Requirements and summarizes the employee complement, compensation and benefits for BHI's 2014 last rebasing application (EB-2013-0115), the 2014-2019 Actuals and the 2020 Bridge and 2021 Test Years. Appendix 2-K is filed in the Chapter 2 Appendices – Main. All compensation is included whether expensed or capitalized. The number of employees is based on the average of the number of full-time equivalents ("FTEs") at the beginning and end of the year.

Table 54 – OEB Appendix 2-K

Description	2014 CoS (EB-2013-	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Number of Employees (FTEs including Part-Time)									
Management (including executive)	26.0	25.5	24.5	24.0	24.0	24.5	24.5	27.0	30.0
Non-Management (union and non-union)	74.0	69.5	67.0	66.0	66.5	66.5	66.5	69.5	75.0
Total	**100.0**	**95.0**	**91.5**	**90.0**	**90.5**	**91.0**	**91.0**	**96.5**	**105.0**
Total Salary and Wages including overtime and incentive pay									
Management (including executive)	$3,308,436	$3,390,522	$3,481,949	$3,516,141	$3,627,555	$3,900,593	$4,030,455	$4,283,720	$4,748,924
Non-Management (union and non-union)	$6,755,621	$6,491,369	$6,695,713	$6,332,898	$6,514,453	$7,026,435	$6,602,219	$7,214,054	$7,919,402
Total	**$10,064,057**	**$9,881,892**	**$10,177,661**	**$9,849,039**	**$10,142,009**	**$10,927,028**	**$10,632,675**	**$11,497,774**	**$12,668,326**
Total Benefits (Current + Accrued)									
Management (including executive)	$905,624	$911,551	$949,440	$973,288	$975,091	$1,036,682	$1,059,177	$1,050,442	$1,193,381
Non-Management (union and non-union)	$1,830,091	$1,646,423	$1,657,370	$1,693,533	$1,745,558	$1,776,705	$1,614,136	$1,708,338	$1,966,790
Total	**$2,735,715**	**$2,557,974**	**$2,606,809**	**$2,666,821**	**$2,720,650**	**$2,813,386**	**$2,673,313**	**$2,758,780**	**$3,160,171**
Total Compensation (Salary, Wages, & Benefits)									
Management (including executive)	$4,214,060	$4,302,073	$4,431,388	$4,489,429	$4,602,647	$4,937,275	$5,089,633	$5,334,162	$5,942,305
Non-Management (union and non-union)	$8,585,712	$8,137,793	$8,353,082	$8,026,431	$8,260,011	$8,803,140	$8,216,355	$8,922,392	$9,886,193
Total	**$12,799,772**	**$12,439,866**	**$12,784,470**	**$12,515,860**	**$12,862,658**	**$13,740,415**	**$13,305,988**	**$14,256,554**	**$15,828,497**

Full Time Equivalents ("FTEs")

BHI summarizes the average headcount and actual headcount at year end by function in Table 55 below. Actual and budgeted FTE represent the actual and forecast FTE at year end respectively. Average FTE represents the average of (i) the FTE as at January 1 and (ii) the FTE as at December 31 for that year. Actual FTE headcount at year end differs from the average FTEs presented in 2-K as a result of:

- the timing of new hires;
- unexpected vacancies during the year; and
- timing of retirements.

Table 55 – Headcount by Function

Function	Category	# Staff (FTEs)												Average 2021-2025
		2014 CoS	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge Year	2021 Test Year	2022 Projected	2023 Projected	2024 Projected	2025 Projected	
Trades & Tech. Staff														
Powerline Tech. & Crane Operator	Non Mgmt	19	19	18	17	19	16	17	19	18	17	17	18	17.8
Station Maintenance	Non Mgmt	8	7	6	6	6	6	6	7	7	7	6	6	6.6
Metering Technician	Non Mgmt	6	4	4	4	2	4	5	5	4	4	4	4	4.2
Control Room Operators	Non Mgmt	8	5	7	7	8	9	9	10	10	10	9	9	9.6
Engineering Technicians	Non Mgmt	8	5	8	8	8	9	11	10	10	9	9	9	9.4
TOTAL Trades FTEs		49	40	43	42	43	44	48	51	49	47	45	46	47.6
Supervisory Staff														
Line Supervisors	Mgmt	3	3	3	2	2	2	2	2	2	2	2	2	2.0
Stations Supervisors	Mgmt	1	1	1	1	1	1	1	1	1	1	1	1	1.0
Metering Supervisor	Mgmt	1	1	1	1	1	0	1	1	1	1	1	1	1.0
Control Room Supervisor	Mgmt	1	0	0	0	1	1	1	1	1	1	1	1	1.0
Engineering Supervisors	Mgmt	4	4	4	4	4	4	5	5	5	5	5	5	5.0
TOTAL Supervisory FTEs		10	9	9	8	9	8	10	10	10	10	10	10	10.0
Non-Trades & Technical														
Executive	Mgmt	4	4	4	4	4	4	4	4	4	4	4	4	4.0
Management	Mgmt	12	11	11	12	12	12	15	15	14	14	14	14	14.2
Non-Union	Non Mgmt	5	5	6	6	6	5	8	9	9	9	9	9	9.0
Union	Non Mgmt	20	20	18	18	18	17	18	18	18	18	18	17	17.8
TOTAL Other FTEs		41	40	39	40	40	38	45	46	45	45	45	44	45.0
ACTUAL FTE		**94**	**89**	**91**	**90**	**92**	**90**	**103**						
BUDGETED FTE		**100**	**100**	**98**	**100**	**99**	**100**	**103**	**107**	**104**	**102**	**100**	**100**	**102.6**
AVERAGE FTE		**95.5**	**91.5**	**90.0**	**90.5**	**91.0**	**91.0**	**96.5**	**105.0**	**105.5**	**103.0**	**101.0**	**100.0**	**102.6**

BHI provides the change in FTE by department from the 2014 Cost of Service to 2021 in Table 56 below. BHI has experienced significant change since 2014:

- 55 employees left or are expected to leave BHI from 2014 to 2021 (42 have departed from 2014 to 2019); BHI eliminated seven of these positions;
- BHI has or intends to hire 61 positions – either replacements or to effectively plan for changes to its workforce (e.g. hiring in advance of retirements); and
- BHI has created seven new positions as a result of a change in business operations or regulatory requirements.

A year over year variance analysis is provided below.

Table 56 – Changes in FTE from 2014 Cost of Service to 2021

Department	2014 CoS	2014 Vacancies	2014 Actuals	Total Departures		Replace-ment/ Workforce Planning	Re-deployed	New Position	2021 Forecast (Dec 31)	Net Change vs. 2014 CoS
				Attrition (excl. Eliminated Position	Attrition Eliminated Position					
Accounting	6	-	6	(3)	-	4	(2)	-	5	(1)
Administration	5	-	5	(2)	(1)	2	-	-	4	(1)
Billing	4	-	4	(3)	-	5	(2)	-	4	-
Communications	1	-	1	-	-	-	-	1	2	1
Control Room	9	(1)	8	(7)	-	10	-	-	11	2
Customer Service	7	(1)	6	(3)	-	2	2	-	7	-
Distribution Maintenance and Operations	23	-	23	(10)	(1)	9	1	-	22	(1)
Engineering	13	-	13	(7)	-	10	1	2	19	6
Human Resources	1	-	1	-	-	2	1	-	4	3
Information Services	6	-	6	(4)	(1)	3	-	2	6	-
Metering	7	(3)	4	(2)	-	6	(2)	-	6	(1)
Purchasing	4	-	4	(2)	(1)	1	1	-	3	(1)
Regulatory	2	-	2	(2)	-	2	-	1	3	1
Regulatory - CDM	1	-	1	-	(1)	-	-	-	-	(1)
Safety	2	-	2	(1)	-	1	-	1	3	1
Stations Maintenance and Operations	9	(1)	8	(2)	(2)	4	-	-	8	(1)
Total	**100**	**(6)**	**94**	**(48)**	**(7)**	**61**	**-**	**7**	**107**	**7**

Description	Department	#	Position
New Positions	Communications	1	Communications Associate and Executive Assistant
	Engineering	1	Project Engineer Grid Modernization and Planning
		1	System Architect - Technology Specialist
	Information Technology	1	IT Infrastructure and Security Specialist
		1	Senior IT Infrastructure Specialist
	Regulatory	1	Senior Financial Analyst
	Safety	1	Facilities and Securities Manager
Eliminated Positions	Purchasing	1	Storekeeper
	Stations Mtce/Opns	1	Stations Maintenance Technician
	Information Technology	1	IT Support Analyst
	Stations Mtce/Opns	1	Stations Lead Hand
	Regulatory - CDM	1	CDM Manager
	Administration	1	Executive Assistant
	Distribution Mtce/Opns	1	Locator

BHI is forecasting 107 FTE at the end of December 2021. However, as identified in Table 55 – Headcount by Function – this is not representative of BHI's FTE requirements for 2021-2025, which on average are 102.6 FTE per annum. As a result, and as explained in Section 4.3.0.17 –

FTE Adjustment, BHI, for the purposes of determining 2021 OM&A and distribution rates proposes to adjust its salaries and benefits in 2021 to 102.6 FTE. For the purposes of the variance analysis in this Workforce Planning and Compensation section below, BHI has used actual and forecasted FTE explanations based on 107 FTE in 2021, as identified in Table 56 above.

2014 OEB-Approved versus 2014 Actuals (-6)

BHI provides the FTE changes from its 2014 Cost of Service (EB-2013-0115) to the 2014 Actuals in Table 57 below.

Table 57 – FTE Changes 2014 Actuals vs. 2014 Cost of Service

Department	Budget (2014 CoS)	2014 CoS (Dec 31)	Departure	Replace-ment/ Workforce Planning	Re-deployed	New Position	Position not Hired	2014 Actual (Dec 31)
Accounting	6	6						6
Administration	5	5						5
Billing	4	4						4
Communications	1	1						1
Control Room [1]	9	9	(1)	1			(1)	8
Customer Service	7	7	(1)					6
Distribution Maintenance and Operations	23	23	(1)	1				23
Engineering	13	13						13
Human Resources	1	1						1
Information Services	6	6						6
Metering	7	7	(1)				(2)	4
Purchasing	4	4						4
Regulatory	2	2						2
Regulatory - CDM	1	1						1
Safety	2	2						2
Stations Maintenance and Operations	9	9					(1)	8
Total	**100**	**100**	**(4)**	**2**	**-**	**-**	**(4)**	**94**

Description	Department	#	Position
New Positions	n/a	0	None
Eliminated Positions	n/a	0	None
Vacancies at Year End	Control Room	1	Supervisor
	Customer Service	1	Customer Service Represenative
	Metering	3	Apprentices
	Stations Mtce/Operations	1	Apprentices

1. BHI filled the Control Room Supervisor Position in March 2014 and terminated the individual in September 2014

BHI's headcount at the beginning of 2014 was 96 employees. The 2014 OEB-approved budget was 100 employees which included two new apprentices to be hired. The four budgeted positions while not filled in 2014 were eventually filled during 2015. In addition, the following turnover occurred:

- One (1) hire for the control room supervisor position in 2014 was terminated in 2014;
- Two (2) retirements; and
- One (1) replacement hire

These vacancies were gradually filled throughout 2014-2016 in operations and the customer service department.

<u>Vacancies at year end</u>: Five (5) in operations and one (1) in Customer Service.

2015 Actuals vs. 2014 Actuals (-5)

BHI provides the FTE changes from the 2014 Actuals to the 2015 Actuals in Table 58 below.

Table 58 – FTE Changes 2015 Actuals vs. 2014 Actuals

Department	2015 Budget (Dec 31)	2014 Actual (Dec 31)	Total Departures: Attrition (excl. Eliminated Position	Total Departures: Attrition Eliminated Position	Replace-ment/ Workforce Planning	Re-deployed	New Position	2015 Actual (Dec 31)
Accounting	6	6						6
Administration	5	5						5
Billing	4	4	(1)					3
Communications	1	1						1
Control Room	9	8	(4)		1			5
Customer Service	7	6			1			7
Distribution Maintenance and Operations	24	23			1	(1)		23
Engineering	14	13	(1)					12
Human Resources	1	1						1
Information Services	6	6	(1)					5
Metering	5	4			1			5
Purchasing	4	4	(1)	(1)		1		3
Regulatory	2	2						2
Regulatory - CDM	1	1						1
Safety	2	2						2
Stations Maintenance and Operations	9	8		(1)	1			8
Total	**100**	**94**	**(8)**	**(2)**	**5**	**-**	**-**	**89**

Description	Department	#	Position
New Positions	n/a	0	None
Eliminated Positions	Purchasing	1	Storekeeper
	Stations Mtce/Opns	1	Station Maintenance Technician
Vacancies at Year End	Billing	1	Billing Manager (departed Dec 2015)
	Control Room	3	Apprentices
		1	Supervisor
	Distribution Mtce/Opns	1	Powerline Technician
	Engineering	1	Engineering Clerk
		1	Engineering Supervisor
	Information Technology	1	IT Support Analyst

Note: FTE are as at year end; Salaries and Benefits based on actual head count throughout the year (i.e. reflect partial year vacancies)

BHI budgeted 100 positions in 2015. There were five (5) new hires and one (1) transfer hire (redeployment from operations to the purchasing department):

- One (1) Control Operator;
- One (1) Customer Service Representative to replace the 2014 retirement;
- One (1) Powerline Technician;

- One (1) Meter Technician apprentice; and
- One (1) Stations Maintenance Electrician apprentice.

In 2015, turnover was high at 10.8% as identified in Table 48 - Turnover Number and Rates by Type, causing additional positions to be unfilled in 2015. There were three (3) unexpected resignations in the control room, two (2) of which occurred in the later part of the year. There were also seven (7) retirements, some of which were earlier than expected and all of which occurred in the later part of the year. Two (2) of these eight (8) positions were eliminated due to workforce planning or in order to find efficiencies.

Vacancies at year end: Nine (9) in the Operations, Engineering, IT and Billing areas.

2016 Actuals vs. 2015 Actuals (+2)

BHI provides the FTE changes from the 2015 Actuals to the 2016 Actuals in Table 59 below.

Table 59 – FTE Changes 2016 Actuals vs. 2015 Actuals

Department	2016 Budget (Dec 31)	2015 Actual (Dec 31)	Total Departures		Replace-ment/ Workforce Planning	Re-deployed	New Position	2016 Actual (Dec 31)
			Attrition (excl. Eliminated Position	Attrition Eliminated Position				
Accounting	5	6	(1)		1	(1)		5
Administration	5	5						5
Billing	4	3			1			4
Communications	1	1						1
Control Room	9	5			2			7
Customer Service	7	7						7
Distribution Maintenance and Operations	23	23	(1)					22
Engineering	15	12			3			15
Human Resources	2	1				1		2
Information Services	5	5	(1)	(1)			1	4
Metering	5	5	(1)		1			5
Purchasing	4	3						3
Regulatory	2	2						2
Regulatory - CDM	1	1		(1)				-
Safety	2	2						2
Stations Maintenance and Operations	8	8		(1)				7
Total	**98**	**89**	**(4)**	**(3)**	**8**	**-**	**1**	**91**

Description	Department	#	Position
New Positions	Information Technology	1	IT Infrastructure and Security Specialist
Eliminated Positions	Information Technology	1	IT Support Analyst
	Stations Mtce/Opns	1	Stations Lead Hand
	Regulatory - CDM	1	CDM Manager
Vacancies at Year End	Control Room	1	Apprentices
		1	Supervisor
	Distribution Mtce/Opns	1	Powerline Technician
	Information Technology	1	Chief Information Officer

Note: FTE are as at year end; Salaries and Benefits based on actual head count throughout the year (i.e. reflect partial year vacancies)

BHI budgeted for 98 positions in 2016. BHI hired nine (9) employees in 2016 as follows:

- Three (3) management positions in Accounting, Metering and Billing to replace retirements that occurred in prior years;
- Two (2) Control Operator apprentices;
- Three (3) Engineering positions which included two (2) Technicians and one (1) Clerk; and
- One (1) new position in IT (IT Infrastructure and Security Specialist) as discussed above.

One (1) position was redeployed from Accounting to HR - the payroll function was transitioned from accounting to payroll. In addition, there were a total of six (6) retirements that occurred in the Operations, Metering, IT, and Accounting areas, many of which occurred in later in the year, and one of which was earlier than expected. BHI also had one (1) employee resign in the Regulatory area. Three (3) of these seven (7) positions were eliminated due to workforce planning or in order to find efficiencies.

Vacancies at year end: Four (4) positions in the Operations, IT and Control Room areas.

2017 Actuals vs. 2016 Actuals (-1)

BHI provides the FTE changes from the 2016 Actuals to the 2017 Actuals in Table 60 below.

Table 60 – FTE Changes 2017 Actuals vs. 2016 Actuals

Department	2017 Budget (Dec 31)	2016 Actual (Dec 31)	Total Departures		Replace-ment/ Workforce Planning	Re-deployed	New Position	2017 Actual (Dec 31)
			Attrition (excl. Eliminated	Attrition Eliminated Position				
Accounting	6	5	(2)		2			5
Administration	5	5						5
Billing	4	4						4
Communications	1	1						1
Control Room	8	7						7
Customer Service	7	7						7
Distribution Maintenance and Operations	25	22	(3)		1			20
Engineering	16	15	(1)		1			15
Human Resources	2	2						2
Information Services	5	4			1			5
Metering	5	5						5
Purchasing	3	3						3
Regulatory	2	2	(1)		1			2
Regulatory - CDM	1	-						-
Safety	2	2						2
Stations Maintenance and Operations	8	7						7
Total	**100**	**91**	**(7)**	**-**	**6**	**-**	**-**	**90**

Description	Department	#	Position
Eliminated Positions	n/a	0	None
Vacancies at Year End	Control Room	1	Apprentices
		1	Supervisor
	Distribution Mtce/Opns	2	Powerline Technician
		1	Lines Supervisor
	Engineering	1	Engineering Technician
	Stations Mtce/Operations	1	Apprentices

Note: FTE are as at year end; Salaries and Benefits based on actual head count throughout the year (i.e. reflect partial year vacancies)

BHI budgeted for 100 positions in 2017. In total, there were six (6) new hires:

- One (1) Vice President of IT;
- One (1) Director of Regulatory;
- One (1) Accounting Clerk;
- One (1) Regulatory Accountant;
- One (1) Powerline Technician apprentice; and
- One (1) Engineering Technician.

In 2017, there was a total of seven (7) employees who left the organization, five (5) due to retirements from Operations, Accounting and Engineering areas and two (2) employees from the Regulatory and Operations areas who resigned from the organization.

<u>Vacancies at year end</u>: Seven (7) in the Engineering, Control Room, Distribution Maintenance and Operations, and Station Maintenance areas.

2018 Actuals vs. 2017 Actuals (+2)

BHI provides the FTE changes from the 2017 Actuals to the 2018 Actuals in Table 61 below.

Table 61 – FTE Changes 2018 Actuals vs. 2017 Actuals

Department	2018 Budget (Dec 31)	2017 Actual (Dec 31)	Total Departures: Attrition (excl. Eliminated Position	Total Departures: Attrition Eliminated Position	Replace-ment/ Workforce Planning	Re-deployed	New Position	2018 Actual (Dec 31)
Accounting	5	5						5
Administration	5	5						5
Billing	4	4						4
Communications	1	1						1
Control Room	10	7	(1)		3			9
Customer Service	7	7						7
Distribution Maintenance and Operations	23	20			1	1		22
Engineering	16	15						15
Human Resources	2	2						2
Information Services	5	5						5
Metering	5	5	(1)			(1)		3
Purchasing	3	3						3
Regulatory	2	2						2
Regulatory - CDM	-	-						-
Safety	3	2	(1)		1			2
Stations Maintenance and Operations	8	7	(1)		1			7
Total	**99**	**90**	**(4)**	**-**	**6**	**-**	**-**	**92**

Description	Department	#	Position
New Positions	n/a	0	None
Eliminated Positions	n/a	0	None
Vacancies at Year End	Control Room	1	Control Room Operator
	Distribution Mtce/Opns	1	Apprentices
	Engineering	1	Engineering Technician
	Metering	2	Journeypersons

Note: FTE are as at year end; Salaries and Benefits based on actual head count throughout the year (i.e. reflect partial year vacancies)

In 2018, BHI budgeted for 99 positions. In total, BHI hired six (6) new employees and one (1) transfer hire (redeployment from metering to operations) as follows:

- Three (3) Control Room employees – two (2) Control Operator/Apprentices and a Control Operations Supervisor. The Control Operations Supervisor position had been vacant since 2014 as it was very difficult to fill this position due to skills shortages that exist with Control Operators.
- Three (3) in Operations – two (2) Powerline Technicians and one (1) Station Maintenance Apprentice.
- One (1) Director of Health, Safety, Security and Environment to backfill a retirement.

There were four (4) employees that left the organization in 2018 including three (3) retirements from the Health and Safety and Operations areas. One (1) employee resigned from the Control Room area. The entire turnover occurred in the third quarter of 2018.

Vacancies at year end: Five (5) in the Control Room, Powerlines, Metering and Engineering areas.

2019 Actuals vs. 2018 Actuals (-2)

BHI provides the FTE changes from the 2018 Actuals to the 2019 Actuals in Table 62 below.

Table 62 – FTE Changes 2019 Actuals vs. 2018 Actuals

Department	2019 Budget (Dec 31)	2018 Actual (Dec 31)	Total Departures: Attrition (excl. Eliminated Position	Total Departures: Attrition Eliminated Position	Replace-ment/ Workforce Planning	Re-deployed	New Position	2019 Actual (Dec 31)
Accounting	5	5						5
Administration	5	5		(1)				4
Billing	4	4	(2)		3	(1)		4
Communications	2	1						1
Control Room	10	9			1			10
Customer Service	7	7	(2)			1		6
Distribution Maintenance and Operations	23	22	(4)	(1)	1	1		19
Engineering	17	15	(2)		2			15
Human Resources	2	2						2
Information Services	5	5	(1)		1			5
Metering	5	3			2	(1)		4
Purchasing	3	3						3
Regulatory	2	2			1			3
Regulatory - CDM	-	-						-
Safety	2	2						2
Stations Maintenance and Operations	8	7	(1)		1			7
Total	**100**	**92**	**(12)**	**(2)**	**12**	**-**	**-**	**90**

Description	Department	#	Position
New Positions	n/a	0	None
Eliminated Positions	Administration	1	Executive Assistant
	Distribution Mtce/Opns	1	Locator
Vacancies at Year End	Communications	1	Innovation and Communications Specialist
	Customer Service	1	Customer Service Representative
	Distribution Mtce/Opns	3	Powerline Technician
	Engineering	1	System Architect - Technology Specialist
		1	Engineering Supervisor
	Metering	1	Supervisor
	Stations Mtce/Operations	1	Apprentices

Note: FTE are as at year end; Salaries and Benefits based on actual head count throughout the year (i.e. reflect partial year vacancies)

In 2019, BHI Budgeted for 100 positions, however, it also experienced it highest turnover to date, with a total turnover rate of 15.4%. As a result, a great deal of focus and time was dedicated to recruiting to achieve the optimal budgeted headcount. In 2019, BHI hired the following twelve (12) positions:

- Three (3) Billing Clerks;
- One (1) Control Operator;
- One (1) Powerlines Apprentice
- Two (2) Engineering Technicians
- One (1) VP of IT
- Two (2) Metering Apprentices
- One (1) Regulatory Affairs Manager and
- One (1) Stations Maintenance Supervisor

There were fourteen (14) employees that left the organization in 2019 as follows: Five (5) resignations in the Billing, Engineering and Operations departments; two (2) terminations from Operations areas; and seven (7) Retirements from the Engineering, Operations, Customer Service, IT and Administration areas. Two (2) positions were eliminated due to workforce planning or to in order to find efficiencies.

Vacancies at year end: Nine (9) in Communications, Distribution Maintenance and Operations, Metering, Station Maintenance, Engineering, Customer Service and Administration.

2020 Bridge Year vs. 2019 Actuals (+13)

BHI provides the FTE changes from the 2019 Actuals to the 2020 Bridge Year in Table 63 below.

Table 63 – FTE Changes 2020 Bridge Year vs. 2019 Actuals

Department	2020 Budget (Dec 31)	2019 Actual (Dec 31)	Total Departures		Replace-ment/ Workforce Planning	Re-deployed	New Position	2020 Forecast (Dec 31)
			Attrition (excl. Eliminated Position	Attrition Eliminated Position				
Accounting	5	5			1	(1)		5
Administration	4	4						4
Billing	4	4			1	(1)		4
Communications	2	1					1	2
Control Room	10	10						10
Customer Service	7	6				1		7
Distribution Maintenance and Operations	20	19			1			20
Engineering	19	15	(2)		3	1	2	19
Human Resources	4	2			2			4
Information Services	6	5	(1)		1		1	6
Metering	6	4			2			6
Purchasing	3	3						3
Regulatory	3	3	(1)				1	3
Regulatory - CDM	-	-						-
Safety	3	2					1	3
Stations Maintenance and Operations	7	7						7
Total	**103**	**90**	**(4)**	**-**	**11**	**-**	**6**	**103**

Description	Department	#	Position
New Positions	Communications	1	Communications Associate and Executive Assistant
	Engineering	1	Project Engineer Grid Modernization and Planning
		1	System Architect - Technology Specialist
	Information Technology	1	Senior IT Infrastructure Specialist
	Regulatory	1	Senior Financial Analyst
	Safety	1	Facilities and Security Manager
Eliminated Positions	n/a	0	None
Planned Vacancies at Year End	n/a	0	None

Note: FTE are as at year end; Salaries and Benefits based on actual head count throughout the year (i.e. reflect partial year vacancies)

In 2020, BHI continues to dedicate a considerable amount of time recruiting to get to reach the optimal, desired budgeted headcount of 103. As identified above, BHI also created new positions as compared to the 2014 Cost of Service and prior years that did not exist before, some of which had been reassigned from previous retirements. BHI will hire a total of nineteen (19) positions in 2020, including six (6) new positions, and thirteen (13) replacement hires, two (2) of which are redeployments between departments. One (1) resignation and three (3) retirements have occurred in 2020; and as of the date of filing, sixteen (16) of the (19) positions have been filled as follows:

- One (1) Accounts Payable Clerk – replaces redeployment to Customer Service
- One (1) Billing Clerk – Replaces redeployment to Engineering clerk
- One (1) Communications Associate and Executive Assistant – new position for which some of the duties were performed by the executive position eliminated in 2019

- One (1) Customer Service Clerk – Replaces 2019 retirement
- One (1) PowerLine Technician Apprentice
- One (1) Engineering Supervisor – replacing retirement from 2019
- One (1) Project Engineer-Grid Modernization and Planning – new position
- One (1) Systems Architect – Technology Specialist – new position
- One (1) Engineering Clerk – Replaces 2020 resignation
- Two (2) Engineering Technicians
- One (1) HR and Payroll Administrator
- One (1) Director of People and Culture – Succession Planning
- One (1) Senior IT Infrastructure Specialist – Expected to be filled in Q4 – new position
- One (1) Business Systems Analyst – Expected to be filled in Q4. Replaces 2020 retirement in IT
- One (1) Metering Supervisor – replace redeployment
- One (1) Metering Apprentice
- One (1) Senior Financial Analyst, Capital Monitoring and Reporting – new position
- One (1) Facilities and Security Manager – Expected to be filled in Q4 – new position

2021 Test Year vs. 2020 Bridge Year (+4)

BHI provides the expected FTE changes from the 2020 Bridge Year to the 2021 Test Year in Table 64 below.

Table 64 – FTE Changes 2021 Test Year vs. 2020 Bridge Year

Department	2021 Budget (Dec 31)	2020 Actual (Dec 31)	Total Departures		Replace-ment/ Workforce Planning	Re-deployed	New Position	2021 Forecast (Dec 31)
			Attrition (excl. Eliminated Position)	Attrition Eliminated Position				
Accounting	5	5						5
Administration	4	4	(2)		2			4
Billing	4	4						4
Communications	2	2						2
Control Room	11	10	(2)		3			11
Customer Service	7	7	(1)		1			7
Distribution Maintenance and Operations	22	20	(2)		4			22
Engineering	19	19	(1)		1			19
Human Resources	4	4						4
Information Services	6	6						6
Metering	6	6						6
Purchasing	3	3	(1)		1			3
Regulatory	3	3						3
Regulatory - CDM	-	-						-
Safety	3	3						3
Stations Maintenance and Operations	8	7			1			8
Total	**107**	**103**	**(9)**	**-**	**13**	**-**	**-**	**107**

Description	Department	#	Position
New Positions	n/a	0	None
Eliminated Positions	n/a	0	None
Planned Vacancies at Year End	n/a	0	None

Note: FTE are as at year end; Salaries and Benefits based on actual head count throughout the year (i.e. reflect partial year vacancies)

In 2021, BHI has budgeted to hire a net new four (4) positions in the Operations areas as part of its Workforce Planning Strategy. Nine employees are expected to retire and be replaced within the same year. Operations plans to hire:

- One (1) Control Operator Apprentice;
- One (1) Powerlines Apprentice;
- One (1) Engineering Supervisor; and
- One (1) Stations Maintenance Apprentice,

Employee Cost Variances

BHI provides the year over year variances in total compensation in Table 65 and the narrative below.

Table 65 – Employee Cost Variances

Description	2014 Actuals vs. 2014 CoS	2015 Actuals vs. 2014 Actuals	2016 Actuals vs. 2015 Actuals	2017 Actuals vs. 2016 Actuals	2018 Actuals vs. 2017 Actuals	2019 Actuals vs. 2018 Actuals	2020 Bridge Year vs. 2019 Actuals	2021 Test Year vs. 2020 Bridge Year
Total Salary and Wages including overtime and incentive pay								
Management (including executive)	$82,086	$91,426	$34,193	$111,414	$273,038	$129,862	$253,264	$465,204
Non-Management (union and non-union)	($264,252)	$204,343	($362,814)	$181,555	$511,982	($424,216)	$611,835	$705,348
Total	**($182,165)**	**$295,769**	**($328,622)**	**$292,969**	**$785,020**	**($294,354)**	**$865,099**	**$1,170,553**
Total Benefits (Current + Accrued)								
Management (including executive)	$5,927	$37,889	$23,848	$1,803	$61,590	$22,496	($8,735)	$142,939
Non-Management (union and non-union)	($183,668)	$10,946	$36,163	$52,025	$31,147	($162,569)	$94,202	$258,452
Total	**($177,741)**	**$48,835**	**$60,012**	**$53,829**	**$92,737**	**($140,073)**	**$85,467**	**$401,391**
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	$88,013	$129,315	$58,041	$113,217	$334,628	$152,358	$244,529	$608,143
Non-Management (union and non-union)	($447,919)	$215,290	($326,651)	$233,580	$543,129	($586,785)	$706,037	$963,801
Total	**($359,906)**	**$344,605**	**($268,610)**	**$346,798**	**$877,757**	**($434,427)**	**$950,566**	**$1,571,943**

2014 OEB-approved versus 2014 Actual

The overall decrease of ($359,906) was primarily driven by six vacancies as identified above – four budgeted positions were not filled and there were two retirements. These positions were eventually filled in 2015.

2015 Actuals vs. 2014 Actuals

The overall increase of $344,605 was primarily driven by the 2.5% negotiated wage and salary increase. BHI hired five positions in the non-management group, four in operations and one in customer service; however, the increase in cost was offset due to the high rate of turnover that occurred. In total, there were ten employees that resigned or retired in 2015 but many of these occurred in Q3 and Q4.

2016 Actuals vs. 2015 Actuals

The overall decrease of ($268,610) was primarily driven by the elimination of three positions in the non-management group due to either workforce planning or productivity improvements. The vacancy created by the resignation of the full time CDM manager was filled by contracting out the position. The attrition due to retirements and eliminated positions at higher salary and benefit levels than new hires more than offset the costs associated with hiring.

2017 Actuals vs. 2016 Actuals

The overall increase of $346,798 was primarily driven by the 2.1% negotiated wage and 2.3% budgeted salary increases. There were six (6) positions that were filled, offset by five retirements and two resignations; these changes resulted in an $80K increase over and above the budgeted salary increases, due to the timing of hiring and departures

2018 Actuals vs. 2017 Actuals

The overall increase of $877,757 was driven by the following:

- 2.1% negotiated wage and 2.2% budgeted salary increases of $217K;
- there were six positions filled, three retirements and one resignation. The timing of the recruitment and attrition activity resulted in an increase of $170K;
- Statutory and health benefits costs increased by $80K;
- Overtime costs were higher than normal due to five major storm events that occurred in 2018. This generated approximately $300K in overtime costs in the non-management group;
- Due to an incentive compensation review the incentive plan design was changed to keep in pace with the industry market. As a result, incentive plan costs increased in 2018 by $100K for the management group.

2019 Actuals vs. 2018 Actuals

BHI experienced its highest turnover rate from 2014 to 2019 at 15.4% as previously identified in Table 48 - Turnover Numbers and Rates by Type. The large majority of the turnover occurred in the non-management group resulting in a decrease in total compensation of ($586,785). The decrease in compensation in the non-management group was partially offset by (i) the 2.0% negotiated wage and 2.1% budgeted salary increases; and (ii) a transition overlap of the VP of IT position in the management group of $60K. These changes resulted in a net decrease in compensation from 2018 to 2019 of ($434,427).

2020 Bridge Year vs. 2019 Actuals

The increase in compensation of $950,566 in 2020 is due to (i) a 2.0% negotiated wage and 2.2% salary increase and (ii) an increase of thirteen FTE from 2019. Due to the high turnover in 2019, there were nine vacant positions vacant that were carried forward to 2020. In addition, four net new positions are expected to be filled in 2020, two of which are advance hires.

2021 Test Year vs. 2020 Bridge Year

The overall increase in compensation of $1,571,943 in 2021 is driven by:

i. a projected [redacted] negotiated wage and [redacted] salary increase;
ii. an increase of four new positions FTE which are identified in Table 64 above $248K;

iii. a transition cost of [redacted] for the [redacted] position in the management category; since this is a one-time cost in 2021 it has been amortized over 2021-2025 for the purposes of determining OM&A in the 2021 Test Year;

iv. the incorporation of full year salaries for new positions hired part way through 2020 $812K; and

v. Health and Dental benefit costs are projected to increase by 20% effective June 1, 2021.

Table 66 below provides BHI's customer served per FTE ratio for the 2014 Cost of Service, the 2014 actuals and the 2020 Bridge and 2021 Test Years, as well as a comparison to other similarly sized LDC's using data from the 2019/2020 Yearbook of Electricity Distributors. BHI has the second highest ratio in 2019 when compared with seven of its similar sized peers. Table 66 indicates that BHI's customer served per FTE ratio has declined from 661 in 2014 to 654 in 2021 based on an average FTE of 105 in the 2021 Test Year. When the 2021 Test Year is adjusted to reflect the average headcount of 102.6 in 2021 to 2025 (i.e. the FTE proposed in rates, as explained in Section 4.1.1.1, the # of customers served per FTE in 2021 is 669, an increase of seven as compared to the 2014 Cost of Service.

1 **Table 66 - Customers Served per Employee Benchmarking**

Description	Bridge/Test Year				2019 Actuals							
	BHI 2014 (EB-2013-0115)	BHI 2020 (EB-2020-0007)	BHI 2021 (EB-2020-0007)	BHI 2021 Adjusted (EB-2020-0007)	BHI [1]	Energy+	Entegrus	Halton Hills Hydro	KWHI	NPEI	Oakville Hydro	Waterloo North Hydro
# of FTEs	100	97	105	103	91	119	106	51	186	121	102	122
# of Customers	66,105	68,161	68,623	68,623	67,902	66,519	59,808	22,528	97,694	56,067	73,133	57,854
# Customers Served Per FTE	**661**	**706**	**654**	**669**	**746**	**559**	**566**	**442**	**525**	**465**	**717**	**474**

1. # of FTES is based on the average of 2019 per 2-K

2 1. Customers excludes microFIT/FIT generation customers

Employee Benefits Variances

BHI provides details of its employee benefits programs, including pensions, other post-employment retirement benefits (OPEBs) and other costs charged to OM&A below.

Table 67 below summarizes the OMERS, WSIB, CPP, EI and EHT contribution rates for the 2019 actuals and the 2021 Test Year.

Table 67 – Benefits Expense Rates

Benefit	2019		2021 Test Year	
	Maximum	Rates	Maximum	Rates
OMERS - Tier 1 (up to CPP Maximum)	$57,400	9.00%	$58,700	9.00%
OMERS - Tiesr 2/3 (over CPP Maximum)	>$57,400	14.60%	>$58,700	14.60%
EHT	n/a	1.95%	n/a	1.95%
WSIB	$92,600	1.09%	$95,400	0.84%
CPP (Employer Portion)	$57,400	5.10%	$58,700	5.25%
EI (Employer Portion)	$53,100	1.269%	$54,200	1.259%

A detailed summary of BHI's actual benefit program costs are presented in Table 68 below.

Table 68 – Benefits Expense

Type of Benefit	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
CPP - Employer Portion	$ 234,006	$ 241,782	$ 240,917	$ 241,881	$ 242,137	$ 260,173	$ 321,903	$ 322,366
EI - Employer Portion	$ 113,030	$ 118,015	$ 117,684	$ 100,704	$ 102,116	$ 104,020	$ 121,386	$ 119,939
Employer Health Tax	$ 198,522	$ 201,672	$ 195,075	$ 200,734	$ 216,440	$ 211,157	$ 222,273	$ 247,032
WSIB	$ 83,135	$ 84,543	$ 84,543	$ 84,768	$ 91,122	$ 88,086	$ 81,060	$ 83,016
TOTAL STATUTORY	**$ 628,694**	**$ 646,012**	**$ 638,219**	**$ 628,087**	**$ 651,814**	**$ 663,436**	**$ 746,622**	**$ 772,354**
OMERS	$ 988,047	$ 1,048,319	$ 1,033,787	$ 1,038,153	$ 1,073,346	$ 1,082,146	$ 1,207,329	$ 1,356,040
Health & Dental	$ 667,300	$ 636,264	$ 734,096	$ 780,462	$ 820,715	$ 683,345	$ 639,125	$ 872,614
LTD Insurance	$ 118,909	$ 121,245	$ 115,423	$ 121,928	$ 105,051	$ 91,365	$ 96,119	$ 121,374
Life Insurance	$ 42,771	$ 42,752	$ 41,565	$ 38,812	$ 33,563	$ 31,678	$ 30,982	$ 37,790
Other	$ 112,253	$ 112,217	$ 103,731	$ 113,208	$ 128,897	$ 121,343	$ 38,605	$ -
TOTAL COMPANY	**$ 1,929,281**	**$ 1,960,797**	**$ 2,028,602**	**$ 2,092,563**	**$ 2,161,572**	**$ 2,009,877**	**$ 2,012,159**	**$ 2,387,818**
TOTAL BENEFITS EXPENSE	**$ 2,557,974**	**$ 2,606,809**	**$ 2,666,821**	**$ 2,720,650**	**$ 2,813,386**	**$ 2,673,313**	**$ 2,758,781**	**$ 3,160,172**

Table 69 below summarizes the year over year variances for to benefit expenses.

Table 69 – Benefits Expense Year over Year Variance Analysis

Type of Benefit	2015 vs. 2014	2016 vs. 2015	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018	2020 Bridge Year vs. 2019 Actuals	2021 Test Year vs. 2020 Bridge Year	2021 Test Year vs. 2014 Actuals
CPP - Employer Portion	$ 7,777	$ (865)	$ 964	$ 256	$ 18,036	$ 61,730	$ 463	$ 88,360
EI - Employer Portion	$ 4,985	$ (331)	$ (16,979)	$ 1,412	$ 1,904	$ 17,366	$ (1,447)	$ 6,909
Employer Health Tax	$ 3,149	$ (6,597)	$ 5,659	$ 15,706	$ (5,283)	$ 11,116	$ 24,759	$ 48,510
WSIB	$ 1,408	$ -	$ 225	$ 6,353	$ (3,036)	$ (7,026)	$ 1,956	$ (119)
TOTAL STATUTORY	**$ 17,319**	**$ (7,793)**	**$ (10,132)**	**$ 23,727**	**$ 11,622**	**$ 83,186**	**$ 25,732**	**$ 143,660**
OMERS	$ 60,272	$ (14,533)	$ 4,366	$ 35,193	$ 8,800	$ 125,183	$ 148,711	$ 367,993
Health & Dental	$ (31,037)	$ 97,832	$ 46,366	$ 40,253	$ (137,370)	$ (44,221)	$ 233,489	$ 205,313
LTD Insurance	$ 2,336	$ (5,822)	$ 6,505	$ (16,877)	$ (13,686)	$ 4,753	$ 25,256	$ 2,465
Life Insurance	$ (20)	$ (1,187)	$ (2,753)	$ (5,249)	$ (1,886)	$ (696)	$ 6,808	$ (4,981)
Other	$ (36)	$ (8,486)	$ 9,476	$ 15,689	$ (7,554)	$ (82,738)	$ (38,605)	$ (112,253)
TOTAL COMPANY	**$ 31,516**	**$ 67,805**	**$ 63,960**	**$ 69,010**	**$ (151,695)**	**$ 2,282**	**$ 375,659**	**$ 458,537**
TOTAL BENEFITS EXPENSE	**$ 48,835**	**$ 60,012**	**$ 53,829**	**$ 92,737**	**$ (140,073)**	**$ 85,467**	**$ 401,391**	**$ 602,197**

BHI does not have the data available to present the 2014 OEB-approved versus 2014 actual by type of benefit. Total benefits for the 2014 Actuals were $177,741 lower than that approved in the 2014 Cost of Service as identified in Table 54 (OEB Appendix 2-K).

In order to pursue efficiencies, BHI tendered benefits with its GridSmartCity Partners in 2014 realizing an overall premium decrease of 5.6% savings in 2015 for Health, Dental, LTD and Life insurance benefits. In 2018, Benefits were retendered which precipitated a change in benefit carriers to Blue Cross Medavie from Great West Life, resulting in approximately ($150k) in savings. An additional ($130k) in savings was realized through the 2017 collective bargaining process by finding efficiencies in the benefits plan. These savings were realized in July 2018.
The increase in benefits of $401,391 in 2021 is a result of an increase in FTE; and a projected benefits increase of 20% effective June 1st due to a scheduled renewal for Health and Dental benefits. There are no material variances in prior years.

4.3.1.5 OMERS and Post-Employment Benefits

OMERS Pension Plan

The employees of all LDCs are required to participate in the Ontario Municipal Employees Retirement System ("OMERS"). Therefore, the pension benefits provided to the employees of BHI are consistent with the pension benefits provided to employees of other LDCs.

The plan is a contributory plan with employees contributing 50 percent of the premiums and BHI contributing 50 percent.

Table 70 below summarizes the OMERS Pension Plan contribution costs year over year:

Table 70 – OMERS Contribution Costs

Description	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
OMERS	$ 988,047	$1,048,319	$1,033,787	$1,038,153	$1,073,346	$1,082,146	$1,207,329	$1,356,040

Other Post-Employment Retiree Benefits

BHI provides post-retirement health, dental and life insurance benefits up to the age of 65. Post-retirement benefits for retirees past the age of 65 include only life insurance for which Burlington pays 100% of the premium. Both Unionized and Non-Union Employees that were hired after 2014 are no longer eligible for post-retirement life insurance. This was agreed to during collective bargaining as part of BHI's efforts to find efficiencies with the Benefit plan.

Under IFRS, the defined benefit obligation ("DBO") and the current service costs are actuarially determined by using the projected benefit method, pro-rated on service and reflecting management and the actuary's best estimate of certain underlying assumptions. Re-measurements of the net defined benefit obligation, which is comprised of actuarial gains and losses are recorded to the income statement in the year that they arise.

Table 71 below provides the actual and forecasted amounts of the DBO included in benefit expenses for 2014 to 2019, the 2020 Bridge Year and the 2021 Test Year.

Table 71 – Post Retirement Benefits Expense

Description	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Post Retirement Benefits	$ 316,970	$ 335,512	$ 345,856	$ 359,959	$ 356,508	$ 372,110	$ 348,315	$ 341,305

Table 72 below identifies the year over year changes in the DBO liability for 2014 to 2019, the 2020 Bridge Year and the 2021 Test Year.

Table 72 – DBO Liability

Description	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Opening Balance	$ (3,532,178)	$ (3,684,433)	$ (4,447,707)	$ (4,777,098)	$ (5,156,792)	$ (4,870,343)	$ (4,489,718)	$ (4,564,394)
Post Retirement Benefits Expense	$ (316,970)	$ (335,512)	$ (346,856)	$ (359,959)	$ (356,508)	$ (372,110)	$ (348,315)	$ (341,305)
Benefits Paid	$ 164,715	$ 173,118	$ 230,959	$ 268,244	$ 303,407	$ 256,235	$ 273,639	$ 269,682
Actuarial Gain/(Loss)		$ 51,246	$ (213,494)	$ (287,979)	$ 339,550	$ 496,500		
Adjustment - OCI/IFRS		$ (652,126)						
Closing Balance	$ (3,684,433)	$ (4,447,707)	$ (4,777,098)	$ (5,156,792)	$ (4,870,343)	$ (4,489,718)	$ (4,564,394)	$ (4,636,017)

BHI attaches its most recent actuarial report as Appendix B.

Allocation of Benefits to OM&A and Capital

Please refer to Section 2.2.6 of Exhibit 2 for a description of BHI's capitalization of overhead policy, including the allocation of payroll burden. BHI provides the amount of direct labour including benefits that is allocated to capital in Table 73 below which is filed in the Chapter 2 Appendices - Main.

Table 73 – Capitalized OM&A

OM&A Before Capitalization	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Bridge Year	2021 Test Year
Operations and Maintenance	$ 11,143,969	$ 11,443,472	$ 11,682,636	$ 11,399,554	$ 12,637,338
Billing and Collecting	$ 2,246,596	$ 2,648,912	$ 2,278,862	$ 2,877,786	$ 2,999,028
Community Relations	$ 35,026	$ 25,392	$ 15,271	$ 31,803	$ 36,800
Administrative and General (includes donations)	$ 6,821,621	$ 6,736,613	$ 7,261,482	$ 7,384,732	$ 8,195,335
Total OM&A Before Capitalization (B)	$ 20,247,213	$ 20,854,389	$ 21,238,250	$ 21,693,876	$ 23,868,502

Applicants are to provide a breakdown of capitalized OM&A in the below table. Capitalized OM&A may be broken down using the categories listed in the table below if possible. Otherwise, applicants are to provide its own break down of capitalized OM&A.

Capitalized OM&A	2017 Historical Year	2018 Historical Year	2019 Historical Year	2020 Bridge Year	2021 Test Year	Directly Attributable? (Yes/No)	Explanation for Change in Overhead Capitalized
Direct Labour - Operations/Maintenance/Engineering	$ 1,271,893	$ 1,239,022	$ 1,374,618	$ 1,254,252	$ 1,590,900	Yes	Directly attributable to labour costs charged to capital
Employee Benefits - Operations/Maintenance/Engineering	$ 627,335	$ 626,967	$ 590,922	$ 499,183	$ 579,826	Yes	Directly attributable to labour costs charged to capital
Fleet	$ 183,993	$ 182,053	$ 184,166	$ 177,937	$ 200,000	Yes	Directly attributable to labour costs charged to capital
Total Capitalized OM&A (A)	$ 2,083,220	$ 2,048,041	$ 2,149,706	$ 1,931,372	$ 2,370,726		
% of Capitalized OM&A (=A/B)	10%	10%	10%	9%	10%		

Total OM&A After Capitalization (B-A)	$ 18,163,993	$ 18,806,348	$ 19,088,544	$ 19,762,504	$ 21,497,775

BHI uses the accrual method of accounting for employee future benefits in compliance with the OEB report on the Regulatory Treatment of Pension and Other Post-Employment Benefits Costs[25] with the exception of the accounting for OMERS. OMERS is accounted for on a cash basis because OMERS is a multi-employer pension plan and individual employee future benefit obligations are not available at an employee level.

BHI has not changed the basis upon which pension and OPEB costs are included in OM&A since its rebasing application, with the exception of recording actuarial losses and gains for OPEB. BHI rebased under CGAAP in its 2014 Cost of Service which required OPEB actuarial gains and losses to be amortized and recorded in OM&A. BHI transitioned to IFRS in 2015 which requires OPEB actuarial gains and losses to be recorded in Other Comprehensive Income. For the purposes of setting rates for 2021, OPEB actuarial gains and losses are not recorded in OM&A and as such are not included in BHI's 2021 revenue requirement.

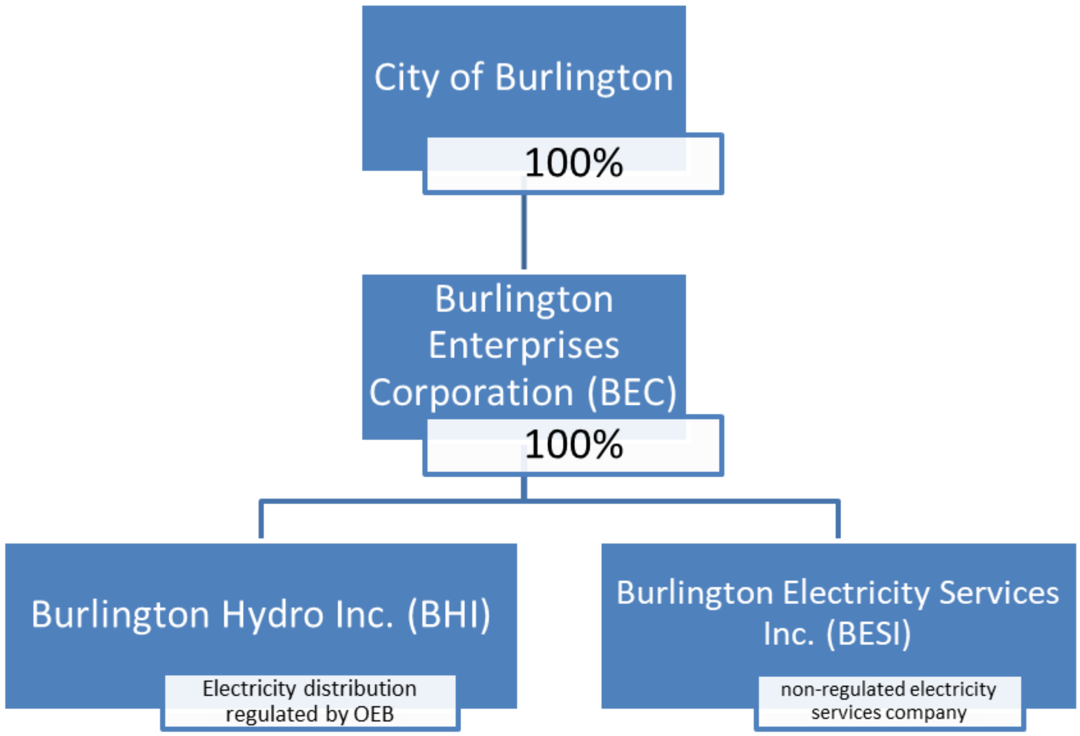
4.3.2 Shared Services and Corporate Allocation

In accordance with section 2.4.3.2 of the Chapter 2 Filing Requirements, BHI provides information about shared services and corporate cost allocation between BHI and its affiliated entities below.

BHI is wholly owned by Burlington Enterprises Corporation (“BEC”), which in turn is wholly owned by the City of Burlington. The other affiliated company is Burlington Electricity Services Inc. (“BESI”). BESI’s primary lines of business are Suite Metering, installation and operation of EV Charging Stations, co-generation and the provision of water/waste-water billing services and control room support for non-affiliated entities. In addition, BESI coordinates the 40-day seasonal Burlington Festival of Lights, a holiday tradition at Spencer Smith Park on the City of Burlington’s waterfront.

[25] EB-2015-0040

The ownership structure is identified below.



BHI provides services to its affiliated companies in order to realize economies of scale, manage costs, and maintain service levels.

BHI supports its affiliates through the provision of shared services such as:

- Billing Services including, bill preparation and presentment, payment processing, collections, bad debt management, customer care and systems support;
- Control Room Operations;
- Accounting;
- Streetlight Installation and Maintenance Services (2017 and 2018 only); and
- Electric Vehicle Charging Stations (2018 only)

BHI also provides shared corporate services to BESI in the form of:

- Management Services including Executive, Finance, HR, Facilities, and Communications

BHI provides services to BEC in the form of accounting services. BEC provided services to BHI in the form of management oversight up to and including 2019.

4.3.2.1 Shared Services Model

BHI determines its pricing for shared services in accordance with the Affiliate Relationships Code for Electricity Distributors and Transmitters ("ARC") in which prices for services are determined by fully-allocated cost-based pricing in the absence of a reasonably competitive market. Where a reasonably competitive market exists for a service, the price for services is determined by the market price.

4.3.2.2 Pricing Methodology

Table 74 identifies the type of service provided by BHI to its affiliated companies in the 2021 Test Year and the pricing methodology.

Table 74 – Type of Service and Pricing Methodology – BHI to Affiliated Companies 2021 Test Year

Service	Pricing Methodology	Service Provided	
		By	To
Shared Services			
Water/Waste Water Billing	Cost-base	BHI	BESI
Control Room Operations	Cost-base	BHI	BESI
Accounting	Cost-base	BHI	BESI
Accounting	Cost-base	BHI	BEC
Corporate Cost Allocation			
Management Services [1]	Cost-base	BHI	BESI

1. Management Services includes Executive, Finance, HR, Facilities, and Communications

The affiliated companies are not providing any services to BHI in the 2021 Test Year.

BHI provides details on its shared services below.

<u>Water/Waste-Water Billing (BHI provides to BESI)</u>

Water/Waste-Water billing services are directly allocated to BESI from BHI based on the actual fully burdened costs to perform this service, including a return on capital equal to BHI's approved weighted average cost of capital. These costs include:

- a full time billing clerk (bill preparation and presentment);
- a full time customer service representative (payment processing, collections, bad debt management and customer care); and
- a system programmer (system maintenance, programming and testing).

Control Room Services (BHI provides to BESI)

Control Room services are allocated to BESI from BHI based on the fully burdened costs to perform this service, including a return on capital equal to BHI's approved weighted average. These costs include one full time employee on a 24X7 coverage cycle based on the average cost of two senior operators and five journeymen operators. Any overtime incurred is billed to BESI at fully allocated cost.

Accounting (BHI provides to BESI and BEC)

BHI performs accounting services for BESI and BEC. These costs are recovered on a fixed basis throughout the year. At year-end the actual cost is determined using actual time spent and the fully allocated cost per hour. Any actual costs over and above the fixed charge are remitted by BESI or BEC to BHI.

4.3.2.3 Corporate Cost Allocation

Management Services (BHI provides to BESI)

BHI provides shared corporate services in the form of strategic direction, oversight, project management and administrative support in areas such as Executive, Accounting/Finance, HR, Facilities, and Communications. All costs are allocated based on time incurred using a fully burdened cost per hour and include a return on capital equal to BHI's approved weighted average cost of capital. BHI provides a list of shared services, the allocation methodology and allocators in Table 75 below.

Table 75 – Shared Corporate Services Cost Allocation

Functional Service	Allocation Methodology	Allocator	Rationale
Executive, Finance, Human Resources, Communications	Fully allocated cost rate	Time Incurred	Most accurate, appropriate and representative allocator. Using the # of customers, invoices or employees would generate an immaterial $ value due to the small size of the affiliate in comparison to the LDC
Facilities	Proportionate share of cost for operations and maintenance, property taxes, property insurance, furnishings	Square Footage	Cost of Facilities is directly proportionate to square footage

4.3.2.4 OEB Appendix 2-N

BHI has filed Appendix 2-N Shared Services and Corporate Cost Allocation in the Chapter 2 Appendices - Main. These tables are provided in Section 4.3.2.8 of this Exhibit 4 for ease of reference.

4.3.2.5 Reconciliation of Revenue in OEB Appendix 2-N

BHI provides the amount associated with BHI Affiliate Services transactions by type of service in Table 76 below.

Table 76 – BHI Affiliate Services Revenue by Service Type

Service Provided		Service	Actual						2020	2021 Test
By	To		2014	2015	2016	2017	2018	2019	Bridge	Year
BHI	BESI	Water/Waste Water Billing	$361,593	$380,080	$384,503	$395,685	$399,321	$390,267	$401,000	$402,734
BHI	BESI	Control Room Operations					$201,743	$110,000	$157,000	$159,000
BHI	BEC	Accounting Services	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$6,000	$6,500
BHI	BESI	Accounting Services	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$11,000	$11,500
BHI	BESI	Management Services	$78,403	$51,404	$52,000	$54,471	$53,922	$55,200	$62,115	$63,484
Total BHI Affiliate Services Revenue			**$443,996**	**$435,484**	**$440,503**	**$454,156**	**$658,986**	**$559,467**	**$637,115**	**$643,218**
BHI	BESI	Streetlight Installation and Maintenance Services				$84,313	$126,211			
BHI	BESI	Installation of Electric Vehicle Infrastructure					$93,539			
Total BHI Affiliate Transactions			**$443,996**	**$435,484**	**$440,503**	**$538,469**	**$878,736**	**$559,467**	**$637,115**	**$643,218**
Total BHI Affiliate Transactions Recorded in 2-H			**$443,996**	**$435,484**	**$440,503**	**$454,156**	**$658,986**	**$559,467**	**$637,115**	**$643,218**

BHI provided i) Streetlight Installation and Maintenance Services and (ii) Installation of Electric Vehicle Infrastructure to BESI in 2017 and 2018. These were non-revenue generating affiliate transactions and as such are not included in OEB Appendix 2-H.

BHI provides a reconciliation of the revenue arising from OEB Appendix 2-N with the amounts included in Other Revenue in Table 77 below. The amounts in USoA Account 4375 that are in Other Revenue and included in Affiliate Services Revenue are highlighted in green. The total of these items, identified in row "Total Revenue 4375 included in 2-N" in Table 77, balance to the "Total BHI Affiliate Transactions Recorded in 2-H" in Table 76 above. FIT, microFIT and CDM program revenue are non-affiliate transactions and are therefore not included in OEB Appendix 2-N.

Table 77 – Reconciliation of BHI Affiliate Services Revenue to Other Revenue

Account	Description	Included in BHI Intercompany Revenue 2-N	Actual						2020 Bridge Year	2021 Test Year
			2014	2015	2016	2017	2018	2019		
4375	Water & Wastewater Billing Services Rev	Yes	$361,593	$380,080	$384,503	$395,685	$399,321	$390,267	$401,000	$402,734
	Misc. Intercompany Services Revenue	Yes	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$17,000	$18,000
	FIT & MicroFIT Revenue	No	$3,228	$5,000	($15,000)	$5,000	$0	$650	$0	$0
	CDM Program Revenue	No	$38,385	$494,597	$65,652	$11,726	$929,328	$40,718	$70,000	$0
	BESI Control Room Services	Yes	$0	$0	$0	$0	$201,743	$110,000	$157,000	$159,000
	BESI Management Services Revenue	Yes	$78,403	$51,404	$52,000	$54,471	$53,922	$55,200	$62,115	$63,484
	Total Revenue 4375 per 2-H		**$485,608**	**$935,081**	**$491,155**	**$470,882**	**$1,588,315**	**$600,835**	**$707,115**	**$643,218**
2-N	**Total Revenue 4375 included in 2-N**		**$443,996**	**$435,484**	**$440,503**	**$454,156**	**$658,986**	**$559,467**	**$637,115**	**$643,218**
	Add Streetlight Installation and Maintenance Services		$0	$0	$0	$84,313	$126,211	$0	$0	$0
	Add Installation of Electric Vehicle Infrastructure		$0	$0	$0	$0	$93,539	$0	$0	$0
	Total Intercompany Transactions per 2-N		**$443,996**	**$435,484**	**$440,503**	**$538,469**	**$878,736**	**$559,467**	**$637,115**	**$643,218**

4.3.2.6 Variance Analysis

BHI provides a variance analysis in Table 78 and below for the following:

- 2021 Test Year vs. the 2014 Cost of Service
- 2021 Test Year vs. 2019 Actuals

Table 78 – Variance Analysis

Shared Services and Corporate Cost Allocation	2014 CoS	2019	2021	2021 Test Year vs. 2014 CoS	2021 Test Year vs. 2019 Actuals
Services Provided by BHI					
Water/Waste Water Billing	$365,829	$390,267	$402,734	$36,905	$12,467
Control Room Operations	$0	$110,000	$159,000	$159,000	$49,000
Accounting	$4,000	$4,000	$18,000	$14,000	$14,000
Management Services	$66,460	$55,200	$63,484	($2,976)	$8,284
Total Services Provided by BHI	**$436,289**	**$559,467**	**$643,218**	**$206,929**	**$83,751**
Services Provided to BHI					
Sponsorship	$10,000	$0	$0	($10,000)	$0
Management Oversight	$85,000	$55,346	$0	($85,000)	($55,346)
Total Services Provided to BHI	**$95,000**	**$55,346**	**$0**	**($95,000)**	**($55,346)**

<u>2021 Test Year vs. 2014 Cost of Service</u>

Total Services provided **<u>by</u>** BHI to its affiliated companies have increased by $206,929 from the 2014 Cost of Service to the 2021 Test Year, due to (i) the provision of control room services from BHI to BESI commencing in 2018; and (ii) increased revenue from the provision of water/waste water billing due to a revision in the contract price effective March 2018.

Total Services provided **<u>to</u>** BHI by its affiliated companies have decreased by ($95,000) from the 2014 Cost of Service to the 2021 Test Year, due to (i) a GridSmartCity membership payment to BESI which is no longer applicable; and (ii) the elimination of directors' fees for management services provided to BHI from BEC (previously BHEI).

<u>2021 Test Year vs. 2019 Actuals</u>

Total Services provided **<u>by</u>** BHI to its affiliated companies have increased by $83,751 from the 2019 Actuals to the 2021 Test Year, primarily due to an increase in revenue for the provision of control room services.

Total Services provided **to** BHI by its affiliated companies have decreased by ($55,346) from the 2019 Actuals to the 2021 Test Year due to the elimination of the directors' fees for management oversight provided to BHI from BEC (previously BHEI). Directors' fees for BHI are paid directly by BHI not BEC (previously BHEI) as a result of the change in corporate structure as discussed in Section 1.4.15 of Exhibit 1.

4.3.2.7 Board of Directors Costs

The Chapter 2 Filing Requirements specifies that utilities must identify any Board of Director-related costs for affiliates that are included in the utility's own costs. BHI confirms that there are no Board of Directors-related costs for its affiliated companies included in its costs.

1 ## 4.3.2.8 OEB Appendix 2-N

Year: 2014

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
BHI	BESI	Billing Services	Cost-Base	$361,593	$294,520
BHI	BESI	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BESI				**$363,593**	**$296,520**
BHI	BHEI (now BEC)	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BEC				**$2,000**	**$2,000**
BESI	BHI	Member Sponsorship	Market-Base	$10,000	$10,000
Total Charged BESI to BHI				**$10,000**	**$10,000**
BHEI (now BEC)	BHI	Mangement Oversight	Market-Base	$81,839	$81,839
Total Charged BEC to BHI				**$81,839**	**$81,839**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
BHI	BESI	Management Services	Cost-Base	5.30%	$78,403

Year: 2015

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
BHI	BESI	Billing Services	Cost-Base	$380,080	$301,545
BHI	BESI	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BESI				**$382,080**	**$303,545**
BHI	BHEI (now BEC)	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BEC				**$2,000**	**$2,000**
BESI	BHI	Member Sponsorship	Market-Base	$5,000	$5,000
BESI	BHI	Heating Supply and Back-up Generation		$42,500	$42,500
Total Charged BESI to BHI				**$47,500**	**$47,500**
BHEI (now BEC)	BHI	Mangement Oversight	Market-Base	$77,329	$77,329
Total Charged BEC to BHI				**$77,329**	**$77,329**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
BHI	BESI	Management Services	Cost-Base	3.50%	$51,404

Year: 2016

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
BHI	BESI	Billing Services	Cost-Base	$384,503	$299,152
BHI	BESI	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BESI				**$386,503**	**$301,152**
BHI	BHEI (now BEC)	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BEC				**$2,000**	**$2,000**
BESI	BHI	Heating Supply and Back-up Generation		$102,000	$102,000
Total Charged BESI to BHI				**$102,000**	**$102,000**
BHEI (now BEC)	BHI	Mangement Oversight	Market-Base	$84,356	$84,356
Total Charged BEC to BHI				**$84,356**	**$84,356**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
BHI	BESI	Management Services	Cost-Base	3.30%	$52,000

Year: 2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
BHI	BESI	Billing Services	Cost-Base	$395,685	$309,601
BHI	BESI	Streetlight Installation and Maintenance	Cost-Base	$84,313	$84,313
BHI	BESI	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BESI				**$481,998**	**$395,914**
BHI	BHEI (now BEC)	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BEC				**$2,000**	**$2,000**
BESI	BHI	Heating Supply and Back-up Generation		$102,000	$102,000
Total Charged BESI to BHI				**$102,000**	**$102,000**
BHEI (now BEC)	BHI	Mangement Oversight	Market-Base	$79,239	$79,239
Total Charged BEC to BHI				**$79,239**	**$79,239**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
BHI	BESI	Management Services	Cost-Base	3.40%	$54,471

Year: 2018

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
BHI	BESI	Billing Services	Cost-Base	$399,321	$315,871
BHI	BESI	Control Room Operations	Cost-Base	$201,743	$190,936
BHI	BESI	Accounting	Cost-Base	$2,000	$2,000
BHI	BESI	Streetlight Installation and Maintenance	Cost-Base	$126,211	$126,211
BHI	BESI	Electric Vehicle Charging Stations	Cost-Base	$93,539	$93,539
Total Charged BHI to BESI				**$822,814**	**$728,557**
BHI	BHEI (now BEC)	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BEC				**$2,000**	**$2,000**
BESI	BHI	Heating Supply and Back-up Generation		$102,000	$102,000
Total Charged BESI to BHI				**$102,000**	**$102,000**
BHEI (now BEC)	BHI	Mangement Oversight	Market-Base	$70,001	$70,001
Total Charged BEC to BHI				**$70,001**	**$70,001**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
BHI	BESI	Management Services	Cost-Base	3.40%	$53,922

Year: 2019

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
BHI	BESI	Billing Services	Cost-Base	$390,267	$319,810
BHI	BESI	Control Room Operations	Cost-Base	$110,000	$99,193
BHI	BESI	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BESI				**$502,267**	**$421,003**
BHI	BHEI (now BEC)	Accounting	Cost-Base	$2,000	$2,000
Total Charged BHI to BEC				**$2,000**	**$2,000**
BESI	BHI	Heating Supply and Back-up Generation		$102,000	$102,000
Total Charged BESI to BHI				**$102,000**	**$102,000**
BHEI (now BEC)	BHI	Mangement Oversight	Market-Base	$55,110	$55,110
Total Charged BEC to BHI				**$55,110**	**$55,110**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
BHI	BESI	Management Services	Cost-Base	3.40%	$55,200

Year: 2020

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
BHI	BESI	Billing Services	Cost-Base	$401,000	$299,859
BHI	BESI	Control Room Operations	Cost-Base	$157,000	$147,638
BHI	BESI	Accounting	Cost-Base	$11,000	$10,278
Total Charged BHI to BESI				**$569,000**	**$457,775**
BHI	BHEI (now BEC)	Accounting	Cost-Base	$6,000	$5,606
Total Charged BHI to BEC				**$6,000**	**$5,606**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
BHI	BESI	Management Services	Cost-Base	3.60%	$58,734

Year: 2021

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
BHI	BESI	Billing Services	Cost-Base	$402,734	$309,230
BHI	BESI	Control Room Operations	Cost-Base	$159,000	$148,977
BHI	BESI	Accounting	Cost-Base	$11,500	$10,888
Total Charged BHI to BESI				**$573,234**	**$469,095**
BHI	BHEI (now BEC)	Accounting	Cost-Base	$6,500	$6,154
Total Charged BHI to BEC				**$6,500**	**$6,154**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
BHI	BESI	Management Services	Cost-Base	3.60%	$60,640

1

4.3.3 Purchases of Non-affiliate Services

BHI purchases many goods and services from non-affiliated third parties. Vendors are screened to ensure they have the experience, reputation, and capability to meet BHI's requirements. BHI has developed a purchasing policy to ensure purchases are made in a cost effective manner with full consideration given to price, goods or service quality, the ability to deliver on time, reliability and compliance with engineering specifications and standards.

BHI provides a copy of its purchasing policy as Appendix C in this Exhibit 4, which includes information on the level of signing authority and a description of its competitive tendering process. BHI confirms that its non-affiliate goods and services purchases are in compliance with its purchasing policy.

BHI is also a member of the GridSmartCity Cooperative ("GSC Cooperative"), a group of fifteen LDC members who manage approximately $2.7 Billion in assets and serve approximately 766,000 customers across more than 25 communities. The GSC Cooperative bridges the need for innovation and infrastructure renewal, with the benefits of collaboration and cost efficiency. The GSC Cooperative leverages its size to increase its purchasing power and BHI participates in several joint RFPs, RFQs, and information sharing and networking sessions. Benefits of cooperative purchasing include:

- Securing preferential pricing and services;
- Reducing time spent on procurement across LDCs;
- Leveraging best practices;
- Implementing commons specifications and standards to support joint RFPs; and
- Sourcing new or "difficult to source" goods and services.

BHI confirms that there are no material transactions which are not in compliance with its purchasing policy.

4.3.4 One-time Costs

BHI identifies one-time costs in the historical, bridge and test years in Table 79 below. BHI proposes that these costs be recovered over the test year and the subsequent IRM term i.e. 1/5th in each of 2021 to 2025. These represent the costs associated with the preparation of BHI's 2021 Cost of Service Application. Further details are provided below in Section 4.3.5 Regulatory Costs.

Table 79 – One-Time Costs

Description	2019 Actuals	2020 Bridge Year	2021 Test Year
Incurred	$275,640	$198,170	$375,034
Amortized (1/5th per year 2021-2025)			$169,769

4.3.5 Regulatory Costs

BHI provides a breakdown of its actual and anticipated regulatory costs, including OEB cost assessments; and expenses for its current Application such as legal fees, consultant fees and costs associated with the preparation and review of the current Application in Table 80 below. As stated in Section 4.3.4 One-time Costs, BHI proposes that these costs be recovered over five years i.e. 1/5th in each of 2021 to 2025.

BHI has filed Appendix 2-M Regulatory Costs in the Chapter 2 Appendices - Main.

Table 80 – Regulatory Costs

Description	2014 CoS	2014 Actuals	2021 Test Year
OEB Annual Assessment	$206,000	$200,891	$300,000
OEB Section 30 Costs (OEB-initiated)	$0	$5,794	$8,300
Expert Witness costs for regulatory matters	$10,000	$0	$0
Legal costs for regulatory matters	$24,000	$1,528	$0
Consultants' costs for regulatory matters	$43,000	$14,016	$13,500
Operating expenses - Staff Resources	$390,000	$427,405	$490,533
Operating expenses - Other Resources	$2,400	$0	$0
Other regulatory agency fees or assessments	$0	$0	$0
Any other costs for regulatory matters (please define)	$20,000	$0	$0
Intervenor costs	$20,000	$0	$0
LEAP Funding [1]		$37,004	$47,000
Sub-total Ongoing Costs per Appendix 2-M	**$715,400**	**$686,638**	**$859,333**
Amortized Cost of Service Costs	$156,001	$98,788	$169,769
Total Regulatory Cost Centre	**$871,401**	**$785,425**	**$1,029,102**

1. Not included in Appendix 2-M in 2014 CoS

4.3.6 Low-Income Energy Assistance Programs (LEAP)

BHI follows the OEB's Accounting Procedures Handbook ("APH") with respect to charitable and political donations. In accordance with the APH, donations are tracked in the USoA Account 6205 and are not included in the revenue requirement for the Test Years.

Only donations specifically for the Low-Income Energy Assistance Program ("LEAP"), as per section 2.4.3.6 of the Chapter 2 Filing Requirements are tracked in the USoA Sub-Account 6205 Donations, sub-account LEAP Funding, and are included in the revenue requirement for the 2021 Test Year. The OEB has prescribed the LEAP program to provide one-time assistance to eligible low-income consumers towards paying their electricity bills. As set out in the *Report of the Board on Low Income Energy Assistance Program* ("the LEAP Report"), the OEB determined that the greater of 0.12% of a distributor's approved distribution revenue requirement, or $2,000, is a reasonable commitment by all distributors to emergency financial assistance.

BHI identifies its LEAP fund for 2021 as $47,000 in Table 81 below.

Table 81 – Calculation of LEAP Fund

Description	2021 Test Year
Service Revenue Requirement	$37,220,971
% of Revenue Requirement	0.12%
LEAP Funding - Calculated	$44,665
LEAP Funding - Recorded in OM&A	**$47,000**

BHI confirms it has included this LEAP amount in its OM&A expenses and excluded all other charitable donations as identified in Table 82 below.

Table 82 – Inclusion of LEAP in OM&A Expenses

Description	2021 Test Year
Operations	$4,261,688
Maintenance	$6,004,924
Billing and Collecting	$2,999,028
Community Relations	$36,800
Administration and General	$8,148,335
LEAP	$47,000
Total OM&A excluding Property Taxes	**$21,497,775**
Property Taxes	$341,790
Total OM&A including Property Taxes	**$21,839,565**
Other Donations - excluded from recovery	$44,000
Total OM&A	**$21,883,565**

4.3.7 Charitable and Political Donations

BHI confirms that it has not included charitable donations for recovery in its 2021 Test Year with the exception of contributions to programs that provide assistance to low income consumers (e.g. LEAP identified in Section 4.3.6 above). BHI is claiming recovery for LEAP in the amount of $47,000 as identified above.

BHI confirms that it has not included any political contributions for recovery in its 2021 Test Year.

4.4 DEPRECIATION, AMORTIZATION AND DEPLETION

In accordance with the Chapter 2 Filing Requirements this Section 4.4 demonstrates that the proposed levels of depreciation in this Application reflect the useful lives of BHI's assets and the OEB's accounting policies.

The asset useful lives that BHI uses for depreciation purposes were derived from a Kinectrics Report[26] conducted specifically for BHI in conjunction with Enersource, Oakville Hydro, Milton Hydro and Halton Hills Hydro ("LDC Specific Kinectrics Report"). This was filed and approved by the OEB in BHI's 2014 Cost of Service application (EB-2013-0115).

4.4.1 Depreciation/Amortization Policy

BHI amortizes the cost of items of Property, Plant and Equipment ("PP&E") using the straight-line method over their estimated useful lives. Depreciation is recorded at one-half of the annual rate for assets placed into service or acquired in the current year, in accordance with section 2.4.4 of the Chapter 2 Filing Requirements. Depreciation of an asset begins in the year when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended. Depreciation of an asset ceases when the asset is retired from active use, sold or is fully depreciated.

BHI does not have any Asset Retirement Obligations ("AROs") and therefore no associated depreciation or accretion expense has been recorded.

BHI depreciates the significant parts or components of each item of PP&E separately, in accordance with IFRS.

BHI has not made any changes to its depreciation/amortization policy since its last rebasing application (EB-2013-0115).

[26]Kinectrics Inc. Report No. K-418022-RA-0001-R003, December 10, 2009, Exhibit 4, Attachment 2 Typical Useful Lives Study, EB-2013-0115

4.4.2 Depreciation, Amortization and Depletion by Asset Group

BHI provides a summary of its depreciation and amortization expense in Table 83 below, for its 2014 OEB-approved Cost of Service application (EB-2013-0115), the 2014-2019 Actuals, the 2020 Bridge Year and 2021 Test Year.

BHI attaches the OEB's Chapter 2 Appendix 2-C in Tab "App.2-C_DepExp" in Attachment3_2C_OEB_Chapter2Appendices_BHI10302020 ("Chapter 2 Appendices – 2C"), which provides a reconciliation of calculated depreciation expense to that included in the Fixed Asset Continuity Schedules. There is one USoA Account – 1611 Computer Software - for which the remaining useful life is greater than the useful life reported in Tab "Appendix 2-BB Service Life" of the Chapter 2 Appendices – Main. Prior to April 1, 2018 there were some assets related to BHI's legacy GIS, OMS and ERP which had useful lives of, and were depreciated over, ten years. It was expected that the benefits associated with these expenditures would accrue over ten years. Effective April 1, 2018, all computer software is depreciated over five years.

BHI confirms that the depreciation expense identified in Table 83 below balances to the depreciation in the Chapter 2 Appendices – 2C and the Fixed Asset Continuity Schedules filed in Tab "App.2-BA_Fixed Asset Cont" of the Chapter 2 Appendices - Main.

Table 83 – Summary of Depreciation and Amortization Expense

USoA	Description	2014 Board Approved	2014 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Reporting Basis		Revised CGAAP	Revised CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1612	Land Rights	$3,328	$2,828	$2,828	$2,828	$2,828	$2,828	$2,520	$2,521	$2,520	$2,520
1808	Buildings and Fixtures	$63,385	$63,005	$63,005	$63,367	$65,108	$66,471	$66,559	$63,788	$63,566	$63,337
1810	Leasehold Improvements		$0	$0	$0	$0	$0	$0	$0	$0	$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820	Distribution Station Equipment - Normally Primary below 50 kV	$222,055	$240,186	$240,186	$266,712	$273,820	$247,226	$249,761	$236,896	$229,673	$246,043
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830	Poles, Towers and Fixtures	$620,258	$620,103	$620,103	$670,612	$686,732	$718,022	$758,807	$809,548	$894,946	$1,022,920
1835	Overhead Conductors and Devices	$524,480	$533,979	$533,979	$563,216	$599,475	$639,763	$678,488	$740,840	$818,729	$909,617
1840	Underground Conduit	$191,575	$192,210	$192,210	$233,754	$226,824	$245,963	$271,729	$299,614	$334,169	$375,640
1845	Underground Conductors and	$575,833	$563,721	$563,721	$612,569	$612,347	$675,687	$737,114	$805,532	$952,874	$1,206,711
1850	Line Transformers	$721,511	$716,423	$716,423	$778,419	$799,513	$846,827	$889,895	$924,483	$968,765	$1,013,867
1855	Services	$288,417	$293,359	$293,359	$348,379	$341,423	$379,598	$406,281	$433,666	$481,884	$560,857
1860	Meters	$931,560	$924,575	$924,575	$942,615	$959,828	$985,482	$1,017,601	$990,720	$1,022,680	$1,065,222
1865	Other Installations on Customer's Premises		$0	$0	$0	$0	$0	$0	$0	$0	$0
1905	Land		$0	$0	$0	$0	$0	$0	$0	$0	$0
1612	Land Rights		$0	$0	$0	$0	$0	$0	$0	$0	$0
1908	Buildings and Fixtures	$246,284	$241,845	$241,845	$262,838	$266,661	$267,232	$276,473	$306,949	$320,852	$322,883
1910	Leasehold Improvements		$0	$0	$0	$0	$0	$0	$0	$0	$0
1915	Office Furniture and Equipment	$57,569	$55,873	$55,873	$58,170	$57,936	$54,232	$54,364	$62,617	$63,274	$61,801
1920	Computer Equipment - Hardware	$64,916	$75,357	$75,357	$71,213	$72,243	$69,163	$76,643	$101,632	$117,965	$137,302
1611	Computer Software	$363,440	$362,141	$362,141	$445,046	$524,312	$568,434	$599,044	$791,135	$928,420	$1,143,600
1930	Transportation Equipment	$75,769	$78,102	$78,102	$131,072	$155,561	$176,579	$208,800	$311,147	$273,909	$282,085
1935	Stores Equipment		$0	$0	$0	$0	$0	$0	$0	$0	$0
1940	Tools, Shop and Garage Equipment	$26,532	$30,653	$30,653	$33,917	$32,208	$29,183	$24,606	$23,151	$21,803	$21,778

Table 83 – Summary of Depreciation and Amortization Expense Continued

USoA	Description	2014 Board Approved	2014 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Bridge Year	2021 Test Year
Reporting Basis		**Revised CGAAP**	**Revised CGAAP**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**
1945	Measurement and Testing Equipment	$4,626	$5,292	$5,292	$4,778	$6,763	$8,110	$7,736	$7,047	$6,429	$6,097
1950	Power Operated Equipment		$0	$0	$0	$0	$0	$0	$0	$0	$0
1955	Communication Equipment		$0	$0	$0	$0	$8,548	$17,095	$17,095	$17,095	$17,095
1960	Miscellaneous Equipment		$0	$0	$820	$1,641	$3,648	$2,649	$2,661	$2,661	$2,661
1970	Load Management Controls - Customer Premises		$0	$0	$0	$0	$0	$0	$0	$0	$0
1975	Load Management Controls - Utility Premises		$0	$0	$0	$0	$0	$0	$0	$0	$0
1980	System Supervisory Equipment	$66,014	$67,671	$67,671	$70,393	$70,943	$66,435	$69,613	$52,719	$49,472	$41,965
1985	Sentinel Lighting Rentals		$0	$0	$0	$0	$0	$0	$0	$0	$0
1990	Other Tangible Property		$0	$0	$0	$0	$0	$0	$0	$0	$0
1609	Capital Contributions Paid	$68,560	$68,560	$68,560	$68,560	$68,560	$68,560	$76,893	$78,600	$71,973	$178,973
1995	Contributions and Grants	($606,052)	($609,893)	($609,893)	($656,206)	($569,055)	($565,405)	($565,405)	($565,405)	($564,316)	($563,966)
2005	Property Under Capital Leases		$0	$0	$0	$0	$0	$0	$0	$0	$0
2440	Deferred Revenue		$0	$0	($161,982)	($188,416)	($289,167)	($375,497)	($477,936)	($742,562)	($1,198,697)
Total Depreciation Amount		**$4,510,060**	**$4,525,988**	**$4,525,988**	**$4,811,091**	**$5,067,255**	**$5,273,419**	**$5,551,769**	**$6,019,021**	**$6,336,785**	**$6,920,311**
(Deduct)/Add back											
Fully allocated depreciation in OM&A		($384,026)	($396,790)								
ICM depreciation recorded in continuity in 2021 for OEB purposes											($64,200)
Prior Period Adjustments/Other							($46)		($173,925)		
Loss on Disposals recorded in 5705 for OEB purposes					$55,848	$33,021	$21,400	$332,135	$70,262	$125,669	$27,669
Total Depreciation Rate Setting Purposes		**$4,126,034**	**$4,129,198**	**$4,525,988**	**$4,866,939**	**$5,100,276**	**$5,294,773**	**$5,883,904**	**$5,915,357**	**$6,462,454**	**$6,883,779**

4.4.3 Adoption of International Financial Reporting Standards ("IFRS")

BHI deferred the adoption of IFRS to January 1, 2015 as stated in Section 1.4.12 of Exhibit 1. However, BHI made regulatory accounting changes for depreciation expense and capitalization policies effective January 1, 2013. As such BHI rebased with these accounting changes for depreciation expense in its last rebasing application (EB-2013-0115).

4.4.4 Changes to Depreciation Policy

BHI has not made any changes to its depreciation policy or asset service lives since its last rebasing application under Revised CGAAP. However, when preparing this Application, BHI identified some errors in the useful lives reported in Tab "Appendix 2-BB Service Life Comp" of the OEB's Chapter 2 Appendices filed as "Burlington Hydro_AttE- Chapter 2_Appendices_20140506 in its last rebasing application ("2014 Appendix 2-BB").

BHI identifies the errors below and files a corrected version of this appendix in Tab "Appendix 2-BB Service Life" of the Chapter 2 Appendices - Main. For ease of reference, this appendix is duplicated in Table 86 below. The corrections are identified in red. BHI reiterates that it has not made a change to its depreciation policy or useful lives since its last rebasing application. The information was omitted from the OEB Appendix 2-BB filed in its last rebasing application in error.

4.4.4.1 Corrections to OEB Appendix 2-BB

Useful lives were reported incorrectly in the 2014 Appendix 2-BB for the asset categories listed in Table 84 below. The correct useful lives for all assets listed are within the Typical Useful Life ("TUL") in the LDC Specific Kinectrics Report.

Table 84 - Useful Lives Incorrectly Reported in 2014 Cost of Service

Category Component	Correct Useful Life	Useful Life (Reported in 2014)	Reason
Fully Dressed Concrete Poles	60	40	reported useful life for wood poles instead of concrete poles
Communication Equipment - Towers	60	10	reported useful life for communications - wireless instead of communications - towers
Repeaters - Smart Metering	15	5	reported useful life for office furniture & equipment instead of repeaters
Data Collectors -Smart Metering	15	5	reported useful life for office furniture & equipment instead of data collectors

There were some asset categories for which a useful life was not reported in the 2014 Cost of Service although BHI owns these asset categories; or the asset category was assigned to the wrong USoA Account. These are identified in Table 85 below. All useful lives are within the Typical Useful Life ("TUL") in the LDC Specific Kinectrics Report.

Table 85 - Asset Categories Missing from 2014 Cost of Service

Category Component	Correct Useful Life	Useful Life (Reported in 2014)	Reason
Station Service Transformer	60	-	BHI did not include in 2014 Appendix 2-BB in error
Solid State Relays	30	30	BHI listed as Distribution Station Equipment instead of System Supervisory Equipment
Remote SCADA	20	-	BHI did not include in 2014 Appendix 2-BB in error
SCADA – Transducer	10	-	not listed in the 2014 Appendix 2-BB
Automobiiles	8	-	not listed in the 2014 Appendix 2-BB
Wholesale Energy Meters	20	-	not listed in the 2014 Appendix 2-BB

Table 86 – BHI's Service Life Comparison – OEB Appendix 2-BB

Table F-1 from Kinetics Report[1]

		Asset Details			Useful Life			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?	
Parent*	#	Category| Component | Type			MIN UL	TUL	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL
OH	1	Fully Dressed Wood Poles	Overall		35	45	75	1830	Poles, Towers and Fixtures	40	3%	40	3%	No	No
			Cross Arm	Wood	20	40	55	1830	Poles, Towers and Fixtures	40	3%	40	3%	No	No
				Steel	30	70	95	1830	Poles, Towers and Fixtures	40	3%	40	3%	No	No
	2	Fully Dressed Concrete Poles	Overall		50	60	80	1830	Poles, Towers and Fixtures	60	2%	60	2%	No	No
			Cross Arm	Wood	20	40	55	1830	Poles, Towers and Fixtures	40	3%	40	3%	No	No
				Steel	30	70	95	1830	Poles, Towers and Fixtures	40	3%	40	3%	No	No
	3	Fully Dressed Steel Poles	Overall		60	60	80								
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	4	OH Line Switch			30	45	55	1835	Overhead Conductors and Devices	40	3%	40	3%	No	No
	5	OH Line Switch Motor			15	25	25	1835	Overhead Conductors and Devices	20	5%	20	5%	No	No
	6	OH Line Switch RTU			15	20	20	1835	Overhead Conductors and Devices	20	5%	20	5%	No	No
	7	OH Integral Switches			35	45	60	1835	Overhead Conductors and Devices	40	3%	40	3%	No	No
	8	OH Conductors			50	60	75	1835	Overhead Conductors and Devices	60	2%	60	2%	No	No
	9	OH Transformers & Voltage Regulators			30	40	60	1850	Line Transformers	40	3%	40	3%	No	No
	10	OH Shunt Capacitor Banks			25	30	40								
	11	Reclosers			25	40	55								
TS & MS	12	Power Transformers	Overall		30	45	60	1850	Line Transformers	40	3%	40	3%	No	No
			Bushing		10	20	30								
			Tap Changer		20	30	60								
	13	Station Service Transformer			30	45	55	1820	Distribution Station Equipment - Normally Primary Below 50 kV	40	3%	40	3%	No	No
	14	Station Grounding Transformer			30	40	40								
	15	Station DC System	Overall		10	20	30								
			Battery Bank		10	15	15	1820	Distribution Station Equipment - Normally Primary Below 50 kV	20	5%	20	5%	No	Yes
			Charger		20	20	30	1820	Distribution Station Equipment - Normally Primary Below 50 kV	20	5%	20	5%	No	No
	16	Station Metal Clad Switchgear	Overall		30	40	60	1820	Distribution Station Equipment - Normally Primary Below 50 kV	40	3%	40	3%	No	No
			Removable Breaker		25	40	60								
	17	Station Independent Breakers			35	45	65								
	18	Station Switch			30	50	60								
	19	Electromechanical Relays			25	35	50								
	20	Solid State Relays			10	30	45	1980	System Supervisory Equipment	30	3%	30	3%	No	No
	21	Digital & Numeric Relays			15	20	20								
	22	Rigid Busbars			30	55	60								
	23	Steel Structure			35	50	90								
UG	24	Primary Paper Insulated Lead Covered (PILC) Cables			60	65	75								
	25	Primary Ethylene-Propylene Rubber (EPR) Cables			20	25	25	1845	Underground Conductors and Devices	40	3%	40	3%	No	Yes
	26	Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried			20	25	30	1845	Underground Conductors and Devices	40	3%	40	3%	No	Yes
	27	Primary Non-TR XLPE Cables in Duct			20	25	30	1845	Underground Conductors and Devices	40	3%	40	3%	No	Yes
	30	Secondary PILC Cables			70	75	80								
	31	Secondary Cables Direct Buried			25	35	40	1855	Services	60	2%	60	2%	No	Yes
	32	Secondary Cables in Duct			35	40	60	1855	Services	60	2%	60	2%	No	No
	33	Network Tranformers	Overall		20	35	50								
			Protector		20	35	40								
	34	Pad-Mounted Transformers			25	40	45	1850	Line Transformers	40	3%	40	3%	No	No
	35	Submersible/Vault Transformers			25	35	45	1850	Line Transformers	40	3%	40	3%	No	No
	36	UG Foundation			35	55	70	1840	Underground Conduit	60	2%	60	2%	No	No
	37	UG Vaults	Overall		40	60	80								
			Roof		20	30	45								
	38	UG Vault Switches			20	35	50	1845	Underground Conductors and Devices	30	3%	30	3%	No	No
	39	Pad-Mounted Switchgear			20	30	45	1845	Underground Conductors and Devices	30	3%	30	3%	No	No
	40	Ducts			30	50	85	1840	Underground Conduit	60	2%	60	2%	No	No
	41	Concrete Encased Duct Banks			35	55	80	1840	Underground Conduit	60	2%	60	2%	No	No
	42	Cable Chambers			50	60	80	1840	Underground Conduit	60	2%	60	2%	No	No
S	43	Remote SCADA			15	20	30	1980	System Supervisory Equipment	20	5%	20	5%	No	No
		SCADA - Transducer			no guidelines			1980	System Supervisory Equipment	10	10%	10			

Table 86 – BHI's Service Life Comparison – OEB Appendix 2-BB Continued

Table F-2 from Kinetics Report[1]

#	Asset Details: Category| Component | Type		Useful Life Range		USoA Account Number	USoA Account Description	Current Years	Current Rate	Proposed Years	Proposed Rate	Outside Range of Min, Max TUL? Below Min Range	Outside Range of Min, Max TUL? Above Max Range
1	Office Equipment		5	15	1915	Office Furniture and Equipment	10	10%	10	10%	No	No
2	Vehicles	Trucks & Buckets	5	15	1930	Transportation Equipment	15	7%	15	7%	No	No
		Trailers	5	20	1930	Transportation Equipment	20	5%	20	5%	No	No
		Automobiles	no guidelines		1930	Transportation Equipment	8	13%	8	13%		
		Vans	5	10	1930	Transportation Equipment	12	8%	12	8%	No	Yes
3	Administrative Buildings		50	75	1908	Buildings and Fixtures	5-50		5-50		No	No
4	Leasehold Improvements		Lease dependent									
5	Station Buildings	Station Buildings	50	75	1808	Buildings and Fixtures	50	2%	50	2%	No	No
		Parking	25	30	1808	Buildings and Fixtures	30	3%	30	3%	No	No
		Fence	25	60	1808	Buildings and Fixtures	25	4%	25	4%	No	No
		Roof	20	30	1808	Buildings and Fixtures	20	5%	20	5%	No	No
6	Computer Equipment	Hardware	3	5	1920	Computer Equipment - Hardware	5	20%	5	20%	No	No
		Software	2	5	1611	Computer Software	5-15	0%	5	20%	No	No
7	Equipment	Power Operated	5	10								
		Stores	5	10	1935	Stores Equipment	10	10%	10	10%	No	No
		Tools, Shop, Garage Equipment	5	10	1940	Tools, Shop and Garage Equipment	10	10%	10	10%	No	No
		Measurement & Testing Equipment	5	10	1945	Measurement and Testing Equipment	10	10%	10	10%	No	No
8	Communication	Towers	60	70	1955	Communication Equipment	60	2%	60	2%	No	No
		Wireless	2	10	1955	Communication Equipment	10	10%	10	10%	No	No
9	Residential Energy Meters		25	35	1860	Meters	25	4%	25	4%	No	No
10	Industrial/Commercial Energy Meters		25	35	1860	Meters	20	5%	20	5%	Yes	No
11	Wholesale Energy Meters		15	30	1860	Meters	20	5%	20	5%	No	No
12	Current & Potential Transformer (CT & PT)		35	50	1860	Meters	45	2%	45	2%	No	No
13	Smart Meters		5	15	1860	Meters	15	7%	15	7%	No	No
14	Repeaters - Smart Metering		10	15	1860	Meters	15	7%	15	7%	No	No
15	Data Collectors - Smart Metering		15	20	1860	Meters	15	7%	15	7%	No	No

4.5 TAXES OR PAYMENTS IN LIEU OF TAXES (PILS) AND PROPERTY TAXES

4.5.1 Income Taxes or PILs

BHI is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "*Tax Acts"*). Under the Electricity Act, 1998, BHI is liable to make payments in lieu (PILS) of federal and provincial corporate tax to the Ontario Ministry of Finance. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations.

BHI has used the OEB's Income Tax/PILs Workform for 2021 Cost of Service rate applications ("PILS Model"), dated May 20, 2020, to calculate its PILs for the 2021 Test Years. BHI is forecasting taxable income of $1,716,756 in the 2021 Test Year and is including PILs of $457,175 in its revenue requirement. BHI provides a live Excel file of the PILs Model as Attachment17_2021_PILS_Workform_BHI_10302020 and includes the completed PDF as Appendix D to this Exhibit.

BHI confirms that it has not made any revisions to the PILS Model, and that regulatory assets and liabilities have been excluded from the taxes/PILS calculations in accordance with the Chapter 2 Filing Requirements.

BHI has used the combined Federal and Ontario statutory tax rate of 26.50% to calculate PILS BHI presents a summary of its tax calculation for 2021 in Table 87 below.

Table 87 – Calculation of Grossed-Up PILs 2021

Description	2021 Test Year
Deemed Utility Income	$5,063,498
Tax Adjustments to Accounting Income	($3,346,741)
Taxable Income	**$1,716,756**
Tax Rate	26.50%
Total PILs before Gross-Up	**$454,940**
Tax Credits	($118,917)
Total PILs before Gross-Up after Credits	$336,023
Grossed Up PILs	**$457,175**

4.5.1.1 Tax Returns

BHI provides a copy of its 2019 Federal and Provincial tax returns including the supporting financial statements as Appendix E to this Exhibit.

4.5.1.2 Loss Carry-Forwards

BHI did not have any non-capital loss carry-forwards at the end of 2019; however it expects to incur a non-capital loss of ($284,753) as identified on Tab “B4 Sch 4 Loss Cfwd Bridge” of the PILS model. BHI expects to use 100% of the non-capital loss carry-forward in 2021. BHI had a capital loss carry-forward at December 31, 2019 of $85,869. BHI does not expect to use this capital loss in 2021.

4.5.1.3 Calculation of Tax Credits

BHI has calculated a total tax credit of ($118,917) for the 2021 Test Year comprised of:

- Investment Tax Credit from SR&ED expenditures ($42,146);
- Ontario Research and Development Tax Credit from SR&ED expenditures ($10,191);
- Federal Apprentice Job Creation Credit ($2,000);
- Ontario Co-operative Education Tax Credit ($14,058); and
- Ontario corporate minimum tax credit ($50,522).

The Scientific Research and Experimental Development (SR&ED) Program uses tax incentives to encourage Canadian businesses to conduct research and development (R&D) in Canada. Historically, BHI claimed eligible expenditures in connection with advancements in smart grid techniques. The SR&ED related investment tax credits in the 2021 PILS Model were calculated using the average eligible SR&ED expenditures from 2016-2019. BHI has also calculated co-operative education and apprenticeship tax credits. These tax credits are available to employers who hire eligible students and apprentices. The apprenticeship credit and the co-operative education tax credit were calculated using the average credit claimed from 2016-2019.

BHI's 2019 Scientific Research and Experimental Development Return is included as part of its 2019 Federal and Provincial tax returns filed as Appendix E.

4.5.1.4 Other Additions and Deductions

Net Additions/Deductions from Utility income include:

- The difference between depreciation for accounting purposes versus capital cost allowance ("CCA") for tax purposes, including an adjustment for loss on disposal of assets;
- The difference between opening and closing reserves on BHI's financial statements;
- The difference between the SR&ED expenditures recorded on the financial statements versus the SR&ED expenditures claimed in the year, net of certain tax credits;
- Addition of non-deductible expenses (club dues and fees; meals and entertainment expense);
- Addition of accounting depreciation associated with the Tremaine TS CCRA true-up and breakers of $42,800; this amount is recorded in USoA Account 1508 for OEB purposes as required in the Chapter 2 Filing Requirements but is included in depreciation for tax purposes;
- Addition of prior year investment tax credits received;
- Deduction of capital lease payments;
- Deduction of capitalized overhead;
- Deduction of SR&ED expenditure capitalized for accounting purposes; and
- Application of non-capital losses from 2020 of ($284,753)

BHI provides its Other Additions and Other Deductions for the 2021 Test Year in Table 88 below and in Tab "T1 Sch 1 Taxable Income Test" of the PILs Model.

Table 88 – Other Additions and Other Deductions

Description	2021 Test Year
OTHER ADDITIONS	
Amortization of tangible assets	$6,840,979
Loss on Disposal of Assets	$98,000
Charitable donations	$47,000
SR&ED expenditures deducted on financial statements	$291,161
Non-deductible club dues and fees	$1,700
Non-deductible meals and entertainment expense	$18,136
Reserves from financial statements- balance at end of year	$4,835,000
Additional accounting depreciation (Incremental Capital Module)	$42,800
Apprenticeship Tax Credits	$14,058
Total Other Additions	**$12,188,834**
OTHER DEDUCTIONS	
Capital cost allowance from Schedule 8	($9,242,233)
SR&ED expenditures claimed in year	($280,970)
Reserves from financial statements - balance at beginning of year	($4,765,000)
Capital Lease Payments	($73,856)
Capitalized Overhead deducted for tax purposes	($583,427)
SR&ED capitalized for accounting purposes, deducted for tax purposes	($258,337)
Total Other Deductions	**($15,203,822)**
Charitable donations from Schedule 2	($47,000)
Non-capital losses of preceding taxation years from Schedule 7-1	($284,753)
Net Additions/(Deductions) from Utility Income	**($3,346,741)**

4.5.1.5 Integrity Checks

BHI has completed the integrity checks in the PILs Model and confirms the following:

- 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 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 31 historical year UCC that agrees with the opening (January 1) bridge year UCC.

- The CCA deductions in the application's PILs tax model for historical, bridge and test years agree with the numbers in the CCA Schedule 8 for the same years filed in the application.
- BHI has a loss carry-forward from 2020 which is discussed above, in addition to when they will be fully utilized.
- CCA is maximized even when the loss carry-forward from 2020 is considered.
- Other post-employment benefits and pension expenses added back on Schedule 1 to reconcile accounting income to net income for tax purposes, agree with the amounts provided in the OM&A analysis for compensation.
- The income tax rate used to calculate the tax expense is consistent with the BHI's actual tax facts and evidence filed in the Application.

4.5.2 Other Taxes

BHI remits property tax to the City of Burlington based on the assessed value of its head office and service centre at 1340 Brant Street and its 32 substations, as determined by the Municipal Property Assessment Corporation ("MPAC"). BHI expects to pay $341,790 in property taxes in the 2021 Test Year as identified in Table 89 below.

Table 89 – Property Taxes

Year	$
2014 Cost of Service	$273,559
2014 Actuals	$280,668
2015 Actuals	$289,384
2016 Actuals	$295,949
2017 Actuals	$311,741
2018 Actuals	$324,576
2019 Actuals	$331,720
2020 Bridge Year	$335,996
2021 Test year	$341,790

4.5.3 Non-Recoverable and Disallowed Expenses

BHI does not have any distribution-only expenses that are deductible for general tax purposes, but for which recovery in 2021 distribution rates is partially or fully disallowed.

BHI has not included charitable donations other than LEAP, in the calculation of its 2021 Test Year revenue requirement. As such, BHI has excluded non-regulated charitable donations from its regulatory tax calculation.

4.5.4 Accelerated CCA

On June 21, 2019, Bill C-97, the *Budget Implementation Act, 2019, No. 1*, was given Royal Assent. Included in Bill C-97 are various changes to the federal income tax regime. One of the changes introduced by Bill C-97 is the Accelerated Investment Incentive program, which provides for a first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018.

As per the OEB's July 25, 2019 letter, the OEB expected distributors to:[27]

1. Record the impacts of CCA rule changes in Account 1592 - PILs and Tax Variances – CCA Changes[28] for the period November 21, 2018 until the effective date of the distributor's next cost-based rate order[29].

2. Record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates[30] in Account 1592 – PILs and Tax Variances – CCA Changes.

3. Bring forward any amounts tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in accordance with the OEB's filing requirements for the disposition of deferral and variance accounts, which would generally coincide with a distributor's next cost-based rate application.[31]

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[27] *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance*, July 25, 2019
[28] The OEB has established this sub-account of Account 1592 specifically for the purposes of tracking the impact of changes in CCA rules.
[29] This impact includes Bill C-97 CCA rule changes as well as any future CCA changes instituted by relevant regulatory or taxation bodies.
[30] The OEB noted that these impacts should be recorded as of the effective date of the changes in CCA rules, which for the Bill C-97 changes is November 21, 2018.
[31] The OEB expected that distributors will combine the impacts associated with the 2018 stub period with future years when disposing of the CCA-related sub-account.

Accordingly, distributors must bring forward the balance tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in its current cost-based rate application, as well as future cost-based rate applications.

BHI discusses the balance in, and disposition of, this account in Section 9.3.0.1 of Exhibit 9.

4.6 CONSERVATION AND DEMAND MANAGEMENT

4.6.0 Overview

On March 31, 2010, the Ministry of Energy and Infrastructure issued a directive ("2010 Directive") to the OEB to take steps in order to establish Conservation and Demand Management ("CDM") targets to be met by licensed electricity distributors over a four-year period beginning January 1, 2011.[32]

In response to the 2010 Directive, the OEB established the *Conservation and Demand Management Code for Electricity Distributors* ("CDM Code") in September 2010. In addition, in April 2012, the OEB issued a set of *Guidelines for Electricity Distributor Conservation and Demand Management*[33] ("2012 CDM Guidelines") which articulated more specific guidance on the obligations and requirements in relation to CDM targets with which distributors were mandated to comply, as stipulated in their licences.

Under the 2011-2014 CDM Framework, results were predominantly achieved through the delivery of provincially-developed programs that were funded by the Ontario Power Authority[34] ("OPA"), in cooperation with electricity distributors. The 2011-2014 framework terminated on December 31, 2014.

In 2013, the Government of Ontario released an updated Long-Term Energy Plan[35] ("LTEP"). A key priority in the 2013 LTEP was reinforcement of the principle of "conservation first" in the electricity sector's planning processes. In conjunction with the implementation of the 2013 LTEP, the Ministry of Energy established a new Conservation First Framework ("CFF"). The CFF structured around the goal of achieving 7 TWh of electricity savings province-wide from 2015-2020, with programs funded by the Independent Electricity System Operator ("IESO") and delivered by electricity distributors. In turn, the OEB received a directive from the Minister of

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[32] Ministry of Energy and Infrastructure, Directive EB-2010-0216 (March 31, 2010)
[33] Ontario Energy Board, Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, (April 26, 2012)
[34] On January 1, 2015 the OPA merged with the Independent Electricity System Operator
[35] Ministry of Energy, Achieving Balance - Ontario's Long-Term Energy Plan (December 2013)

Energy on March 31, 2014 that required the OEB to promote CDM and establish guidelines for CDM program implementation by electricity distributors. These new CDM guidelines were effective as of January 1, 2015, as part of the launch of the CFF framework.

On March 20, 2019, the Minister of Energy, Northern Development and Mines ("MENDM") issued a directive to the IESO mandating the discontinuance of the CFF and the establishment of an Interim Framework for CDM programming. Under the Interim Framework, the new province-wide target for CDM savings was 1.4 TWh and the framework was scheduled to expire on December 31, 2020.

Subsequent to the discontinuance of the 2015-2020 CFF, the OEB issued a letter to distributors on June 20, 2019 stating that distributors should continue to have access to LRAM related to the successful delivery of CFF programs.[36] In addition, the OEB updated the Chapter 2 filing requirements in order to make modifications reflecting the new requirements set forth in the Interim Framework.

On July 22, 2020 the MENDM issued a directive to the IESO mandating the extension of timelines for certain projects and related deadlines under the CFF to June 30, 2021.[37] These extensions are intended to offset the disruptions caused by COVID-19 for participants and those businesses involved in delivering CDM programs. Contracted program participants in the certain CFF programs are eligible for project extensions to June 30, 2021 (Retrofit Program, Process and Systems Upgrade Program, Residential New Construction Program, High Performance New Construction Program). COVID-19 is discussed in Section 4.1.4.6.

On September 30, 2020, MENDM directed the IESO to implement a 2021-2024 Conservation and Demand Management Framework launching January 1, 2021. The new framework will be centrally-delivered by the IESO under the Save on Energy brand and will include incentive programs targeted to those who need them most, including opportunities for commercial, industrial, institutional, on-reserve First Nations, and income-eligible electricity consumers.[38] The

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[36] Ontario Energy Board, Letter re: Lost Revenue Adjustment Mechanism for 2020 Rate Applications (June 20, 2019)
[37] http://www.ieso.ca/en/Corporate-IESO/Ministerial-Directives (July 22, 2020)
[38] http://www.ieso.ca/en/Corporate-IESO/Ministerial-Directives (September 30, 2020)

implications of this new framework have not been contemplated in this Application. The details of programs to be offered under the new framework, and their estimated energy and demand savings are not available to BHI. Several IESO reports suggest the anticipated savings may be significant[39], and will result in reductions to BHI's load and revenues, As of this filing, the OEB has not provided guidance on how to incorporate the impact of this new framework in BHI's forecast loads.

CDM activity under the CFF was predominately funded through programs contracted with the IESO and the Global Adjustment mechanism, and therefore costs directly attributable to these CDM programs (e.g. staff labour dedicated to such programs) must not be included in the revenue requirement to be recovered through distribution rates.

BHI confirms that no CDM costs are included in its revenue requirement.

4.6.1 Lost Revenue Adjustment Mechanism

The Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") is a retrospective adjustment designed to account for differences between forecast revenue loss attributable to Conservation and Demand Management ("CDM") activity embedded in rates and actual revenue loss due to the impacts of CDM programs. The OEB established Account 1568 as the LRAMVA to capture the difference between the OEB-approved CDM forecast and actual results at the customer rate class level calculated as the difference between the following:

- The results of the actual verified impacts of authorized CDM activities undertaken by the Electricity distributor for OEB-approved CDM programs and/or OPA-Contracted Province-Wide CDM programs in relation to activities undertaken by the distributor and/or delivered for the distributor by a third party under contract (in the distributor's franchise area);

  AND

[39] *Annual Planning Outlook*, IESO, January 2020, http://www.ieso.ca/en/Sector-Participants/Planning-and-Forecasting/Annual-Planning-Outlook

- The level of CDM program activities included in the distributor's load forecast (i.e. the level embedded into rates)[40].

At a minimum, distributors must apply for the clearance of its energy and/or demand related LRAMVA balances attributable to energy efficiency programs in a CoS application. Distributors may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of their IRM rate applications, if the balance is deemed significant by the applicant.

On May 19, 2016, the OEB issued the *Report of the OEB on Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs* ("the LRAMVA Report"). The OEB updated its policy on how peak demand savings from energy efficiency and demand response programs should be treated for LRAMVA purposes.

In July 2016, the OEB developed a generic LRAMVA work form to provide distributors with a consistent approach to calculate LRAMVA.

In December 2016, the OEB indicated in various decisions[41] that changes to an approved LRAMVA amount were not permitted. This policy affects the treatment of verified savings adjustments that can be claimed by distributors. If an LRAMVA amount was approved and disposed, the persistence of the savings adjustment(s) can only be claimed on a "go-forward" basis. LDCs cannot seek recovery of LRAMVA amounts related to savings adjustments for a year in which the corresponding LRAMVA amount has been approved by the OEB on a final basis.

4.6.2 Disposition of the LRAMVA

BHI has calculated its LRAMVA in compliance with the OEB's 2012 CDM Guidelines, the OEB's 2015 CDM Guidelines[42], the LRAMVA Report, and the Chapter 2 Filing Requirements. BHI has completed the OEB's 2021 LRAMVA Workform Version 5.0 updated June 24th, 2020 to calculate

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[40] Ontario Energy Board, Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, (April 26, 2012), Appendix B, pages 13 and 21
[41] EB-2016-0075 (Guelph Hydro 2017 IRM) and EB-2016-0080 (Hydro One Brampton 2017 IRM)
[42] EB-2014-0278 Conservation and Demand Management Requirement Guidelines for Electricity Distributors, December 19, 2014 (Updated August 11, 2016)

the variance between actual CDM savings and forecast CDM savings. The LRAMVA Workform is filed as live Excel file Attachment15_LRAMVA_Workform_BHI_10302020 ("LRAMVA Workform").

BHI is applying for disposition of the balance in its LRAM variance account resulting from its Conservation and Demand Management ("CDM") activities from 2013 to 2020. The total amount requested for disposition, identified in Table 90 below, is a debit of $1,039,196 including carrying charges through to April 30, 2021 of $15,950.

Table 90 – LRAMVA Requested for Disposition

Year	Principal	Interest	Total
2018	$534,568	$5,371	$539,939
2019	$488,679	$9,447	$498,125
2020	$0	$1,132	$1,132
Total	**$1,023,246**	**$15,950**	**$1,039,196**

4.6.2.1 Program Years included in the LRAMVA Claim

In the Chapter 2 Filing Requirements, the OEB indicated that "*distributors should strive to dispose of all CFF-related LRAMVA balances as part of its 2021 rate application*".[43] As such, BHI proposes to dispose of its CFF related programs in-service up to December 31, 2020 in this Application. However, as stated above, the CFF, originally scheduled to end on December 31, 2020, has been extended to June, 30, 2021; and the IESO has been directed by the Minister to develop a new CDM framework commencing January 1, 2021. Consequently, BHI could still experience additional lost revenues past December 31, 2020. At the time of filing this Application, some projects for which applications were submitted before April 1, 2019 have either not been finalized; or have been finalized but the paperwork including the final CDM savings has not been filed. BHI has only included projects in its LRAMVA claim for which it has final CDM savings. BHI proposes to update its LRAMVA claim at the time it files its interrogatory responses for this Application to include CDM savings from those projects yet to be finalized. (BHI has only included CDM savings for projects completed in 2019 with a Post-Project Submission as of June 2020. BHI has not included any incomplete projects in its LRAMVA claim.)

[43] OEB Chapter 2 Filing Requirements, May 14, 2020, p 40

BHI confirms that it is seeking recovery of lost revenues for the period January 1, 2019 to April 30, 2021 resulting from the following:

a. Incremental savings from CDM programs implemented in 2019 and persisting through to December 31, 2020;
b. Incremental savings from CDM programs implemented in 2020 and persisting through December 31, 2020 (the claim filed in this Application currently does not include these programs – BHI proposes to update the claim at the time it files its interrogatory responses for this Application);
c. Prior year savings persistence to December 31, 2020 related to 2013 to 2018 programs; and
d. Carrying charges on the above from January 1, 2019 to April 30, 2021.

BHI's actual savings from CDM activities for 2013 to 2020 were above the estimated projections used in the load forecast in its last Cost of Service Application EB-2013-0115, resulting in an under-collection of distribution revenue from customers during this period. BHI's most recent application for the recovery of lost revenues due to CDM activities was filed in its 2020 IRM application (EB-2019-0023). In that proceeding, the OEB-approved BHI's request to recover lost revenues related to programs delivered in 2017 and 2018.

The lost revenue amounts by rate class were determined by multiplying the CDM verified savings, incremental to the LRAMVA threshold, by the OEB-approved variable distribution rates. Calendar year average rates for 2019 and 2020 are calculated according to OEB recommendations and are identified in Table 91 below and Tab "3. Distribution Rates" of the LRAMVA Workform.

BHI has not included peak demand (kW) savings from Demand Response programs in its lost revenue calculation in accordance with LRAMVA Report on the calculation of peak demand savings.

Table 91 – Distribution Volumetric Rates

Year	Residential (kWh)	GS<50 kW (kWh)	GS>50 kW (kW)	Unmetered Scattered Load	Streetlighting (kW)
2019	$0.0014	$0.0141	$3.0528	$0.0165	$4.5978
2020	$0.0000	$0.0144	$3.1042	$0.0168	$4.6752

4.6.2.2 Data to Support LRAMVA Claim

BHI has relied on the following reports to support its LRAMVA claim for 2019 and 2020:

- Final IESO verified evaluation results ("IESO Evaluation Reports") for programs offered between 2013 and 2017 attached as a live excel files:
  - Attachment12_Final_CDM_Evaluation_Results_for_2011_2014_BHI_10302020 (for 2011-2014)
  - Attachment13_Final_CDM_Evaluation_Results_for_2015_2017_BHI_10302020 (for 2015-2017)
- The most recent IESO Participation and Cost Report ("P&C Report") for BHI, dated April 2019 for unverified adjustments to 2015-2017 results, 2018 results and early 2019 results attached as:
  - Attachment14_April2019_Participation_and_Cost_Report_BHI_10302020
- Post-project Submissions, which calculate savings for 2019 Retrofit projects, most of which were not captured in the April 2019 P&C Report. These are identified in Tab "3-a. Rate Class Allocations" of the LRAMVA Workform.

The IESO Evaluation Reports provide net energy and demand savings for programs offered from 2013 to 2017. The IESO provided a separate report for persistence by year of 2013 and 2014 programs through 2040; and annual persistence of programs from 2015 to 2017 through 2040 is included in the 2017 IESO Evaluation Report.

The April 2019 P&C Report provides net energy savings for:

- adjustments made to 2015-2017 programs after the 2017 IESO Evaluation Report was released;
- net energy savings from 2018 programs; and
- net energy savings from 2019 programs completed prior to March 31.

Persistence of savings in 2020 related to the aforementioned programs is also estimated by the IESO. To estimate lost revenues from these activities, it is necessary to estimate persistence by year, for years other than the program year and 2020, and to estimate demand. Persistence between the reporting year and 2020 is estimated using linear interpolation.

BHI has relied on the most recent input assumptions available at the time of program evaluation.

4.6.2.2.1 CDM Results Data from April 1, 2019 to December 31, 2019

In 2019, most Retrofit projects were not captured in the April 2019 P&C Report. BHI calculated savings from these projects using energy and demand savings in the Post-Project Submission reports. These were converted to net values using the realization rate and net-to-gross factor for the Retrofit Program from the 2017 IESO Evaluation Report. Details of the calculations are on Tab “3-a. Rate Class Allocations” of the LRAMVA Workform.

4.6.2.3 Principal and Carrying Charges by Rate Class

As identified in Table 90 above, BHI is requesting disposition of $1,039,196. Table 92 below identifies the principal and carrying charge amounts by rate class as calculated in Tab “1. LRAMVA Summary” of the LRAMVA Workform. BHI confirms that projected carrying charges related to the disposition are calculated in the LRAMVA Workform in Tab “6. Carrying Charges”.

Table 92 - Lost Revenue Principal and Carrying Charges

Description	Residential	GS<50 kW	GS>50 kW	Unmetered Scattered Load	Streetlighting	Total
Principal 2019 Actuals	$49,994	$189,237	$305,208	$0	$64,921	$609,360
Principal 2019 Forecast	($8,910)	($28,167)	($36,432)	($598)	($685)	($74,792)
Principal Amount Cleared	$0	$0	$0	$0	$0	$0
Principal 2020 Actuals	$0	$187,078	$302,704	$0	$66,013	$555,796
Principal 2020 Forecast	$0	($28,766)	($37,046)	($608)	($697)	($67,117)
Principal Amount Cleared	$0	$0	$0	$0	$0	$0
Principal 2021 Actuals	$0	$0	$0	$0	$0	$0
Principal 2021 Forecast	$0	$0	$0	$0	$0	$0
Net Principal	**$41,084**	**$319,382**	**$534,434**	**($1,206)**	**$129,552**	**$1,023,246**
Carrying charges	$1,056	$4,856	$8,110	($18)	$1,946	$15,950
Total Disposition Requested	**$42,140**	**$324,238**	**$542,544**	**($1,224)**	**$131,499**	**$1,039,196**

4.6.2.4 Rate Riders by Rate Class

Table 93 below identifies the rate riders which result from the disposition of the LRAMVA balance of $1,039,196 as calculated in Tab 7. Calculation of Def-Var RR" in the OEB's DVA Continuity filed as Attachment18_DVA_Continuity_Schedule_BHI_10302020.

Table 93 - LRAMVA Rate Riders

Description	Residential (kWh)	GS<50 kW (kWh)	GS>50 kW (kW)	Unmetered Scattered Load (kWh)	Streetlighting (kW)
Volumetric Rate Rider	$0.0000	$0.0010	$0.1196	($0.0002)	$4.2342

4.6.2.5 Period of Rate Recovery

BHI proposes recovery of the LRAMVA balance over a two year period to mitigate the overall bill impact resulting from the proposals in this Application, namely (i) a distribution rate increase, discussed further in Section 8.12 of Exhibit 8; and (ii) the increase resulting from the disposition of BHI's other Group 2 Accounts, discussed further in Section 9.3.0.1 of Exhibit 9.

4.6.2.6 Forecasted CDM Savings

The forecast CDM savings included in the LRAMVA calculation are identified in Table 94 below. These savings were approved in BHI's 2014 Cost of Service Application (EB-2013-0115) and used as the comparator for the disposition of the 2016 LRAMVA balances as approved in BHI's 2019 IRM Application (EB-2018-0021), and in the disposition of 2017 and 2018 LRAMVA balances as approved in BHI's 2020 IRM Application (EB-2019-0023).

Table 94 - Forecast CDM Savings

Year	Residential (kWh)	GS<50 kW (kWh)	GS>50 kW (kW)	Unmetered Scattered Load (kWh)	Streetlighting (kW)
2019 and 2020	6,364,469	1,997,655	11,934	36,218	149

4.6.2.7 Rate Class Allocations

Most CFF programs offered affect only one rate class. The exceptions are the High-Performance New Construction Program (for which post-project submissions have not been received and savings are not determined at this time); and the Retrofit Program. BHI determined the rate class allocations for the Retrofit program for CDM savings in 2019 using the Post-Project Submissions for the Retrofit program projects from BHI's CDM database which are reported to the IESO as part of BHI's monthly settlement process.

Details are provided on Tab “3-a. Rate Class Allocations” of the LRAMVA Workform. This tab provides savings by program by project. These only partially map onto rate classes. The allocation was calculated according to the billing determinant of the relevant rate class. That is, for GS<50 kW projects, their allocation is the percentage of total kWh for projects in that rate class; for GS>50 kW, their allocation is the percentage of total kW for projects in that rate class.

4.6.2.8 Additional Documentation

BHI confirms that there is no additional documentation or data provided in support of projects that were not included in its 2017 IESO Evaluation Report (i.e. Final CDM Annual Report) with the exception of the following:

- **Streetlighting Projects**: Additional documentation for streetlighting projects is required because CDM savings are not identified on the IESO Evaluation Reports. The IESO Evaluation Report identifies energy savings and system peak demand reductions. The IESO reports zero demand for these projects because streetlights are not on during system peak periods. However, street lights are billed based on customer peak demand, not the system peak demand and there is a material impact on BHI revenues from the reduction in demand associated with CDM projects for street lights. Further discussion of the street lighting projects is provided in Section 4.6.2.8.1 below.
- **Approved projects that were finalized after March 31, 2019**: The IESO issued the final P&C Report in April 2019, based on BHI reported project completions through March 2019. With the termination of LDC delivered CDM programs on April 1, 2019, no new CDM projects were initiated by BHI; however, a significant number of projects had already been approved and were completed after the April P&C Report was issued. These projects were completed under approved CDM programs in the CFF and do have an impact on BHI revenues. Consequently, BHI has included them in the LRAMVA. The data sources used and methodology for calculating these savings is provided in Section 4.6.2.8.2 below.

BHI did not have any other programs which were not included in the IESO Evaluation Reports for 2014 and 2017, or the April 2019 P&C Report provided by the IESO.

4.6.2.8.1 Streetlighting Project

The City of Burlington undertook a series of projects in 2017 and 2018 under the Retrofit Program to retrofit streetlights to a more energy efficient Light Emitting Diode ("LED") technology. Lost revenues associated with these projects, and the basis for the savings estimates were provided by BHI in earlier LRAMVA disposition applications. No changes in the savings claimed for these projects have been made since the approved claim in BHI's 2020 IRM application (EB-2019-0023); this Application only considers the persistence of revenue losses related to these projects and detailed information on the project has not changed since that which was provided in BHI's 2020 IRM application.

In 2017, the result of the project was a net reduction of 553 kW. The persistence from this project continues into future years, with net reductions of 3,863 kW yearly. The 2018 project resulted in a net reduction of 3,380 kW, which persists into future years with net reductions of 4,804 kW each year.

Details for these projects are as follows:

- BHI forecast demand savings of 149kW in its load forecast in its 2014 CoS Application.
- The street light upgrades that contributed to these savings represent incremental savings attributable to participation in the IESO program and do not include other savings that may have occurred outside of the IESO program.
- The street lighting upgrade projects were undertaken as part of the Retrofit program, and energy savings were reported within results for that program. Because street lighting is not used during peak periods, the IESO does not normally report peak demand savings from street lighting projects. As the street lighting rate class is billed by kW, the calculated net kWh savings from the Retrofit LED upgrade projects do not impact BHI's revenue. BHI confirms that the calculated kWh of savings have been manually removed from the 2017 and 2018 Retrofit program results each year. The actual lost revenue from the street lighting retrofit project has been calculated directly by multiplying the reduction in the demand billed by the appropriate rate.
- BHI received reports from the City of Burlington that validate the number and type of bulbs replaced or retrofitted through the IESO program. The street lighting account is billed

based on kilowatts (kW) of demand. The street lighting retrofit project was implemented in stages and kW reductions were applied to the municipality's street lighting account starting in October 2017. Billed demand, calculated reductions and quantity and types of fixtures changed are reported on Tab 8 of the LRAMVA Workform.

- The revenue impact is based on actual billed wattages by bulb type before and after the conversions.
- The net-to-gross ratio used to calculate the street light savings is 0.88 as identified on Tab 8 of the LRAMVA Workform.
- BHI filed supporting documentation as part of its 2020 IRM Application (EB-2019-0023); the savings claimed in 2019 are persistence only.

4.6.2.8.2 Program Savings to December 31, 2020

BHI is seeking to claim program savings to December 31, 2020. The data used to support the savings from programs completed post March 31, 2019 are Post-Project Submissions captured in BHI's CDM database. This data is provided to the IESO to justify incentive payments and is the source data for IESO data sets for LDC delivered projects.

The reported data was converted to gross values by applying the realization rate ("RR") from the 2017 IESO Evaluation Report - the most recent verified value available for RR. Net values were determined by multiplying the gross data by the net-to-gross ratio ("NTG ratio") from the 2017 IESO Evaluation Report, the most recent verified value available for the NTG ratio. This is consistent with the methodology outlined in the Chapter 2 Filing Requirements.[44]

[44] Chapter 2 Filing Requirements, May 14, 2020, p 40

APPENDICES

Appendix A – BHI's Five-Year Strategic Workforce Plan

Burlington Hydro Inc. Five-Year Workforce Planning Framework

Updated: October 2, 2020

Overview

Workforce Planning ('WFP') is the foundation upon which other Human Capital activities such as Talent Management, performance and evaluation, and Succession Management are built. Matching the resource capability with the work demands in the electrical distribution sector requires both short and longer-term planning. Numerous contributing factors are impacting BHI's Workforce Planning efforts, including:

1. Managing the effects of its aging workforce
2. Dealing with a shortage of skilled labour in the electrical industry
3. Leveraging technological advancements and ensuring the workforce is capable of delivering on customer expectations, while at the same time competing for new emerging skills
4. increased work demands, due in part to the requirement to replace distribution infrastructure beyond its useful life

BHI's Workforce Plan ('the Plan') primarily focuses on its trades and technical staff, inclusive of the front-line management required to lead and manage the trades and technical groups. The Plan takes a broad view of BHI's trades group, such as those skills that are required to maintain and grow its distribution system: powerline technicians, substation electricians, metering technicians and electrical control operators. In addition, it includes its technical and supervisory staff that also supports BHI's core distribution business: line supervisors, project/supervisory staff, engineering technicians and P&C Supervisors.

The Plan provides insight into what trends are impacting the labour market, and what and where BHI will be required to put substantive focus on over the next five years to manage the contributing factors stated above.

BHI is proposing a staffing plan that addresses the Company's projected turnover and retirements, and the resources it requires to deliver its programs and satisfy its mandatory obligations over the next five years. Not investing in its workforce has the potential of exposing the organization and its customers to operational, financial and safety risks. BHI utilizes a multi-faceted approach to allow for flexibility to 'right size' its workforce as required, to effectively meet its operational plans and customer needs. BHI utilizes a variety of workforce planning approaches focused primarily on: promoting internally; hiring skilled trades; acquiring apprenticeship graduates; advanced hiring where appropriate, and utilizing third-party contractors.

Why is Workforce Planning Important?

WFP is the identification and analysis of BHI's business needs in terms of the experience, knowledge, skills and quality of its workforce in order to achieve its objectives. WFP is particularly relevant during times of organizational change, helping to enable the business to be resilient to change as well as face the challenges ahead in a positive and proactive way.

Understanding the right-size and optimal utilization of existing staff is the first step in assessing WFP. Understanding workers individual skills and talents as well as working with them to optimize their performance supports reaching optimal utilization. Managing BHI's WFP continues to be a critical business driver, and is important for a number of reasons:

- Demographic pressures, particularly related to baby boomer retirements and an influx of a new generation of workers – requires a clear understanding of the skill and expertise preparing to leave the organization;

- Post-pandemic shift into offering more flexible working conditions, making the most of the work schedules and employee hours;
- Due to increased complexity and specialization, greater amounts of time and money are being committed to workforce training and development which in turn requires effective workforce planning;
- Identifying skills gaps in the existing workforce and either offering training to existing employees or recruiting new workers to bridge that skill gap;
- Identifying obsolete functions/positions providing options to redistribute staff and/or reduce headcount.

The Plan provides a basis for making human capital decisions. It allows BHI to anticipate change rather than being surprised by events, such as those stated above. As well, it provides an opportunity to develop proactive approaches for addressing present and anticipated workforce issues.

BHI's Workforce Planning Goals

The goal of BHI's Workforce Planning is to ensure it has a workforce with the right size, shape, cost, and agility to meet current and future operational demands.

The goal of **size** revolves around the number of vacancies and the right number of positions to operate efficiently yet effectively. Too many vacancies impact the effectiveness of operations and business outcomes. Right-sizing is critical for BHI to position itself sufficiently to meet operational demand, and to make certain it has the right people, with the right skills in the right jobs.

The goal of **shape** revolves around having the required competencies needed today and tomorrow. Hard skills are essential, but aligning those skills with the right competencies and values establishes a workforce with a strong customer centric mindset and a change-ready outlook.

The goal of **cost** revolves around reaching the optimum workforce, neither over or under staffed. It includes seeking cost efficiencies such as utilizing contract versus full time staff where it makes practical sense.

The goal of **agility** is about having a workforce that is lean and flexible, yet robust enough to adapt to the changing market demands, technological advances and budget constraints.

The Plan revolves around ensuring that the Company's workforce has the right size, shape, cost, and agility to meet today's operational demands and to position it to embrace future challenges and opportunities.

Alignment to BHI’s Integrated Talent Management Philosophy

BHI continues to align the Plan initiatives with its philosophy on Integrated Talent Management (‘ITM’). ITM recognizes that without the ‘right’ people, in the ‘right’ jobs at the ‘right’ time, BHI will be challenged to meet its business objectives, and prepare its leadership and workforce for the new digital environment.

The Plan builds on current BHI programs and initiatives and aligns to its ITM philosophy of having the right people, in the right jobs at the right time. Examples of such programs and initiatives are:

Workforce Readiness Planning

BHI engages its business leaders to determine the skills, expertise and competencies needed to position the Company to meet the changing technological advances and identify required ancillary skills. This initiative provides a deeper dive into the required existing and new skills for the utility – and adds value to BHI’s annual review and adjustment of its WFP assumptions.

Strategic Recruitment

Recruitment activities in the areas of trades, technicians and supervisory staff are focused on applying more strategic hiring tactics and applying a proactive approach to attracting and hiring the ‘right’ workforce.

Focus on Training & Development

BHI is faced with preparing the workforce for the changing demands of operating in a more complex digital environment, and enhancing its training & development efforts to keep pace with unprecedented turnover rates. To direct and focus BHI’s efforts and resources, it has developed a Workforce Learning & Organizational Development (”L&OD”) Strategy & Plan. The L&OD reflects the skills and competency gaps against skills required now and over the next five years. This initiative has a particular focus on front-line trades, technicians and supervisors, allowing BHI to establish focused and strategic training and development needs over the next five years.

Market-Driven Trends

The electricity distribution sector in Ontario continues to evolve and transform at a rapid pace, driven in a large part by technological changes. The industry is adapting to major technological changes including the greater use of Information & Communications Technologies (“ICT”), smart grid applications, renewable technology integration, the electrification of transportation, and the decentralization of the electricity system through an increase in Distributed Energy Resources (“DERs”). The industry is challenged with the requirement to replace infrastructure at the end of its useful life, while at the same time modernizing the grid to make it more responsive to customers, meeting two important objectives – the system will become more efficient and people will have more control over their energy use and costs.[1] Disruptive technologies are transforming how the electrical system is built, maintained and operated through digital technology. As such, the skills and competencies of the past are evolving and becoming far more complex and innovative.

New Technologies & Expertise

It is hard to overstate the impact technology will have on electricity in the immediate future. Emerging technologies will change both the size of the sector’s labour force and its composition. Modernizing the system will not only improve the way the sector distributes and stores power – it will also provide jobs for workers who have the right skills and knowledge, combined with the ability to continuously adapt.[2]

[1] Canadian Electricity Association *Vision 2050 – The Future of Canada’s Electricity System*
[2] Electricity Human Resources Canada Report *Work Transformed, the Impact of Technology 2020*

BHI's workforce will need to be more adaptive and open to change. Agility will be a key competency for all workers and supervisors as the industry and BHI continue its transformative journey to a more technologically advanced workplace.

According to Electricity Human Resources Canada's ("EHRC")*2019 Workforce in Motion* Report, "*as the sector becomes more sophisticated, demand will increase for employees able to work in an ever-changing, diverse, interconnected and high-tech electricity sector. To meet labour needs, businesses will become more reliant on recruiting employees with transferrable skills from other industries, particularly those in Information and Communications Technology*."[3]

ICT skills for the sector are primarily identified as: IT Analysts, Database Analysts and Administrators, IT Network Operations, etc. Not included in this overarching description is the exact type and level of 'new' skills in these occupations required to build and maintain the utility of the future.

Researching precisely what these advanced skills will be remains challenging, in part because the requirements and need for new infrastructure in a digital transformation is still evolving. The following table provides some insight into the skills and expertise BHI will need to build and develop over the next few years, to be prepared for the near future.

Table 1 – Skill and Expertise Requirement

Data Scientist	A data scientist is someone who makes value out of data. Such a person proactively fetches information from various sources and analyzes it for better understanding about how the business performs, and builds AI tools that automate certain processes within the company
Data Analyst	A data analyst in the digital world looks different than current LDC Database Analysts. They collect and store data on logistics, inventory, market research, and other intelligent behaviours. They bring technical expertise to ensure the quality and accuracy of that data, then process, design and present it in ways to assist people, businesses and organizations make better decisions
Intelligent Network Operators	Network Operators need to be more predictive and intelligent. They enable businesses to transform current operating models into a Digital Platform Organization that delivers better value to customers and interacts with a plethora of digital devices and systems (both inside and outside of the company interfaces)

Labour Market Challenges

An adequate pool of trained and experienced workers is of utmost importance in terms of ensuring the long-term stability of the electricity supply. Modernizing the system improves how power is stored and distributed, and it also provides jobs for workers who have the right skills and training.

The electricity sector is not a 'just in time industry'. The workforce is highly skilled and educated with the majority of jobs requiring post-secondary education and long lead times to achieve full competency after a new employee enters a role.

Competition for Skills

Across the sector trades (42%) and engineering (22%) are the most dominant occupational groups within the electricity workforce, accounting for nearly two-thirds of the workers. Electrical and Electronic Engineers and Powerline Technicians are the largest occupations within the industry, each accounting for 11% of the total workforce. BHI's Trades and Technical occupations account for almost 37% of its workforce.

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3 Electricity Human Resources Canada Report *Workforce in Motion 2019*

Labour demand is expected to increase for most engineering occupations. Electrical engineers, technologists and technicians, as well as telecommunications engineers, are expected to see the highest net increase in labour demand over the next ten years.[4]

Employers in the electricity sector are competing for workers both within the sector and with other industries. With the exception of some specialized trades (e.g. power line technician), most occupations within the electricity sector share skills that are transferable to other industries. In particular, the labour markets for engineers; construction; and ICT jobs all share occupations and skills that are utilized across a vast number of businesses.

BHI employees are often sought after by other organizations that may offer similar roles in other geographic regions. BHI's employee turnover has substantially increased since 2015 (from 10.8% to 15.4% in 2019), in part due to retirements and a competitive labour market which challenges the Company to maintain market competitiveness of its wage and benefit programs in order to attract and retain workers.

To manage these challenges, BHI must invest in hiring new entrants and facilitating apprenticeships, co-op programs, leadership development and in-house training. BHI must pursue such investments now to account for the lead time to train new workers and transfer corporate and technical knowledge to them from experienced workers.

The potential consequences of delays in hiring and inadequate funding to administer training programs include a shortage of resources to maintain and operate the system; and a reliance on an inexperienced or inadequately trained workforce to perform highly complex, safety sensitive tasks. Following each retirement or attrition, BHI is faced with a loss of knowledge and experience; and the need to train and develop workers who are new hires or internally promoted.

As such, BHI will be in competition for a plethora of skills over the next five years due in part, to the increasing number of baby boomer retirements and unprecedented turnover rates. Further, the organization will be vying for new technology driven skills being sought both within and outside of the sector.

Contingent Workers
Contingent workers (contractors and consultants) continue to be regularly used within the electricity industry. In the Workforce in Motion Study, employers reported that contractors and consultants complete 27% of tasks on a routine or frequent basis, compared to 25% in 2011.[5]

The use of contractors assists BHI in meeting sudden workload demands due to either insufficient resources or the timing of capital projects. The use of contractors allows BHI flexibility in managing within budget constraints as opposed to hiring Full-Time Employees ('FTE'). Contractors also provide BHI with access to specialized skills that may not yet be present in-house, are too expensive or for which there is not sufficient full-time capacity to hire.

Job Skills Shortage

In the past, there was a distinction between skills needed between the distribution, transmission, generation and renewable sectors. That distinction continues to evaporate with the digital transformation, with multiple utilities (gas, water, energy) vying for much of the same skills and expertise and becoming more reliant on ICT, power grid operators and engineering expertise.
A few trade occupations, specifically power system operators and industrial electricians, will experience a slight

[4] Electricity HR Report , *Workforce in Motion 2017-2022*
[5] Electricity HR Report , *Workforce in Motion 2017-2022*

excess demand until 2022. During and after 2022, LDCs will experience challenges hiring new power system operators and electricians and according to the *EHRC recent Report* – LDCs may need to put more emphasis on accessing international workers and look to attract outside of Canada. In the study to support this evidence, more than half of employers indicated that they had moderate difficulty hiring power system operators and electricians and expect to have moderate difficulty through to 2022.[6]

ICT occupations will experience the same issues, and there will be challenges in recruiting these skills beginning in 2022. As stated above, the energy sector will be in competition for these skills with businesses outside of the industry, as the digitization of the economy encompasses a multitude of businesses and sectors. BHI is starting to experience this now in 2019/2020 with recent recruitment efforts proving to be difficult and slow to close vacancies.

The following tables are extracted from the EHRC's *Workforce in Motion: Labour Market Intelligence (LMI) Study.* Number **2** indicates a 'slight excess of supply', number **3** represents a 'balanced market' and number **4** predicts pressures will be stronger than usual and therefore, more competition for these skills will be experienced across Canada.

Table 2 – Workforce Supply and Demand by Job Type

Trades						
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Powerline Technicians	2	3	4	4	4	3
Power System Operators	4	3	3	4	4	4
Systems Station Operators	4	3	3	4	4	4

Engineers, Engineering Technology Occupations						
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Electrical Engineers	2	4	3	3	3	3

Renewable and Climate Change Occupations						
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Smart Grid Specialists	4	3	3	4	4	4

Information & Communication Technology Occupations						
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Information Systems Analysts & Consultants	4	3	3	4	4	4
Database Analysts and Administrators	3	3	4	4	4	4
Computer Network Technicians	3	2	3	4	4	4
Cyber Security Specialists	4	3	3	4	4	4

[6] Electricity HR Report , *Workforce in Motion 2017-2022*

BHI's Change-Driven Focus

Technological Advances

The skill sets of tradespeople are also changing – technological innovation is reshaping and reinventing the skills and occupations required to support the electrical grid. LDCs will need to build, hire or contract for the required skills and expertise. This is currently a challenge, as the skills standards being used are often inconsistent and are changing constantly as the digital transformation continues to take shape. The industry will need to rethink and reshape traditional occupational standards and skills profiles on a continual basis over the coming years.

In addition to advanced skills in digital technology, as both energy regulations and technology become more complicated, there is also an increased need for regulatory specialists and cyber security professionals to ensure compliance and security requirements are met. There will be strong competition across sectors for employees with these skill sets. Many employers are currently relying on contractors with the requisite knowledge and experience to support the work demands.

The most obvious impact for BHI will be competition for certain skills and expertise. With other businesses in the community and the municipality preparing for the digital transformation – certain skills are cross functional and will be in high demand, such as: ICT (Information Systems Analysts, Database Analysts, Computer Network Technicians), Cyber Security and digital engineering.

Predictive Analytics & Data-Driven Decisions

In 2019 BHI implemented Ceridian Dayforce as its new payroll solution and its Human Resources Information System ('HRIS'). The HRIS allows BHI to optimize a plethora of human capital management services and solutions.

The system allows BHI to enhance its data intelligence and analytics to be more predictive in establishing its workforce needs. The system will take multiple years to fully implement, and allow data to be stored in a single, central location. The HRIS will allow BHI to extract data-driven insights across all HR and operational functions to help it make fast, informed decisions. Sophisticated predictive technologies help align business strategy with daily operations and work demands, and will provide business units the information and metrics they need to operate more efficiently.

Change in Skills & Competencies

BHI continues to identify the skills that will better position the organization in concisely identifying the change in required skills needed now and into the future. BHI's WFP will evolve over the next five years, aligning to the demand in new skills - the organization will focus on skills that need to be maintained, skills that are no longer relevant, areas to reskill employees and areas where new skills need to be hired.

Right-Sizing Staffing Levels

Right-sizing is a proactive and constant process of managing the organization's human capital – making it more efficient and productive. Right-sizing does not infer only down-sizing – in theory for an organization to right-size it could mean adding to the workforce. Utilizing a right-sizing approach allows BHI to take advantage of efficiencies and organizational productivity enhancements, to consider opportunities to reduce headcount or redeploy resources as required across the organization.

Historically BHI was on a down-sizing trend up until 2019 as identified in Table 3 below. Many departments had fewer staff, primarily due to attrition and an increasing number of retirements year-over-year. In 2005 staffing levels in certain departments had reached or were approaching their minimum staffing levels for acceptable operational output. In 2019 staffing levels were 15% lower than 2000 and had only increased by

12% from 2005 minimum levels. Overall the operations side of the business has been most impacted, while administrative staff less so.

Table 3 – Total FTEs

	2000	2005	2019	Variance (2000-2019)
Total # of FTEs	113	86	96	(17)

BHI continues to be challenged to maintain staffing levels for three reasons: the number of predicted retirements; the high percentage of turnover; and, the continued competition for different skill sets and expertise over the next few years. It is important to note that with retirements and attrition also come opportunities. As individuals retire, BHI can replace those workers with different and/or new skillsets or positions that would add greater value to the 'new' emerging business model. The challenges remain in: keeping pace with the unprecedented levels of recruitment; attracting the right skills in a highly competitive environment; and, strategically replacing redundant positions with new positions better equipped and qualified to meet future needs.

Some occupations may no longer be needed as a result of technological change. To maintain organizational knowledge and experience, BHI's L&OD initiatives will determine whether *reskilling workers* to new roles is possible. A number of occupations including supervisors, tradespeople and engineers will be impacted. Current employees may find that they lack the skills needed to perform new digital tasks. To prevent productivity loss and benefit from innovative opportunities, T&D initiatives will identify the opportunity of *upskilling workers* to improve their digital proficiency to better perform their work.

Balancing retirements, turnover and a change in skills and expertise, BHI intends to increase its staffing levels to an average 105 staff complement in 2021, an increase of 2% from its budgeted 2020 complement of 103 as identified in Table 7. However, BHI intends to decrease its overall staffing complement during 2022 - 2025 by 4% - from an average projected 105 in 2021 to 100.6 in 2025. *[The OM&A in the 2021 Test Year includes costs associated with 102.6 headcount, the average headcount from 2021 to 2025, in order to avoid over-recovering from customers over the 5-year Price Cap Incentive Rate Mechanism term – this is discussed in further detail in Exhibit 4]*. BHI is committed to 'right size' its workforce as required, to effectively meet its operational plans and customer needs – while utilizing a variety of workforce planning approaches focused primarily on: promoting internally; hiring skilled trades; acquiring apprenticeship graduates; advance hiring; and, utilizing third-party contractors.

Several new positions were created/added to the staff complement during the period from 2014 to 2020 that were not budgeted during the last rate application for the following reasons:

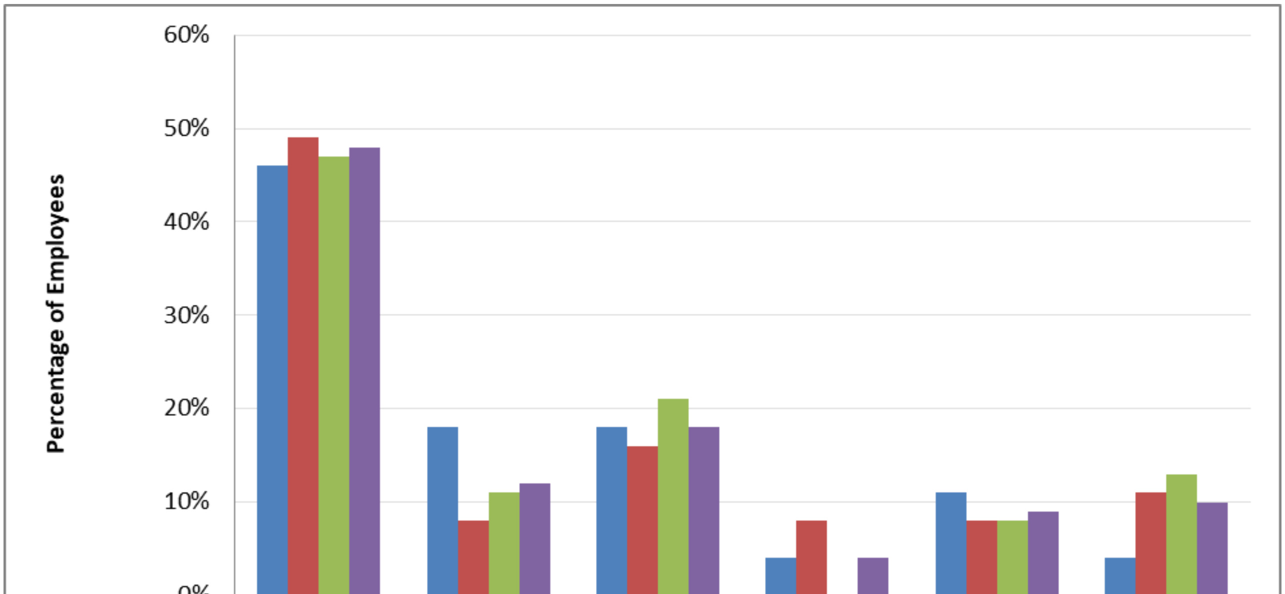
- Rapid technology advancements and associated emerging security issues;
- Skills shortage/gaps as a result of the above;
- An increase in distribution infrastructure and BHI property and buildings beyond the end of their useful lives; and
- Increasing requirements from regulatory and legislative bodies.

50% Factor

BHI has experienced a greater than normal turnover rate (Table 6) since 2015, above its normal average of 5% or below, with higher percentages of employees leaving the organization (through retirement and attrition). Although the trend was anticipated and is being experienced across the sector, primarily due to demographics and anticipated retirements – BHI has observed a higher than usual trend compared to that which other LDCs are experiencing.

Almost 50% of BHI's current workforce has *less than five years tenure/experience* with the organization. The table below highlights the anomaly which is impacting all segments of the organization.

Table 4 - % of Employees by Years of Experience

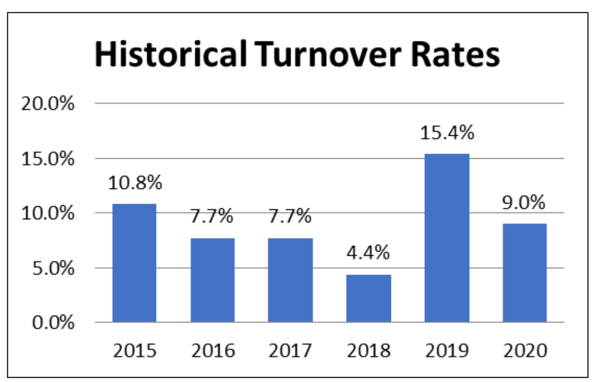


	< 5 Years	6 -10 Years	11 - 15 Years	16 - 20 Years	21 - 25 Years	> 25 Years
Management	46%	18%	18%	4%	11%	4%
Office Staff	49%	8%	16%	8%	8%	11%
Trades / Tech	47%	11%	21%	0%	8%	13%
Total BHI	48%	12%	18%	4%	9%	10%

In its previous Rate Filing, BHI predicted a turnover rate of approximately 33% over the next ten years. In fact, the organization has experienced an actual turnover rate of 48% from 2014 to 2018, almost half of its workforce. Further, BHI forecasts an additional turnover rate of approximately 25% from 2020 to 2025.

Conversely, the average age of BHI's workforce has shifted downward only 2.0% since 2014 (46.9 average years of age in 2014 to 44.9 in 2020); and its overall FTEs have remained fairly constant for the same period (100 FTEs in 2014 to 103 in 2020).

BHI's normal turnover rate had been below 5% on average prior to start of 2015. The organization experienced higher than normal turnover rates in 2015, with retirements being the highest contributor, accounting for 65% of the turnover. The organization's turnover rate remained above normal from 2016 through 2017, due primarily to retirements.



The turnover rate substantially increased from 2018 to 2019 and is projected to remain relatively high for 2020 (9.0%). In 2019 BHI's retirement and attrition rates were similar (53% and 47% respectively) with 2020 turnover projected to be primarily attributed to retirements vs. attrition (90% and 10% respectively).

The outcome of the increased turnover of staff is a substantive number of employees with less than five years of experience at the Company (48%). While an influx of new hires brings opportunities to BHI, it also results in the depletion of a vast amount of knowledge and experience.

To better understand the rationale for the unprecedented turnover and resulting 50% Factor, in 2019 BHI reviewed internal documentation based on employee performance reviews and exit interviews. Although the results cannot be expected to be 100% accurate, the analysis below provided insight into the rationale for employees leaving the organization, and areas of focus for the organization.

Table 5 – Reasons for Retirements and Attrition

Analysis on Turnover (Retirements & Attrition)		
	Retirements (31)	Non-Retirement (14)
Higher Compensation/Rewards	3	5
Career Advancement	0	2
Location Move	1	2
Time to Retire	25	0
Dissatisfied w/current position	1	2
Undefined	1	3

It is critical during times of change and with increasing influxes of new workers, that BHI continues to invest essential time, effort and budget in its training programs, with particular focus on maintaining a highly skilled and proficient trades and technical workforce and both robust union and management onboarding programs.

Not investing in sufficient training, onboarding and developing new hires, has the potential of exposing the organization to areas of risk. BHI needs to utilize a multi-faceted approach to allow for flexibility to 'right size' its workforce over the next five years, and allocate sufficient funds to ensure its new hires are properly onboarded, trained and developed to mitigate potential risks associated with working in a high-risk environment.

In order to remain a viable and attractive employer for prospective new hires and maintain valuable talent, BHI remains focused on offering a competitive market-driven total compensation package. This includes remaining competitive, yet prudent in negotiating its two Collective Agreements and offering an LDC peer group comparable incentive program for its management team.

Retrain, Reskill & Rethink

BHI's approach to WFP includes a review of each position as each incumbent prepares to either leave the organization or is promoted into another position. The organization considers each change an opportunity to reflect across the organization to determine where a skill is lacking, where skills need to be enhanced and where certain skills/positions may no longer be required.

BHI's T&D initiatives focuses on skills gaps, where incumbents can be reskilled and/or where more developmental training is required to enhance current skills.

Each potential vacancy is considered an opportunity to re-assess need across the organization. Positions are not automatically re-filled; and staffing consideration is given to current skills/talent needs - between departments and across the organization. Business unit staffing will need to be fluid and ready to change and shift accountabilities to accommodate allocating the right position with the right skills into the right job. The process provides BHI the opportunity to continually determine staffing/skills need – by either allocating FTE's to different departments, or eliminating FTE's if there is an opportunity to do so, yet still remaining efficient and maintaining sufficient experience and proficiency across the organization.

Evolving Customer & Business Needs – New Positions Added

New unbudgeted positions were created since the last Rate Filing, primarily to address: growing regulatory requirements; rapid technology advances and emerging security issues; skills shortage/gaps as a result of technology/security; and, BHI's aging infrastructure (useful life of assets and property/facilities).

Two positions were hired in 2020 to provide: expertise in grid-modernization/planning; and, assisting departments in prudently managing capital expenditures via timely monitoring and reporting. Two positions were hired (one in 2018 and one in 2020) to provide technology and systems expertise in customer communication channels and protecting BHI's privacy and IT security infrastructure.

The increase in FTE's will be budgeted for two years (2021 and 2020), after which BHI intends to proactively reduce headcount through retirements and attrition, over the next three years and forecasts headcount in 2023 of 103, 2024 of 101 and in 2025 down to 100 FTE's.

Post-Pandemic Productivity

The unexpected arrival of the COVID-19 Pandemic ("COVID-19") in early 2020 has had an accelerated impact on the rapidity of technological changes. Conversely, COVID-19 has also validated the need for more advanced mobile and digital technologies, nimble workplaces and resilient workers.

BHI continues to monitor its productivity effectiveness with a large number of its workforce, working remotely either full-time or on rotating days. Work crews are also remotely stationed and reporting to the job site, with strict COVID-19 protocols in place.

It is uncertain at the writing of the Plan how long and to what extent workers will be working remotely. BHI is evaluating the need to develop efficiency metrics, and will continue to monitor worker productivity when working remotely. BHI will determine in the near future, with data analysis and customer engagement survey results – the viability and effectiveness of continuing to have employees work remotely.

Drivers of BHI's Workforce Planning

Workforce Analytics

Sometimes referred to as "human capital data mining", workforce analytics focuses on gaining greater insight into BHI's existing workforce and uses that information to identify the workforce needed today and over the next five to ten years to align to the distribution work demands over the same timeframe. A key element of BHI's analytical approach is "segmentation" whereby it identifies those skills and expertise required to maintain: a safe and reliable supply of electricity to its customers, efficient customer service and reasonably paced replacement of infrastructure beyond its useful life. To achieve these outcomes BHI needs the right complement of skilled trades, technical and supervisory staff who are proficient and able to meet the work demands now and into the future.

BHI takes a conservative approach to hiring to minimize the cost of its workforce. This is accomplished by planning for the minimum amount of training overlap to achieve a continuity of skills and proficiency. A successful transfer of knowledge and skills is essential to ensure the safe and efficient execution of the Company's work programs. Accordingly, hiring is conducted in advance to provide the lead time necessary to train apprentices ensuring the organization has the capability to maintain a minimum number of fully trained and proficient workers. Through longer-term workforce planning within certified and skilled trades and designated and technical professional positions, BHI's conservative approach maintains the required competencies and integrates talent at a pace that manages cost and prioritizes worker and public safety.

BHI's Workforce analytics continues to improve and develop as it distinguishes those elements that do or may have an impact on its day-to-day core operations in order to achieve its strategic goals relative to its human capital.

Retirements

For the 2021 to 2025 period, BHI forecasts its employee retirements by relying on past historical trends and determines retirement eligibility as the age at which an employee can receive an undiscounted and/or full pension from the Ontario Municipal Employees Retirement System ('OMERS') pension fund.

Table 6 – Actual and Projected Retirements

Y-over-Y FTE Changes	Total # FTEs		Average Age		# Retirements (Actual & Projected)												Avg. % Next 5 Years
	2014	2020	2014	2020	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Management & Non union	25	30	49.4	49.8	2	0	3	2	1	3	0	4	1	2	1	0	30%
Office Staff	32	36	50.2	47.4	1	2	2	2	0	3	4	2	0	0	0	2	11%
Trades/Tech.	36	37	42.7	38.7	0	4	1	1	2	2	1	3	2	3	1	0	22%
Totals	**93**	**103**	**46.9**	**44.9**	**3**	**6**	**6**	**5**	**3**	**8**	**5**	**9**	**3**	**5**	**2**	**2**	**20%**
Cumulative Totals					**3**	**9**	**15**	**20**	**23**	**31**	**35**	**44**	**47**	**52**	**54**	**56**	

BHI expects approximately 20% of its workforce to retire between 2021-2025 (25% over 2020-2025), with the vast majority eligible to retire by between 2020 and 2023. The table above provides a five-year (2021-2025) projection of eligible retirements broken down by employee category. BHI's overall average age of employee continues to decrease driven by the trades/technical category for which the average age has decreased from 42.7 years of age in 2014 to 38.7 in 2020.

The potential number of employees in the trades/technical category eligible to retire over 2021-2025 is anticipated to remain fairly consistent from the previous five years (2016-2020). BHI needs to continue to focus on its recruitment and retention strategies over the next five years, to maintain its current trades/technical workforce and continue to: invest in training; advance hiring; proactively acquire apprenticeship graduates; and, prudently balance supply and demand with third-party contractors.

Promotions/Transfers

The Plan anticipates temporary or permanent promotions or transfers within the workforce. BHI's talent management program promotes the progression of trained and qualified powerline technicians into line supervisory roles. Such can leave a gap where a proficient and highly skilled worker is taken out of the workgroup, thereby negatively impacting the ratio of skilled powerline technicians to less skilled and non-proficient apprentices, which can impede the ability to conduct work safely.

Turnover Rates

Turnover rate refers to the percentage of employees leaving the Company over a period of time. High turnover rates are costly to an organization because departing employees frequently need to be replaced. Filling open positions is a time-consuming activity, and if critical positions are left open for too long, it can have negative effects on an organization. According to a recent study[7] direct replacement costs can be as high as 50% to 60% of an employee's annual salary, with total costs associated with turnover ranging from 90% to 200% of annual salary.

BHI's turnover figures, identified in the table below, include both retirements and attrition.

Table 7 – Turnover Rate

FTE Turnover Rate	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
Trades/Tech. (U)	0	0.0	7		1		2	5.7	2	4.7	3	6.8
Office (U)	0	0.0	2		2		2	7.7	0	0.0	6	23.1
Non-Union	1	20.0	0	0.0	1		0	0.0	1	16.7	1	20.0
Management	2	15.0	1		2		3	27.2	1	9.1	5	27.8
Executive	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
FTE Turnover #	3		10		6		7		4		15	
Total FTE's	**93**		**89**		**91**		**90**		**92**		**91**	
TOTAL % RATE		**3.2%**		**10.8%**		**7.7%**		**7.7%**		**4.3%**		**15.4%**

Productivity/Efficiencies

In its normal course of business BHI continues to strive to be as efficient as possible while maintaining a safe and reliable distribution system, and both public and employee safety.

With its GridSmartCity ("GSC") Cooperative partnership the Human Resources committee worked closely with Mohawk College Enterprises ("MCE") to formulate a customized program that draws on concepts and principals relevant to the LDC sector. Developed specifically with supervisors and emerging leaders in mind, the 'Future Ready Leadership' program has proven to be a popular training choice for GSC partners. In addition to training, the GSC partners have partnered on HR tools/resources for employees and sharing of Pandemic best practices. These types of initiatives allow BHI to pool resources and share costs which result in avoided costs. The GSC Cooperative strategy has the potential to positively impact BHI's WFP challenges, by sharing of services and resources between Cooperative partners.

Ratio Mix of Apprentices to Qualified Trades – Advance Hires

BHI continues to track and monitor its employee demographics, cognizant of the potential upcoming retirements, specifically of its highly skilled trades and technical positions.

BHI finds itself over the coming years, in a similar position to other LDCs, whereby advance hiring will be required to fill longer-term retirements with fully proficient and qualified trades. It is not unusual in the sector for utilities to advance hire apprentices within a two to three-year window of projected qualified tradespeople leaving. As provided in Table 8, it takes between four to five years for trades and technical positions to reach full proficiency. In a dangerous environment, such as working with electricity, BHI and the sector recognize the need to utilize a mix of advance hiring practices and hiring fully qualified trades and technical workers.

Contracting versus In-House Manpower

Utilizing resource optimization strategies, BHI replenishes and bolsters its workforce in critical areas of the business, while managing overall staffing levels and compensation costs effectively. These practices include supplementing the workforce with contracted resources.

[7] Society for Human Resource Management ("SHRM") Report – Attracting & Recruiting Talent 2019

BHI relies on third-party outside contractors to complete a portion of it capital program. This is a usual scenario in a utility environment, where it is not prudent or fiscally responsible to maintain a level of workforce that 'is on hand to do work as it comes along', but where it complements its own workforce when needed as the workload demands.

BHI also relies on contracting of some of its trades and technical work in order to: provide a certain level of competency to complete the work; absorb added workload; and respond to unanticipated, irregular work requirements such as severe weather events.
Further, in order to comply with certain regulations and filing requirements BHI utilizes consultants with specialized skill sets primarily in the areas of Regulatory, Communications, IT, Construction and Engineering. Areas where it is remains difficult to find skilled contracted resources are Control Operations and IT.

WFP Assumptions

The single most critical element of WFP is the assumptions used in developing the analytics. Wrong or incorrect assumptions could:

- Impact forecasting the right complement of manpower to meet the work demand resulting in over or under staffing;
- Impact the integrity of the Plan;
- Leave BHI unprepared in a rapidly changing demographic and technological environment; and
- Put BHI's business strategies and safety performance at risk.

The goal of WFP is to reduce the risk to BHI's strategy execution associated with workforce capacity, capability and flexibility. The foundations of WFP are the business and operational plans; therefore, the process needs to be owned by the business units. Business unit owners know their business needs, and understand what work needs to get done and how to do it. They understand their challenges related to productive versus non-productive employee time and the fluidity of their own workforces. Human Resources ('HR') plays a critical role of stewardship in the process. HR supports and challenges the business unit leaders to support what drives their workforce demands.

WFP assumptions are reflective of and rely upon elements of the Plan that include: reviewing market-driven trends; workforce analytics; and, organizational and business drivers.

BHI's WFP Methodology

Strategic WFP establishes the organization's goals and measurable objectives related to determining the necessary financial resources and workforce needs now and into the future. Workforce planning complements strategic planning by translating strategy into actions to identify workforce staffing and training needs.

The following chart depicts BHI's Workforce Planning Methodology:

Year-over-Year FTE Changes (2014-2025)

BHI's workforce planning decisions will continue to impact its labour and Talent Management strategies.

BHI strives to manage its overall FTE headcount within its budget against the work that needs to be performed. BHI identifies productivity and efficiency gains, without impacting public and employee safety, to maintain an efficient distribution system.

BHI's participation in the GSC Cooperative partnership will afford the organization opportunities to reduce OM&A expenses, share resources and services, and seek cost avoidance opportunities over the next five years.

BHI's Skilled Trades/Technical Workforce

Since operationalizing WFP in 2012, BHI continues to invest time and energy in identifying the high-level skills and knowledge of its workforce, that add the greatest value to its core business – in short, utilizing its skilled and trained workforce to undertake the work they are best qualified and trained to do.

The table below provides the year-over-year forecasted change in ***Trades & Technical*** FTE headcount from 2020 to 2025. The table includes total FTE's to provide a robust comparative of the whole organization from the last Rate Filing. Other tables and analysis within the Plan utilize the figures within Table 7.

Table 8 – Trades and Technical FTE

Function	Category	# Staff (FTEs)												Average 2021-2025
		2014 CoS	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Bridge Year	2021 Test Year	2022 Projected	2023 Projected	2024 Projected	2025 Projected	
Trades & Tech. Staff														
Powerline Tech. & Crane Operator	Non Mgmt	19	19	18	17	19	16	17	19	18	17	17	18	17.8
Station Maintenance	Non Mgmt	8	7	6	6	6	6	6	7	7	7	6	6	6.6
Metering Technician	Non Mgmt	6	4	4	4	2	4	5	5	4	4	4	4	4.2
Control Room Operators	Non Mgmt	8	5	7	7	8	9	9	10	10	10	9	9	9.6
Engineering Technicians	Non Mgmt	8	5	8	8	8	9	11	10	10	9	9	9	9.4
TOTAL Trades FTEs		49	40	43	42	43	44	48	51	49	47	45	46	47.6
Supervisory Staff														
Line Supervisors	Mgmt	3	3	3	2	2	2	2	2	2	2	2	2	2.0
Stations Supervisors	Mgmt	1	1	1	1	1	1	1	1	1	1	1	1	1.0
Metering Supervisor	Mgmt	1	1	1	1	1	0	1	1	1	1	1	1	1.0
Control Room Supervisor	Mgmt	1	0	0	0	1	1	1	1	1	1	1	1	1.0
Engineering Supervisors	Mgmt	4	4	4	4	4	4	5	5	5	5	5	5	5.0
TOTAL Supervisory FTEs		10	9	9	8	9	8	10	10	10	10	10	10	10.0
Non-Trades & Technical														
Executive	Mgmt	4	4	4	4	4	4	4	4	4	4	4	4	4.0
Management	Mgmt	12	11	11	12	12	12	15	15	14	14	14	14	14.2
Non-Union	Non Mgmt	5	5	6	6	6	5	8	9	9	9	9	9	9.0
Union	Non Mgmt	20	20	18	18	18	17	18	18	18	18	18	17	17.8
TOTAL Other FTEs		41	40	39	40	40	38	45	46	45	45	45	44	45.0
ACTUAL FTE		**94**	**89**	**91**	**90**	**92**	**90**	**103**						
BUDGETED FTE		**100**	**100**	**98**	**100**	**99**	**100**	**103**	**107**	**104**	**102**	**100**	**100**	**102.6**
AVERAGE FTE		**95.5**	**91.5**	**90.0**	**90.5**	**91.0**	**91.0**	**96.5**	**105.0**	**105.5**	**103.0**	**101.0**	**100.0**	**102.6**

Training Requirements to Improve Safety and Reduce Operating Costs

BHI continues to strive for efficiencies in the areas of training for its trades and technical workforce. As a highly skilled trade, there is substantive legislated and safety training requirements for this group.

To achieve these efficiencies there are several initiatives that BHI utilizes as *enablers* to reduce operating and maintenance costs in the trades/technical workforce over the next five years:

- ***Cross-Training*** of lines trades to improve tool time and response time;
- ***Refresher Training*** for all employees engaged in 'high risk' activities undertaken on an annual or biennial basis;
- ***Improved tools, vehicles and other equipment*** provides potential for automation, reduced resources and/or a lower level of proficiency required to undertake the task;
- ***Apprentice Training*** program is a proactive approach to reducing the risk to qualified and proficient workers;
- ***Effective Supervision*** for Technical & Trades; additionally, a course entitled Effective Supervision for Lead Hands is delivered to permanent and relieving Lead Hands;
- ***Distribution system automation*** improvements to reduce construction/maintenance costs; and
- ***Increase in contracted maintenance work*** when appropriate and non-core value add.

Time to Proficiency (Apprentices)

The following table provides a breakdown of industry accepted lead times for apprentices to reach proficiency in their trade. Some trades are able to perform some elements of the job earlier in their training regime as indicated below.

Table 9 – Time to Reach Proficiency (Apprentices)

Trades & Technical Positions	Years to Reach Proficiency	Comments
Powerline Technician	5	May require longer for lead hand positions
Substation Maintainer	5	May require longer for lead hand positions
Meter Technician	4.5	May be able to work on limited meters in first two years
Control Operator	5	May require longer for lead hand positions
Design Technician	4	Engineering design work requires college degree & hours
Distribution Engineer	4	Takes four years to quality for P. Eng.
Supervisory Positions	5-7	Requires leadership, right competences and business skills

In the following table BHI has made assumptions based on historical trends, safety regulations and its ability to manage its workforce to determine its 'optimal' and 'minimal' staffing levels within its trades/technical workforce.

Table 10 – Optimal and Minimal Staffing for Trades and Technical Positions

Trades & Technical Positions	Optimal #'s	Minimum #'s	2018 Actual #'s	2019 Actual #'s	2020 Budget #'s
Powerline Technician	18	14	19	18	17
Substation Maintainer	8	6	6	6	6
Meter Technicians	4	3	2	4	5
Control Operator	9	9	9	9	9
Engineering Technicians	12	10	10	11	12

BHI's Findings and Conclusions

BHI was able to maintain its budgeted average FTE headcount as provided in its last Rate Filing, primarily up until 2020. As explained within the Plan, headcount increased by four new positions to address: unforeseen changes in technology and security requirements; and, new expertise required due to emerging ESA requirements.

Further explained within the Plan, the organization plans to proactively reduce headcount year-over-year through to 2025, to 'below' 2020 budgeted FTE's (103 budgeted to 100 forecast).

BHI must make certain that future downsizing and replacement of workers is carefully considered relative to its impact across the organization, and the Company's ability to effectively and efficiently maintain a safe and reliable system, invest in its infrastructure and provide excellence in customer service.

There is no question that technological change is coming, the question remains how much and how rapidly. Change by its nature brings challenges and opportunities. A significant challenge for BHI will be equipping people with the skills they need, helping them move into new roles, and hiring those skills needed to prepare and position the workforce for the future.

The Plan will rely on the organization's ITM philosophy, and focus HR programs on identifying the required skills, the gaps, and how to bridge the gaps over the next five years and pre-emptively identify needed new and enhanced skillsets; retrain and/or reskill workers; eliminate redundant jobs; and recruit skills that better position the Company to achieve its operational plans.

Continually monitoring the assumptions and projections (Tables 1 through 9) within the Plan will be critical to achieve the right number of workers, with the right skills and in the right jobs over the life of the Plan.

In conclusion, BHI recognizes that although the fluctuation of its employee complement and skill sets continue to be a relative unknown, its efforts over the last years has positioned it in a more favourable position to mitigate against retirements and anticipated skills shortages.

Appendix B – Actuarial Report

BURLINGTON HYDRO INC.

REPORT ON THE ACTUARIAL VALUATION OF POST-RETIREMENT NON-PENSION BENEFITS

AS AT DECEMBER 31, 2019

FINAL – November 29, 2019

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EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Burlington Hydro Inc. (the "Corporation") to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2019. The nature of these benefits is defined benefit.

This report is prepared in accordance with the International Financial Reporting Standards ("IFRS") guidelines for post-retirement non-pension benefits as outlined in the International Accounting Standard 19 – Employee Benefits ("IAS 19").

The most recent full valuation was prepared as at December 31, 2016 based on the assumptions chosen by management at that date and in accordance with IAS 19.

The purpose of this valuation is threefold:

i) To determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2019;

ii) To determine the defined benefit costs to be recognized for fiscal year 2019; and

iii) To provide all other pertinent information necessary for compliance with IAS 19.

Note that all monetary figures in this report are rounded to the nearest hundreds of dollars and summated figures in this report may not match total figures due to rounding.

The intended users of this report include the Corporation and its auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

Included in the Appendix attached hereto are detailed accounting schedules containing the results of the valuation.

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SECTION A — VALUATION RESULTS

Section A.1 shows the key valuation results compared to previous year's figures projected from the most recent full valuation as well as a breakdown between active and retired individuals and type of benefit.

Section A.2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown an increase/decrease in the health and dental claims cost trend rates by 1% per annum and an increase/decrease in the discount rate by 1% per annum.

Section A.3 shows the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2019.

Valuation Results

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2019 compared to previous year's figures projected from the most recent full valuation:

	December 31, 2018	December 31, 2019
Present Value of Defined Benefit Obligation (PV DBO)	**4,870,300**	**4,490,200**

	CY 2018	CY 2019
Current Service Cost	191,300	187,200
Interest Cost	165,200	185,000
Defined Benefit Cost Recognized in Income Statement	**356,500**	**372,100**
Actuarial (Gain)/Loss	(339,500)	(496,500)
Defined Benefit Cost Recognized In OCI	**(339,500)**	**(496,500)**
Defined Benefit Cost	**17,000**	**(124,400)**

The following table provides results from the actuarial valuation as at December 31, 2019 broken down by active (including LTD) and retired individuals and type of post-retirement non-pension benefit:

Dec. 31, 2019 PV DBO	Actives (incl. LTD)	Retirees	Total
Life	543,500	1,410,700	**1,954,100**
Health	1,424,100	497,400	**1,921,500**
Dental	458,200	156,400	**614,600**
Total	**2,425,700**	**2,064,500**	**4,490,200**

Sensitivity Analysis

Section A.2—Sensitivity Analysis

	Dec. 31, 2019 PV DBO	Difference	% Difference
Base Assumptions	4,490,200		
Cost Trends +1%	4,723,700	233,500	5%
Cost Trends -1%	4,287,100	(203,100)	-5%
Discount Rate +1%	3,957,500	(532,800)	-12%
Discount Rate -1%	5,168,500	678,200	15%

Management's best estimate assumptions are those outlined in *Section C – Summary of Actuarial Method and Assumptions* in this report.

Development of Changes in the Present Value of Defined Benefit Obligation

Section A.3—Development of Changes in the Present Value of Defined Benefit Obligation

PV DBO at December 31, 2018	4,870,300
2019 Current Service Cost	187,200
2019 Benefit Payments	(255,800)
2019 Interest Cost	185,000
Expected PV DBO at December 31, 2019	**4,986,700**
Actuarial (Gain)/Loss at December 31, 2019	(496,500)
PV DBO at December 31, 2019	**4,490,200**

The decrease indicated above of $496,500 in the PV DBO from the expected PV DBO at December 31, 2019 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Change in composition of active and retiree data (actual experience different from expected)	54,400
Change in assumptions:	
Discount Rate	484,800
Withdrawal	42,900
Claim Cost Trend	21,500
Spouse Age Offset	(700)
Salary Trend	(3,800)
H/D Claims Cost	(1,095,600)
Total Actuarial (Gain)/Loss at December 31, 2019	**(496,500)**

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2019 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2019.

SECTION B — PLAN PARTICIPANTS

Section B.1 sets out the summary information with respect to the plan participants valued in the current valuation compared to those valued in the previous valuation.

Section B.2 reconciles the number of participants in the previous valuation to the number of participants in the current valuation.

Participation Data

Section B.1—Participant Data

Membership data as at September 30, 2019 was received from the Corporation and included information such as name, gender, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

We have reviewed the data and compared it to the data used in the previous valuation for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of hire prior to date of birth;
- Ages under 18 or over 100;
- Abnormal levels of benefits and/or premiums; and
- Duplicate records

In addition, the following tests were performed:

- A reconciliation of statuses from the prior valuation to the current valuation;
- A review of the consistency of individual data items and statistical summaries between the current and prior valuations; and
- A review of the reasonableness of changes in such information since the prior valuation.

	December 31, 2016	September 30, 2019
Employee Count		
Male	68	68
Female	23	24
Total	**91**	**92**
Employee Average Service		
Male	13.4	12.1
Female	14.0	11.1
Total	**13.6**	**11.8**
Retiree (in Receipt of Benefits) Count		
Male	55	61
Female	18	19
Total	**73**	**80**

	Employee Count as of September 30, 2019			Employee Avg Service as of September 30, 2019		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
< 30	8	1	9	2	1	2
30 - 35	13	-	13	7	-	7
36 - 40	9	2	11	9	2	7
41 - 45	1	4	5	7	9	9
46 - 50	10	6	16	11	17	13
51 - 55	17	5	22	17	9	15
56 - 60	7	3	10	22	11	19
61 - 65	3	2	5	22	17	20
66 - 70	-	1	1	-	13	13
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	**68**	**24**	**92**	**12.1**	**11.1**	**11.8**

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Participant Reconciliation

Section B.2—Participation Reconciliation

	Actives	Disabled	Retired
As at Dec. 31, 2016	**91**	**3**	**70**
New Entrants	20	-	1*
Actives	-	-	14
Terminated	(7)	-	-
Retired	(14)	(1)	-
Deceased	-	-	(6)
Disabled	-	-	1
As at Sep. 30, 2019	**90**	**2**	**80**

* The member was hired in 2017 and became a retiree in 2019, and thus is considered to be a new entrant in the Retired group.

SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions for discount rates, mortality, and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and,
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases.

For each employee not yet fully eligible for benefits, the Present Value of the Defined Benefit Obligation (PV DBO) is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

The PV DBO at December 31, 2019 is based on membership data as at September 30, 2019 (with adjustments to reflect estimated changes to occur from October 1 to December 31, 2019) and management's best estimate assumptions established for calculations as at December 31, 2019.

For health and dental benefits, the Corporation has selected the premium rates charge to retirees as management's best estimate of the benefits costs to be incurred. The total monthly premium rates, inclusive of premium taxes, used are as follows:

Effective Period	Benefit Grouping	Health Single	Health Family	Dental Single	Dental Family
Jan. 1, 2017 – Dec. 31, 2017	Management	$ 236.27	$ 647.15	$ 88.59	$ 209.95
	Union	$ 221.55	$ 607.30	$ 90.10	$ 212.60
Jun. 1, 2019 – Dec. 31, 2019	Management	$ 213.74	$ 584.62	$ 62.83	$ 155.37
	Union	$ 164.39	$ 452.40	$ 66.30	$ 161.37

The rates above are at the 100% level and prior to any cost-sharing provisions under the plan.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2019.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 3.00% per annum as of December 31, 2019. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at the time of preparing the valuation.

The assumption used in the previous valuation was 3.80% per annum as at December 31, 2016, which was subsequently updated to 3.90% as at December 31, 2018.

Salary Increase Rate

The rate used to increase salaries is assumed to be 2.60% per annum for the first 2 years up to December 31, 2021 and 3.30% per annum thereafter. These rates have been chosen by the Corporation's management and reflect the expected Consumer Price Index adjusted for productivity, merit and promotion and for company-specific information.

This assumption for the previous valuation was 3.30% per annum for December 31, 2019 onwards.

Claims Cost Trend Rate

The rates used to project benefits costs into the future were chosen based on a research paper published by the Canadian Institute of Actuaries – *Model of Long-Term Health Care Cost Trends in Canada* - dated March 2018.

The following table provides a sample of the health and dental trend rates used in the valuation and the assumptions used in the previous valuation:

	Current Valuation	
Year	**Health**	**Dental + Vision**
2020	4.20%	4.50%
2025	5.30%	5.60%
2030	5.30%	5.30%
2035	4.60%	4.60%
2040 and thereafter	4.00%	4.00%

	Previous Valuation	
Year	**Health**	**Dental**
2020	5.56%	4.50%
2021	5.35%	4.50%
2022	5.14%	4.50%
2023	4.93%	4.50%
2024	4.71%	4.50%
2025 and thereafter	4.50%	4.50%

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Demographic Assumptions

Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). More specifically, the Canada Pensioners Mortality ("CPM") Table Public Sector (CPM2014 PUBL) has been used with the generational projection of mortality improvement based upon the CIA MI-2017 mortality improvement scale published in 2017.

The mortality table assumption remains unchanged from the previous valuation. The mortality improvement assumption has been updated from the CPM Improvement Scale B1-2014 in the extrapolation as at December 31, 2018 for the Corporation.

Rates of Withdrawal

Termination of employment is assumed to be in accordance with the following withdrawal table:

Age Bucket	Current Valuation	Previous Valuation
18 – 29	3.50%	3.50%
30 – 34	2.00%	2.50%
35 – 39	1.65%	2.15%
40 – 49	1.30%	1.75%
50 – 54	0.95%	1.40%

Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60), which was based on the Corporation's retirement experience as well as a seven year retirement experience study on a group of local distribution companies for which data was available.

This assumption remains unchanged from the previous valuation.

Disability

No provision was made for future disability.

This assumption remains unchanged from the previous valuation.

Other Assumptions

Family/Single Coverage

The following assumptions were chosen for the current valuation and are unchanged from the previous valuation:

- Coverage Type at Retirement (i.e. family, single) – The employee's coverage type at the valuation date will remain the same until the employee reaches the assumed retirement age.
- Spousal Gender – For employees with family coverage, the retiree has a spouse of the opposite gender at the date of retirement.

With respect to the spousal age offset, male spouses are assumed to be one year older than female spouses. It was assumed in the previous valuation that male spouses are three years older than female spouses.

Expenses and Taxes

For health and dental coverage, the above premium rates are inclusive of expenses and taxes and therefore no additional assumptions regarding expenses is required.

For life coverage, it is assumed that 10% of the accrued benefit obligation reflects the cost of sponsoring and administering the program for life insurance. No additional information is available regarding the costs for the life insurance program.

These assumptions remain unchanged from the previous valuation.

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SECTION D — SUMMARY OF POST-RETIREMENT BENEFITS

The following is a summary of the plan provisions that are pertinent to this valuation, based on information provided by and discussions with the Corporation.

Eligibility

Upon retirement, all employees who retire from the Corporation after April 1, 1987 and qualify to receive an Early Retirement Pension under OMERS are eligible for post-retirement life, health and dental benefits.

Participant Contributions

The Corporation shall pay 100% of the cost of the post-retirement life, health and dental benefits for the eligible retirees.

Past Service

Past service is defined as continuous service prior to joining the plan if the participant was employed by another electrical distribution company prior to joining the Corporation.

Length of Service

Length of service is defined as continuous service from the date of hire to the valuation date, measured in years and months.

Summary of Benefits

Life Insurance

Upon retirement, all employees are entitled to post-retirement life insurance benefits, as per the MEARIE plan, administered by Great West Life, based upon the following table:

Plan Option	Amount of Coverage	Eligibility
1	Flat $2,000.	Employee retires with less than 10 years of service in the Plan.
2	50% of final annual earnings, reducing by 2.5% of final annual earnings each year for 10 years, to a final benefit equal to 25% of final annual earnings. Reduction occurs on the anniversary date of retirement.	If employee was ever insured under Employee Plan option 2, 3, or 4, or if employee retires with 10 or more years of service in Plan but was never in superseded plan.
3	50% of final annual earnings.	Employee was insured under the superseded plan and was hired on or after May 1, 1967 and elected coverage under option 1 only.
4	70% of final amount insured under the life plan immediately prior to retirement.	Employee was insured under the superseded plan and was hired before May 1, 1967 and elected coverage under option 1 only.

Health and Dental Benefits

Eligible employees are entitled to post-retirement health and dental benefits to age 65. Coverage for health and dental benefits continues to the dependents of a deceased pensioner until the pensioner would have turned age 65.

A detailed description of the health and dental benefits covered under the post-retirement non-pension benefits plan can be found in benefit information booklets provided to employees.

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Burlington Hydro Inc. (the "Corporation") as at December 31, 2019, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we express no opinion on them;
3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

We are not aware of any subsequent events after the date of completing this valuation that would have a significant effect on the valuation results contained herein.

The latest date on which the next actuarial valuation should be performed is December 31, 2022. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,
RSM CANADA CONSULTING LP

Stanley Caravaggio

Stanley Caravaggio, FSA, FCIA
Director

Jamie Wong, ASA, ACIA
Senior Associate

Toronto, Ontario

November 29, 2019

SECTION E — EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan of Burlington Hydro Inc. Actuarial Valuation as at December 31, 2019

I hereby confirm, as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Burlington Hydro Inc. that, to the best of my knowledge and belief, for the purposes of the valuation:

i) The membership data summarized in Section B is accurate and complete;

ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and

iii) The summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2019.

BURLINGTON HYDRO INC.

Nov. 22/19	[signature]
Date	**Signature**
MICHAEL KYSLEY	EVP & CFO
Name	**Title**

APPENDIX — DETAILED ACCOUNTING SCHEDULES

RSM

Burlington Hydro Inc.
Estimated Benefit Expense (IAS 19)
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.00%	3.00%	3.00%
Discount Rate at December 31	3.00%	3.00%	3.00%	3.00%
Health Benefit Cost Trend Rate at December 31	5.50%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	4,870,345	4,490,220	4,564,896	4,636,519
Defined Benefit Cost Recognized in Income Statement	372,110	348,315	341,305	322,828
Defined Benefit Cost Recognized in Other Comprehensive Income	(496,479)	-	-	-
Benefits Paid by the Employer	(255,755)	(273,639)	(269,682)	(254,882)
Net Defined Benefit Liability/(Asset) as at December 31	4,490,220	4,564,896	4,636,519	4,704,464

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	187,154	217,713	208,403	187,555
Interest Cost	184,956	130,602	132,902	135,272
Defined Benefit Cost Recognized in Income Statement	372,110	348,315	341,305	322,828

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(593,126)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	42,209	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	54,438	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	(496,479)	-	-	-
Total Defined Benefit Cost	(124,369)	348,315	341,305	322,828

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	4,870,345	4,490,220	4,564,896	4,636,519
Current Service Cost	187,154	217,713	208,403	187,555
Interest Cost	184,956	130,602	132,902	135,272
Benefits Paid	(255,755)	(273,639)	(269,682)	(254,882)
Net Actuarial Loss/(Gain)	(496,479)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	4,490,220	4,564,896	4,636,519	4,704,464

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

*** Based on exepcted benefits to be paid to those eligible for benefits.

RSM

Burlington Hydro Inc.
Estimated Benefit Expense (IAS 19)
FINAL

	Actuals CY 2019 *	Projected ** CY 2020	Projected ** CY 2021	Projected ** CY 2022
Discount Rate at January 1	3.90%	3.00%	3.00%	3.00%
Discount Rate at December 31	3.00%	3.00%	3.00%	3.00%
Health Benefit Cost Trend Rate at December 31	5.50%	4.40%	4.60%	4.80%
Dental Benefit Cost Trend Rate at December 31	4.50%	4.70%	4.90%	5.10%
Long Term Health and Dental Benefit Cost Trend Rate	4.50%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2025	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost				
Present Value of Defined Benefit Obligation as at January 1	4,870,345	4,490,220	4,564,896	4,636,519
Benefits Paid	(127,878)	(136,820)	(134,841)	(127,441)
Accrued Benefits	4,742,467	4,353,401	4,430,055	4,509,078
Interest Cost	184,956	130,602	132,902	135,272
Expected Present Value of Defined Benefit Obligation as at December 31				
Present Value of Defined Benefit Obligation as at January 1	4,870,345	4,490,220	4,564,896	4,636,519
Current Service Cost	187,154	217,713	208,403	187,555
Benefits Paid	(255,755)	(273,639)	(269,682)	(254,882)
Interest Cost	184,956	130,602	132,902	135,272
Expected Present Value of Defined Benefit Obligation as at December 31	4,986,699	4,564,896	4,636,519	4,704,464

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31				
Expected Present Value of Defined Benefit Obligation	4,986,699	4,564,896	4,636,519	4,704,464
Actual Present Value of Defined Benefit Obligation	4,490,220	4,564,896	4,636,519	4,704,464
Net Actuarial Loss/(Gain) as at December 31	(496,479)	-	-	-

* The expected December 31, 2019 PV DBO and CY 2019 defined benefit cost are calculated based on membership data and management's best estimate assumptions at December 31, 2016.

** Projected CY 2020, 2021, and 2022 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

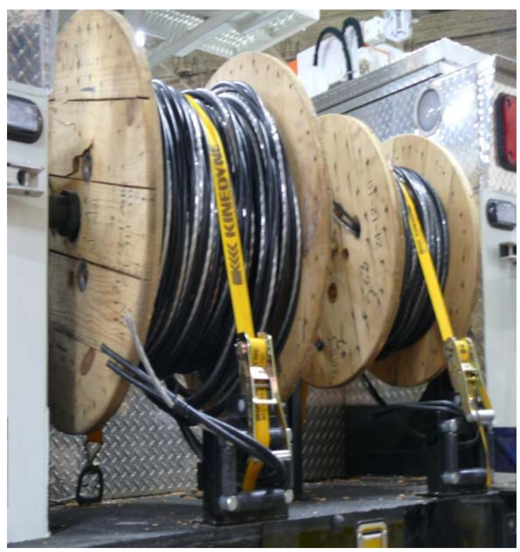
*** Based on exepcted benefits to be paid to those eligible for benefits.

Appendix C – Purchasing Policy

Burlington hydro inc.

Purchasing & Disposal Policy

September 2020



Version History

Version #	Date	Nature of Changes (reasons/comments)
1	September 30, 2020	Original
1.1	October 5, 2020	Supervisor limit increased and wording changes

Table of Contents

1. Purpose

The purpose of this policy is to document the principles that govern the acquisition of goods/services and disposal of goods by Burlington Hydro Inc. ("BHI").

The objectives of this Policy are to:

- Establish an efficient process for the purchase of quality goods and services and to clearly define roles and responsibilities of BHI's staff;
- Ensure competitive prices are obtained to maximize the value of all purchases for BHI's stakeholders;
- Ensure BHI procures all goods and services from reputable/ethical vendors;
- Ensure all procurement supports the protection of the environment;
- Ensure fair, open, transparent and accountable competitive processes are followed in the acquisition of goods and services;
- Ensure assets are only disposed of where they meet identified criteria for disposal and that appropriate planning and approval is undertaken prior to any asset disposal; and
- Ensure compliance with all applicable laws and regulations.

2. Scope

This policy applies to all Board members and employees of BHI.

3. Definitions

"BHI" Burlington Hydro Inc.

"Emergency" A sudden, urgent, unexpected occurrence or occasion requiring immediate action.

"Goods" Any moveable property, including the costs of installing, maintaining or manufacturing such moveable property, including raw materials, products, equipment and other physical objects of every kind and description, whether in solid, liquid, gaseous or electronic form, unless they are purchased in connection with Construction.

"Purchasing Card" A card issued in accordance with BHI's Purchasing Card policies and procedures for the purchase of goods and services.

"Purchasing Department" the Department charged with carrying out the Purchasing function.

"Purchase Order (PO)" A standard Contract issued by BHI to a Supplier to evidence an agreement for the purchase of Deliverables.

"PRF" Purchase Requisition Form: A form used by the Requesting Department to initiate a purchase of goods or services by the Purchasing Department.

"RFP" Request for Proposal: a process in which a need is identified, but the method by which it will be achieved is not necessarily prescribed at the outset and price is not the only evaluation criterion.

"RFQ" Request for Quotation: including formal and informal quotations, but not including RFPs or RFTs.

"RFI" Request for Information: a process for gathering information from potential suppliers of a good or service.

"RFT" Request for Tender: a process to request supplier responses to supply goods and services in compliance with stated requirements, performance specifications, terms and conditions and evaluation is made solely on price.

"Requesting Department" the Department initiating the request for the purchase of goods and/or services to the Purchasing Department.

"Services" Intangible products not having a physical presence.

4. Purchase Authorization

All purchase requests in excess of $1,000 must be made through the Purchase Requisition Form ("PRF") which is to be completed by the Requesting Department with the exception of (i) purchases made with a Purchasing Card; (ii) purchases for budgeted engineering projects; and (iii) re-stocking of distribution plant inventory.

Purchases for budgeted engineering projects: identification and reservation of items required for engineering projects is via the material commitment process; the item will be sourced from inventory in stock if available; if unavailable the Purchase Guide (report in iXP which flags all inventory items below the min/max level[1]) will be triggered by the purchasing department, subject to the approval matrix below.

Re-stocking inventory: the Purchase Guide will be triggered by the purchasing department if inventory falls below the min/max level.

All purchases in excess of $1,000, and as identified above, must be initiated by the Purchasing Department after receiving an approved PRF in accordance with the below approval matrix by a person one level higher than the requisitioner.

[1] Min/Max level is a pre-defined optimal level of inventory; Min/Max levels are the minimum and maximum levels of inventory deemed optimal to meet BHI's distribution system needs. The Purchasing Manager and VP, Regulatory Compliance and Asset Management initiate and approve changes to Min/Max levels.

The request should include Capital Budget #, Work Order # and/ or GL account as applicable.

Approvals will be obtained by the Requesting Department.

Table 1 – Approval Limits for Purchase Requisitions

Approver	**Approval Limits Capital/Operating***	
	Budgeted	**Unbudgeted**
Supervisor	up to $9,999	
Manager	$10,000 – $49,999	Up to $4,999
Director	$50,000 - $99,999	$5,000 - $24,999
Vice President	$100,000 - $249,999	$25,000 - $99,999
CFO	$250,000 - $499,999	$100,000 -$249,999
President and CEO	>=$500,000	>=$250,000
VP Regulatory Compliance and Asset Management		All Capital**
VP, Requesting Department		All Operating**

*Requesting department to ensure that the request is included in the budget. Further, for all capital related requests, Purchasing department to consult the Senior Financial Analyst (Regulatory Compliance and Asset Management) for budget availability before initiating the purchasing process. Senior Financial Analyst (Regulatory Compliance and Asset Management) will initial PRFs.

**All unbudgeted requests which result in the department budget being exceeded, must be accompanied by clear justification of the requirement and must be approved by the Requesting Department Manager and either the VP Regulatory Compliance and Asset Management Department for Capital Expenditures or the Requesting Department VP.

- **General Purchasing**

  - All computer and peripheral purchases must be approved by the VP Information Technology and Chief Information Officer to ensure conformance with system standards and configuration.
  - Purchase Cards can be signed out in the Purchasing Department for the following vendors: Home Depot, Lowes, Rona, Staples Office Supplies. Receipts must be immediately sent to the Accounting Department and signed by the immediate supervisor with the appropriate departmental charge or GL number.
  - All Office Supplies, if available are purchased through the Staples Eway portal. Approvals are automatically obtained through the portal based on a predetermined approval hierarchy set up by the Purchasing Department.

- The Purchasing Department will consult with the appropriate Responsible Manager and/or HR/Health & Safety, if applicable, prior to the purchase of new equipment, tools or materials to ensure new hazards due to change of process, standards or equipment are considered.
- All PRFs for building upgrades must be approved by EVP Corporate & Chief People Officer.

The Purchasing Department will not initiate the purchase process on any request until all approvals have been obtained, unless otherwise permitted under this policy.

5. Purchasing Methods

The following purchasing methods shall be used by BHI and the Purchasing Department.

- **Quotations/Proposals/Tenders**

A. Quotations

- Informal quotations can be administered by the Requesting Department whereas formal quotations will be administered by the Purchasing Department.
- The Purchasing Manager may obtain up to three quotes from qualified suppliers in the most expeditious manner possible either by phone, fax, E- mail, or correspondence.

B. Tenders (RFT/RFP)

- The act of tendering is an important part of BHI's Purchasing Policy as it ensures that BHI receives the benefits of competitive pricing.
- Sealed tenders shall be invited based on the ability to provide the products or services, due diligence documentation, and if applicable, past business relationships.
- Tenders not received by BHI at the stated time and place stipulated in the tendering document will be returned to the vendor unopened.

C. Direct/Single Sourcing

- Direct/Single sourcing may be used for certain types of goods and services as determined by the requesting and purchasing departments for e.g. switches and trucks with certain product and operating specifications that can only be provided by one vendor.

D. RFI

- The purchasing department may initiate the purchasing process using RFIs if an optimal purchasing decision can be made with the information obtained in the RFI (e.g. provision of goods or services and associated pricing).

- **Negotiations**

A. The Purchasing Manager may negotiate where:

- there is only one source of supply for the goods or services; or
- there is merit in purchasing at a public auction; or
- all tenders or quotations received fail to meet specifications or terms and conditions and it is unreasonable to recall tenders or quotations.

B. The negotiation procedures shall be those accepted as standard negotiating procedures that employ fair and ethical practices.

- **Partnerships**

A. Depending on the individual circumstances, if BHI believes that it can obtain greater benefits by adopting a strategic procurement alliance for the purchase of goods and/or services rather than treating individual purchases in isolation then it may opt for partnership. The benefits include:

- reduced total inventory levels arising from closely matching production schedules with actual requirements;
- reduced administrative burden and overall costs due to streamlining the procurement process and taking advantage of economies of scale;
- improved service levels;
- better project estimates and improved ability to control final project costs;
- improved ability to meet project schedules;
- reduced expediting and inspection costs;
- innovation is encouraged; and
- adoption of agreed terms and conditions and specifications reduces time required in engineering and purchasing.

B. Where it is demonstrated that BHI will realize these benefits, a partnership agreement will be submitted for approval. As part of the process, in order to ensure open competition, BHI may entertain expressions of interest from the marketplace. The ability to add and delete products or services to the agreement will be a requirement of the agreement.

- **Cooperative Purchasing**

BHI encourages cooperative purchasing with other utilities or public agencies whenever the best interests of the BHI will be served.

- **Purchasing Methods**

The following table identifies the applicable purchasing method by dollar value. These documents, if applicable, must accompany the PRF.

Table 2 – Matrix for Purchasing Methods

Method	# of quotes	Limit
Informal quote by Requesting Department	1	Up to $1,000
Informal quote by Requesting Department	2	$1,000-$9,999
Formal quote by Purchase Department	3	$10,000 - $49,999
RFT/RFP/RFI	N/A	>=$50,000
Others*	N/A	No Limit

*Others include and are limited to purchases made through direct sourcing, negotiations, partnerships or cooperative purchasing.

- **Selection Criteria**

A. The selection criteria for goods shall be based on the following where relevant:

- Specifications or requirements
- Quality
- Service
- Delivery
- Place
- Life cycle costs
- Price

B. The selection criteria for services shall be based on the following where relevant:

- the ability, capacity and skill of the vendor to perform the contract in a safe manner;
- whether the vendor can perform the service promptly within the time specified without delay or interference;
- the character, integrity, reputation, judgment, experience and efficiency of the vendor and the proposed staff for this service;
- the quality of performance provided on previous contracts or services; and
- all costs to BHI that would result from selecting the vendor.

6. Purchase Orders

The purchasing department will issue a Purchase Order ("PO") to the supplier upon receipt of an approved PRF. The Purchasing Manager must initial all POs prior to issuance and the VP Regulatory Compliance must initial all POs greater than $5,000 prior to issuance.

7. Emergency Purchasing

A. Notwithstanding the provisions of this policy, goods and services required to address an emergency, as defined herein, shall be acquired by the most open market procedure. Selection shall be based on the quality, specifications and timeliness of service and where possible at the lowest cost.

B. The following shall apply in the case of an emergency situation which requires the immediate procurement of goods and/or services to prevent serious financial consequences to BHI, to restore a customer's supply, to ensure the health and safety of employees or customers, or to respond to any environmental emergency:

- During normal business hours, the Purchasing Manager shall procure any required goods and/or services by the quotation/negotiation method.

- Outside normal business hours, or in the absence of the Purchasing Manager, VP/Director may purchase directly any required goods or services. Where such purchase occurs, the Purchasing Manager shall be notified immediately upon starting normal business hours.

8. Extensions

Where it is to BHI's advantage, purchasing arrangements may be extended for successive periods, as defined in the original arrangement.

9. Purchase Orders not required

A purchase order is not normally required for the following list of items.

Item	Responsible Department
Payroll & HR employee benefits related items	HR
Legal Costs	All
Insurance premiums	Accounting
Bank, interest and financing Charges	Accounting
Property & Corporate Taxes	Accounting
Professional & Consulting Fees specified in RFP/Contract	All
Conferences and Trainings	All
Subscriptions, publications & corporate memberships	All
IESO, Hydro One, OEB, Embedded Generators (FIT, microFIT, HCI, RESOP) Charges	Accounting
Conservation and Demand Management and Affordability Fund Trust programs	Regulatory
Payments to Region (Water/Waste Water Billing)	Accounting
Payments to Retailers	Billing
Petty Cash Expenses	Accounting
Debenture/Loan	Accounting
Damage Claims	All

The above list is not exhaustive. The Purchasing Manager and the VP Regulatory Compliance and Asset Management shall have the authority to consider which items require or do not require a PO.

10. Invoice Processing

All invoices will be processed for payment by the Accounting Department.

- All invoices for goods based on a PO, will be processed based on a single signature provided a signed packing slip by the Store Keeper is available. If a signed packing slip is unavailable, two signatures are required to process the invoice.

- The following approval matrix applies to all other invoices for goods and services. Two signatures must be obtained for invoices without a PO.

Table 4 – Approval Limits for Invoices

Approver	PO exists (one signature required)	No PO or No Packing Slip (two signatures required)
Supervisor	up to $9,999	
Manager	$10,000 – $49,999	Up to $4,999
Director	$50,000 - $99,999	$5,000 - $24,999
Vice President	$100,000 - $249,999	$25,000 - $99,999
CFO	$250,000 - $499,999	$100,000 -$249,999
President and CEO	>=$500,000	>=$250,000

- The following approval matrix applies to specific invoices for goods & services irrespective of threshold as identified in the table.

Table 5 – Specific Approvals that do not Require a PO

Expense Item	Approvers
Power Bills	any two of the following: VPs, CFO, CEO
CRA remittances including HST	
Region of Halton water payments	

11. Conflict of Interest

All BHI employees are subject to its Code of Conduct & Conflict of Interest policy and shall disclose all conflicts as required by the policy and shall take adequate steps to address any actual or perceived conflict of interest.

No employee or Board member shall knowingly act in such a way as to provide any Supplier with an unfair advantage or disadvantage in any Purchasing opportunity.

Any employee who becomes aware of any actual or perceived conflict of interest in relation to any solicitation or purchase shall immediately refer the matter to the VP Regulatory Compliance and Asset Management and take steps under BHI's Code of Conduct & Conflict of Interest policy.

12. Insurance

The Purchasing Manager shall ensure the following insurance requirements are in place prior to awarding POs and contracts.

- **Contractor's Insurance**

Upon award of the PO/contract, the Contractor, at its own expense, shall take out and maintain during the life of this contract, the following policies of insurance:

A. General Liability Insurance

Commercial General Liability insurance ensuring against damage or injury to persons or property with limits of not less than Five Million Dollars ($5,000,000.00) per occurrence.

B. Professional Liability Insurance

For POs/contracts for consulting or professional services, Professional Liability Insurance (Errors & Omissions) with an inclusive limit of not less than Five Million Dollars ($5,000,000) per occurrence.

C. Automobile Insurance

Owned and unowned automobile insurance with an inclusive limit of not less than Two Million Dollars ($2,000,000) per occurrence.

- **Insurance Policy Requirements**

The insurance policies shall:

- Name BHI as an additional insured;
- Be non-contributing and apply only as primary and not be excess to any other insurance or self-insurance available to a Party;
- Contain a cross liability and separation of insured clause;
- Be written with an insurer licensed to do business in the Province of Ontario;
- Require 30 days' notice to BHI in the event the that such policies are to be cancelled, not renewed or materially altered such that they no longer comply with the requirements of this section; and
- Contain a waiver of the rights of subrogation against BHI and those for whom BHI is, at law, responsible.

- **No Limitation of Liability**

The Contractor shall agree that the insurance requirements do not in any way limit the Contractor's liability pursuant to any of the indemnity provisions in the contract.

- **Certificate of Insurance**

  The Contractor shall provide BHI with a certificate evidencing the required insurance coverages upon execution of the contract.

The Contractor shall also maintain adequate insurance of its own interest during the term of the contract or any extensions or renewals thereof.

The Purchasing Manager may consult with the Health and Safety Director for appropriate insurance clauses for an agreement.

The Purchasing Manager shall have the authority to consider a variation in insurance requirements as required with the approval of the CFO.

13. Liability and Indemnification

The Purchasing Manager shall include the following insurance clauses in contracts.

A. The Contractor will indemnify and save harmless BHI, its officers, directors and employees, (collectively "Indemnified Parties") from and against any and all claims, demands, losses, costs, damages, interest, actions or lawsuits or other proceedings by whomsoever made, that may be advanced against the Indemnified Parties or any of them, arising directly or indirectly from this Agreement, save and except any such claim, demands, losses, costs, damages, interest, actions or lawsuits or other proceedings by whomsoever made, arising from the negligence or willful misconduct of the Indemnified Parties, or any of them, in connection with the performance of the contract.

B. The Contractor shall agree that in no event shall BHI be liable for any indirect, special, incidental, consequential, punitive or exemplary damages, including without limitation, loss of revenue or loss of profits, regardless of the form of action, whether in contract or in tort including negligence, even if the BHI has been advised of the possibility of such damages.

The Purchasing Manager shall have the authority to consider a variation in the liability and indemnification clauses as required with the approval of the CFO.

14. Health and Safety

Occupational Health and Safety

A. Prior to commencement of work, Contractors will be required to supply proof of all applicable insurance, Workplace Safety and Insurance Board, liability, equipment and other documentation as identified. Contractors will also be responsible for ensuring due diligence documentation is completed, maintained, updated, and supplied though the pre-qualification procedure or completed and submitted through electronic means as prescribed. Failure to submit, maintain or update documentation can lead to contract discipline up to and including contract termination. If the Contractor is exempt, satisfactory evidence of such exemption.

B. Contractors are expected to follow all Occupational Health and Safety Regulations, industry specific rules, industry specific regulations including standards as may be prescribed based on the scope of the work.

C. Contractors are expected to follow all Environmental safety regulations, standards and specific rules based on the scope of the expected work and as may be prescribed based on the scope of the work.

D. Contractors are expected to complete, maintain, update and provide additional documentation such as proof of worker and supervisor competency, equipment/tools/machinery testing, company policy, CVOR (Commercial Vehicle Operation Registration), and other requirements that may be identified within the scope of their work.

E. Contractors are required to report to the BHI contract supervisor or the BHI contract administrator any incidents, workplace injuries, critical injuries, fatalities, spills, or incidents of violence or harassment that has the potential to be or meets the requirements of a critical incident. The BHI contract supervisor or the BHI contract administrator shall investigate to determine course of action.

F. Failure to meet BHI's Environmental Health and Safety requirements can lead to contract discipline up to and include contract termination.

Contractors are considered an extension of BHI and as such are expected to uphold its core values including, but not limited to, ensuring environmental health and safety.

15. Disposals

A. The Purchasing Manager in co-operation with the VP Regulatory Compliance and Asset Management shall have the authority to sell, exchange or otherwise dispose of all goods declared as surplus to the needs of BHI. A request to dispose of an item can be made by a Manager with Director approval.

   Where it is in the best interest of BHI, items or groups of items may:
   - Be offered to other public agencies;
   - Be sold by external advertisement, formal request, auction or public sale;

B. In the event that all efforts to dispose of goods by sale are unsuccessful, these items may be offered for refuse or donated to a charity.

C. The Purchasing Manager may sell or trade obsolete or surplus goods to the original supplier or others in that line of business where it is determined that a higher net return will be obtained than by following the procedures set out above.

D. Where it is deemed appropriate by the Purchasing Manager, a reserve price may be established.

The Purchasing Manager shall provide timely notification to the Accounting Department of any disposal except for Transformers and Meters in order that the item be removed from BHI's accounting system.

Disposal of Meters and Transformers will be communicated by the Metering Services Department and the Stations Maintenance Department respectively to Accounting Department.

16. Review of Policy

This Policy is the responsibility of the Purchasing Department and shall be reviewed and amended as required at a minimum every five years. An interim review is to be completed in the event of major changes or organizational restructuring in consultation with relevant stakeholders.

Scott Davidson Purchasing Manager	October 5, 2020 Date
Sally Blackwell VP Regulatory Compliance and Asset Management	October 5 /2020 Date

Appendix A – Approval Limits

Purchase Requisitions

Approver	Approval Limits Capital/Operating	
	Budgeted	Unbudgeted
Supervisor	up to $9,999	
Manager	$10,000 – $49,999	Up to $4,999
Director	$50,000 - $99,999	$5,000 - $24,999
Vice President	$100,000 - $249,999	$25,000 - $99,999
CFO	$250,000 - $499,999	$100,000 -$249,999
President and CEO	>=$500,000	>=$250,000
VP Regulatory Compliance and Asset Management		All Capital
VP, Requesting Department		All Operating

Purchasing Methods

Method	# of quotes	Limit
Informal quote by Requesting Department	1	$1,000-$4,999
Informal quote by Requesting Department	2	$5,000-$9,999
Formal quote by Purchase Department	3	$10,000 - $49,999
RFT/RFP/RFI	N/A	>=$50,000
Others*	N/A	No Limit

*Others include and <u>are limited to</u> purchases made through direct sourcing, negotiations, partnerships or cooperative purchasing.

Invoices

Approver	PO exists (one signature required)	No PO or No Packing Slip (two signatures required)
Supervisor	up to $9,999	
Manager	$10,000 – $49,999	Up to $4,999
Director	$50,000 - $99,999	$5,000 - $24,999
Vice President	$100,000 - $249,999	$25,000 - $99,999
CFO	$250,000 - $499,999	$100,000 -$249,999
President and CEO	>=$500,000	>=$250,000

Appendix D – PILs Model

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Version **1.20**

Utility Name	Burlington Hydro Inc.
Assigned EB Number	EB-2020-0007
Name and Title	Sally Blackwell, VP Regulatory Compliance and Asset Management
Phone Number	905-336-4373
Email Address	sblackwell@burlingtonhydro.com
Date	October 31, 2020
Last COS Re-based Year	**2014**

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

Item	Working Paper Reference		
Adjustments required to arrive at taxable income	as below	**-3,346,740**	
Test Year - Payments in Lieu of Taxes (PILs)	T0	**336,024**	
Test Year - Grossed-up PILs	T0	**457,175**	
Effective Federal Tax Rate	T0	**15.0%**	
Effective Ontario Tax Rate	T0	**11.5%**	

Calculation of Adjustments required to arrive at Taxable Income			
Regulatory Income (before income taxes)	T1	5,063,498	
Taxable Income	T1	1,716,757	
Difference	calculated	-3,346,740	as above

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	N	LCF estimated in the bridge year are applied in the test year.
7	CCA is maximized even if there are tax loss carry-forwards	Y	
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	

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Income Tax/PILs Workform for 2021 Filers

			Test Year	Bridge Year	
Rate Base		S	**$ 148,576,805**	**$ 152,457,057**	

Return on Ratebase

			Test Year		
Deemed ShortTerm Debt %	4.00%	T	$ 5,943,072	*W = S * T*	
Deemed Long Term Debt %	56.00%	U	$ 83,203,011	*X = S * U*	
Deemed Equity %	40.00%	V	$ 59,430,722	*Y = S * V*	
Short Term Interest Rate	2.75%	Z	$ 163,434	*AC = W * Z*	
Long Term Interest	3.38%	AA	$ 2,813,519	*AD = X * AA*	
Return on Equity (Regulatory Income)	8.52%	AB	**$ 5,063,498**	*AE = Y * AB*	T1
Return on Rate Base			**$ 8,040,451**	*AF = AC + AD + AE*	

Questions that must be answered

	Historical Year	Bridge Year	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	Yes	Yes	Yes
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	Yes	Yes	Yes
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	Yes	Yes
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? *If Yes, please describe the tax treatment in the manager's summary.*	Yes	Yes	Yes
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No

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Income Tax/PILs Workform for 2021 Filers

Tax Rates
Federal & Provincial
As of MMM XX, 2019

	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020
Federal income tax						
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 & Ontario Small Business						
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

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

Ontario Energy Board

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.

					Wires Only	
Regulatory Taxable Income				H1	-$ 1,524,915	**A**
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%)	11.50%	**B**			
	Federal tax rate (Maximum 15%)	15.00%	**C**			
	Combined tax rate (Maximum 26.5%)				26.50%	**D = B+C**
Total Income Taxes					**-$ 404,102**	**E = A * D**
Investment Tax Credits					$ 7,821	**F**
Miscellaneous Tax Credits					-$ 135,865	**G**
Total Tax Credits					**-$ 128,044**	**H = F + G**
Corporate PILs/Income Tax Provision for Historical Year					**$ -**	**I = E - H**

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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)**	6,237,202		6,237,202
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	6,316,605		6,316,605
Amortization of intangible assets	106			0
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	82,540		82,540
Charitable donations and gifts from Schedule 2	112	25,100		25,100
Taxable capital gains from Schedule 6	113			0
Political contributions	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118	282,931		282,931
Capitalized interest	119			0
Non-deductible club dues and fees	120	1,700		1,700
Non-deductible meals and entertainment expense	121	18,136		18,136
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	4,659,718		4,659,718
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
Inducement under ITA 12(1)(x)	295	20,064		20,064
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))		6,214,032		6,214,032
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))		9,948,532		9,948,532
Prior Year Investment Tax Credits received				0
Movement in Sch 13s reversed as part of OCI		496,500		496,500
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**28,065,858**	**0**	**28,065,858**
Deductions:				
Gain on disposal of assets per financial statements	401			0

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Historical Year

Non-taxable dividends under section 83	402			0
Capital cost allowance from Schedule 8	403	10,259,615		10,259,615
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	222,744		222,744
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414	5,100,343		5,100,343
Contributions to deferred income plans	416	197,131		197,131
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			0
Non-taxable/deductible other comprehensive income items	395	364,934		364,934
	395			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received		6,214,032		6,214,032
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve		9,948,532		9,948,532
Principal portion of lease payments		197,224		197,224
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
Tax recovery incl. in net movements in reg. balance on P&L		1,336,746		1,336,746
Overhead capitalized for accounting		393,791		393,791
Amortization of deferred capital contributions		477,936		477,936
Net movement in regulatory balances		646,151		646,151
SR&ED cost capitalized for accounting		231,883		231,883
Reverse SR&ED credits booked in NI		97,754		97,754
Remove PPE item net movement in regulatory balances		139,159		139,159
Total Deductions		**35,827,975**	**0**	**35,827,975**
Net Income for Tax Purposes		**-1,524,915**	**0**	**-1,524,915**
Charitable donations from Schedule 2	311	0		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
TAXABLE INCOME		**-1,524,915**	**0**	**-1,524,915**

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Income Tax/PILs Workform for 2021 Filers

Schedule 4 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical			0	B4

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical	85,869	0	85,869	B4

Ontario Energy Board

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)	$ 53,569,263		$ 53,569,263
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	$ 1,957,188		$ 1,957,188
2	Distribution System (acq'd pre 1988)			$ -
3	Buildings (acq'd pre 1988)			$ -
6	Certain Buildings; Fences			$ -
8	General Office Equipment, Furniture, Fixtures	$ 1,836,113		$ 1,836,113
10	Motor Vehicles, Fleet	$ 771,674		$ 771,674
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)	$ 1,908,973		$ 1,908,973
14.1	Eligible Capital Property (acq'd post 2016)	$ 2,566,090		$ 2,566,090
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)	$ 85		$ 85
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			$ -
47	Distribution System (acq'd post Feb 22/05)	$ 48,887,801		$ 48,887,801
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	$ 93,423		$ 93,423
95	CWIP	$ -		$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
	SUB-TOTAL - UCC	111,590,610	0	111,590,610

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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	170,000		170,000
Accrued Employee Future Benefits:	4,489,718		4,489,718
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated 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	**4,659,718**	**0**	**4,659,718**

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

PILS Tax Provision - Bridge Year

						Reference	Wires Only	
Regulatory Taxable Income						B1	-$ 284,753	**A**
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate				
Ontario (Max 11.5%)	11.5%	11.5%	-$ 32,747	11.5%	**B**			
Federal (Max 15%)	15.0%	15.0%	-$ 42,713	15.0%	**C**			
Combined effective tax rate (Max 26.5%)							26.50%	**D = B + C**
Total Income Taxes							**$ -**	**E = A * D**
Investment Tax Credits							$ -	**F**
Miscellaneous Tax Credits							-$ 86,504	**G**
Total Tax Credits							**-$ 86,504**	**H = F + G**
Corporate PILs/Income Tax Provision for Bridge Year							**$ 86,504**	**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)**		3,724,513
Additions:			
Interest and penalties on taxes	103		0
Amortization of tangible assets	104		6,462,454
Amortization of intangible assets	106		0
Recapture of capital cost allowance from Schedule 8	107	B8	0
Income inclusion under subparagraph 13(38)(d)(iii)	108		0
Income or loss for tax purposes- joint ventures or partnerships	109		0
Loss in equity of subsidiaries and affiliates	110		0
Loss on disposal of assets	111		
Charitable donations and gifts from Schedule 2	112		34,603
Taxable capital gains	113		0
Political contributions	114		0
Deferred and prepaid expenses	116		0
Scientific research expenditures deducted on financial statements	118		291,161
Capitalized interest	119		0
Non-deductible club dues and fees	120		1,700
Non-deductible meals and entertainment expense	121		18,136
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	B13	0
Reserves from financial statements- balance at end of year	126	B13	4,765,000
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		
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			
Prior Year Credits (12(1)(x))			12,334
Additional accounting depreciation (ICM)			42,800
Total Additions			**11,628,188**
Deductions:			
Gain on disposal of assets per financial statements	401		0

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Dividends not taxable under section 83	402		0
Capital cost allowance from Schedule 8	403	B8	9,807,219
Terminal loss from Schedule 8	404	B8	0
Allowable business investment loss	406		0
Deferred and prepaid expenses	409		0
Scientific research expenses claimed in year	411		280,970
Tax reserves claimed in current year	413	B13	0
Reserves from financial statements - balance at beginning of year	414	B13	4,659,718
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		
Capital Lease Payments	395		113,638
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)			
Capitalized OH deducted for tax			517,572
SR&ED capitalized for accounting			258,337
Amortization of deferred capital contributions (**n/a**- included in accounting depreciation add back above)			
Total Deductions		calculated	**15,637,454**
Net Income for Tax Purposes		calculated	**-284,753**
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	**-284,753**

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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	284,753	
Other Adjustments			
Balance available for use post Bridge Year	calculated	284,753	T4

Net Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	85,869	
Amount to be used in Bridge Year		0	
Loss Carry Forward Generated in Bridge Year (if any)	B1	0	
Other Adjustments		0	
Balance available for use post Bridge Year	calculated	85,869	T4

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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	(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)		(18) UCC at the end of the bridge year (column 9 minus column 17)	Working Paper Reference
1	Buildings, Distribution System (acq'd post 1987)	H8	$ 53,569,263							$ 53,569,263	$ -	$ -	0.50	$ -	$ -	4%			$ 2,142,771		$ 51,426,492	T8
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	H8	$ 1,957,188	$ 317,745	$ 317,745				$ -	$ 2,274,933	$ -	$ 317,745	0.50	$ 158,873	$ -	6%			$ 146,028		$ 2,128,905	T8
2	Distribution System (acq'd pre 1988)	H8	$ -							$ -	$ -	$ -		$ -	$ -	6%			$ -		$ -	T8
3	Buildings (acq'd pre 1988)	H8	$ -							$ -	$ -	$ -		$ -	$ -	5%			$ -		$ -	T8
6	Certain Buildings; Fences	H8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	10%			$ -		$ -	T8
8	General Office Equipment, Furniture, Fixtures	H8	$ 1,836,113	$ 61,551	$ 61,551				$ -	$ 1,897,664	$ -	$ 61,551	0.50	$ 30,776	$ -	20%			$ 385,688		$ 1,511,976	T8
10	Motor Vehicles, Fleet	H8	$ 771,674	$ 360,837	$ 360,837				$ -	$ 1,132,511	$ -	$ 360,837	0.50	$ 180,419	$ -	30%			$ 393,879		$ 738,632	T8
10.1	Certain Automobiles	H8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	30%			$ -		$ -	T8
12	Computer Application Software (Non-Systems)	H8	$ -	$ 1,678,623	$ 1,678,623				$ -	$ 1,678,623	$ -	$ 1,678,623	0.00	$ -	$ -	100%			$ 1,678,623		$ -	T8
13_1	Lease # 1	H8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
13_2	Lease # 2	H8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
13_3	Lease # 3	H8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
13_4	Lease # 4	H8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
14	Limited Period Patents, Franchises, Concessions or Licences	H8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA					$ -	T8
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	H8	$ 1,908,973							$ 1,908,973	$ -	$ -		$ -	$ -	7%			$ 133,628		$ 1,775,345	T8
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	H8	$ 2,566,090							$ 2,566,090	$ -	$ -	0.50	$ -	$ -	5%			$ 128,305		$ 2,437,786	T8
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage	H8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	8%			$ -		$ -	T8
42	Fibre Optic Cable	H8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	12%			$ -		$ -	T8
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	$ -							$ -	$ -	$ -	2.33	$ -	$ -	30%			$ -		$ -	T8
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	$ -							$ -	$ -	$ -	1.00	$ -	$ -	50%			$ -		$ -	T8
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	H8	$ 85							$ 85	$ -	$ -		$ -	$ -	45%			$ 38		$ 47	T8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	30%			$ -		$ -	T8
47	Distribution System (acq'd post Feb 22/05)	H8	$ 48,887,801	$ 6,469,475	$ 6,469,475				$ -	$ 55,357,276	$ -	$ 6,469,475	0.50	$ 3,234,738	$ -	8%			$ 4,687,361		$ 50,669,915	T8
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	H8	$ 93,423	$ 72,140	$ 72,140				$ -	$ 165,563	$ -	$ 72,140	0.50	$ 36,070	$ -	55%			$ 110,898		$ 54,665	T8
95	CWIP	H8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	0%			$ -		$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
		H8	$ -							$ -	$ -	$ -		$ -	$ -						$ -	T8
	TOTALS		**$ 111,590,610**	**$ 8,960,371**	**$ 8,960,371**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 120,550,981**	**$ -**	**$ 8,960,371**		**$ 3,640,874**	**$ -**		**$ -**	**$ -**	**$ 9,807,219**	B1	**$ 110,743,762**	

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

						Bridge Year Adjustments					
Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
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**	**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	170,000		170,000		30,000		200,000	T13	30,000	
Accrued Employee Future Benefits:	H13	4,489,718		4,489,718		75,282		4,565,000	T13	75,282	
- 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		**4,659,718**	**0**	**4,659,718**	B1	**105,282**	**0**	**4,765,000**	B1	**105,282**	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

PILs Tax Provision - Test Year

Wires Only

Regulatory Taxable Income — T1 — $ 1,716,757 **A**

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	11.5%	$ 197,427	11.5%	**B**
Federal (Max 15%)	15.0%	15.0%	$ 257,514	15.0%	**C**

Combined effective tax rate (Max 26.5%)			26.50%	**D = B + C**
Total Income Taxes			**$ 454,941**	**E = A * D**
Investment Tax Credits			$ 52,337	**F**
Miscellaneous Tax Credits			$ 66,580	**G**
Total Tax Credits			**$ 118,917**	**H = F + G**
Corporate PILs/Income Tax Provision for Test Year			**$ 336,024**	**I = E - H** S. Summary
Corporate PILs/Income Tax Provision Gross Up [1]	73.50%	**J = 1-D**	**$ 121,151**	**K = I/J-I**
Income Tax (grossed-up)			**$ 457,175**	**L = K + I** S. Summary

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Taxable Income - Test Year

		Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	5,063,498

	T2 S1 line #		
Additions:			
Interest and penalties on taxes	103		0
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		6,840,979
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106		0
Recapture of capital cost allowance from Schedule 8	107	T8	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		98,000
Charitable donations	112		47,000
Taxable Capital Gains	113		0
Political Donations	114		0
Deferred and prepaid expenses	116		0
Scientific research expenditures deducted on financial statements	118		291,161
Capitalized interest	119		0
Non-deductible club dues and fees	120		1,700
Non-deductible meals and entertainment expense	121		18,136
Non-deductible automobile expenses	122		0
Non-deductible life insurance premiums	123		0
Non-deductible company pension plans	124		0
Tax reserves beginning of year	125	T13	0
Reserves from financial statements- balance at end of year	126	T13	4,835,000
Soft costs on construction and renovation of buildings	127		0
Book loss on joint ventures or partnerships	205		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		
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		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
	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			
Prior Year Credits (12(1)(x))			14,058
Additional accounting depreciation (ICM)			42,800
Total Additions			**12,188,834**
Deductions:			
Gain on disposal of assets per financial statements	401		0
Dividends not taxable under section 83	402		0

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Taxable Income - Test Year

		Working Paper Reference	Test Year Taxable Income
Capital cost allowance from Schedule 8	403	T8	9,242,233
Terminal loss from Schedule 8	404	T8	0
Allowable business investment loss	406		0
Deferred and prepaid expenses	409		0
Scientific research expenses claimed in year	411		280,970
Tax reserves end of year	413	T13	0
Reserves from financial statements - balance at beginning of year	414	T13	4,765,000
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		
Capital Lease Payments	395		73,855
Non-taxable imputed interest income on deferral and variance accounts	395		
	395		
Capitalized OH deducted for tax	395		583,427
SR&ED capitalized for accounting	395		258,337
Amortization of deferred capital contributions (**n/a** - included in accounting depreciation add back above)	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	**15,203,822**
NET INCOME FOR TAX PURPOSES		calculated	**2,048,510**
Charitable donations	311		47,000
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	T4	284,753
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	**1,716,757**

T0

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 4 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year Carried Forward	B4	284,753		284,753
Amount to be used in Test Year and Price Cap Years	T1	284,753		284,753
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	284,753		284,753
Loss Carry Forward Generated in Test Year (if any)	T1	0		0
Other Adjustments				0
Balance available for use in Future Years	calculated	0		0

Net Capital Loss Carry Forward Deduction		Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year Carried Forward	B4	85,869		85,869
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	T1	0		0
Loss Carry Forward Generated in Test Year (if any)				0
Other Adjustments				0
Balance available for use in Future Years		85,869		85,869

Ontario Energy Board

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	(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 %
1	Buildings, Distribution System (acq'd post 1987)	B8	$ 51,426,492							$ 51,426,492	$ -	$ -	0.50	$ -	$ -	4%
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	B8	$ 2,128,905	$ 495,000	$ 495,000				$ -	$ 2,623,905	$ -	$ 495,000	0.50	$ 247,500	$ -	6%
2	Distribution System (acq'd pre 1988)	B8	$ -							$ -	$ -	$ -		$ -	$ -	6%
3	Buildings (acq'd pre 1988)	B8	$ -							$ -	$ -	$ -		$ -	$ -	5%
6	Certain Buildings; Fences	B8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	10%
8	General Office Equipment, Furniture, Fixtures	B8	$ 1,511,976	$ 51,500	$ 51,500				$ -	$ 1,563,476	$ -	$ 51,500	0.50	$ 25,750	$ -	20%
10	Motor Vehicles, Fleet	B8	$ 738,632	$ 525,000	$ 525,000				$ -	$ 1,263,632	$ -	$ 525,000	0.50	$ 262,500	$ -	30%
10.1	Certain Automobiles	B8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	30%
12	Computer Application Software (Non-Systems)	B8	$ -	$ 595,500	$ 595,500				$ -	$ 595,500	$ -	$ 595,500	0.00	$ -	$ -	100%
13_1	Lease # 1	B8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA
13_2	Lease # 2	B8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA
13_3	Lease # 3	B8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA
13_4	Lease # 4	B8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA
14	Limited Period Patents, Franchises, Concessions or Licences	B8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	NA
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	B8	$ 1,775,345							$ 1,775,345	$ -	$ -		$ -	$ -	7%
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	B8	$ 2,437,786		0					$ 2,437,786	$ -	$ -	0.50	$ -	$ -	5%
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage	B8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	8%
42	Fibre Optic Cable	B8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	12%
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	$ -							$ -	$ -	$ -	2.33	$ -	$ -	30%
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	$ -							$ -	$ -	$ -	1.00	$ -	$ -	50%
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	B8	$ 47							$ 47	$ -	$ -		$ -	$ -	45%
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	30%
47	Distribution System (acq'd post Feb 22/05)	B8	$ 50,669,915	$ 10,588,420	$ 10,588,420				$ -	$ 61,258,335	$ -	$ 10,588,420	0.50	$ 5,294,210	$ -	8%
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	B8	$ 54,665	$ 50,000	$ 50,000				$ -	$ 104,665	$ -	$ 50,000	0.50	$ 25,000	$ -	55%
95	CWIP	B8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	0%
		B8	$ -							$ -	$ -	$ -		$ -	$ -	
		B8	$ -							$ -	$ -	$ -		$ -	$ -	
		B8	$ -							$ -	$ -	$ -		$ -	$ -	
		B8	$ -							$ -	$ -	$ -		$ -	$ -	
		B8	$ -							$ -	$ -	$ -		$ -	$ -	
		B8	$ -							$ -	$ -	$ -		$ -	$ -	
		B8	$ -							$ -	$ -	$ -		$ -	$ -	
		B8	$ -							$ -	$ -	$ -		$ -	$ -	
	TOTALS		**$ 110,743,762**	**$ 12,305,420**	**$ 12,305,420**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 123,049,182**	**$ -**	**$ 12,305,420**		**$ 5,854,960**	**$ -**	

Ontario Energy Board

Income Tax/PILs Workfo

Schedule 8 CCA - Test Year

(1) Class	Class Description	(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)		(18) UCC at the end of the test year (column 9 minus column 17)
1	Buildings, Distribution System (acq'd post 1987)			$ 2,057,060		$ 49,369,433
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]			$ 172,284		$ 2,451,620
2	Distribution System (acq'd pre 1988)			$ -		$ -
3	Buildings (acq'd pre 1988)			$ -		$ -
6	Certain Buildings; Fences			$ -		$ -
8	General Office Equipment, Furniture, Fixtures			$ 317,845		$ 1,245,631
10	Motor Vehicles, Fleet			$ 457,840		$ 805,793
10.1	Certain Automobiles			$ -		$ -
12	Computer Application Software (Non-Systems)			$ 595,500		$ -
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 Jan 1, 2017)			$ 124,274		$ 1,651,070
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)			$ 121,889		$ 2,315,896
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)			$ 21		$ 26
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			$ -		$ -
47	Distribution System (acq'd post Feb 22/05)			$ 5,324,204		$ 55,934,131
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)			$ 71,316		$ 33,349
95	CWIP			$ -		$ -
						$ -
						$ -
						$ -
						$ -
						$ -
						$ -
						$ -
						$ -
	TOTALS	$ -	$ -	$ 9,242,233	T1	$ 113,806,950

Ontario Energy Board

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: Additions	Test Year Adjustments: Disposals	Balance for Test Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0		0				0		0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(l)	B13	0		0				0		0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0				0		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	T1	**0**	**0**	**0**	T1	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0				0		0	
General reserve for bad debts	B13	200,000		200,000				200,000		0	
Accrued Employee Future Benefits:	B13	4,565,000		4,565,000		70,000		4,635,000		70,000	
- Medical and Life Insurance	B13	0		0				0		0	
-Short & Long-term Disability	B13	0		0				0		0	
-Accmulated Sick Leave	B13	0		0				0		0	
- Termination Cost	B13	0		0				0		0	
- Other Post-Employment Benefits	B13	0		0				0		0	
Provision for Environmental Costs	B13	0		0				0		0	
Restructuring Costs	B13	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0		0	
Accrued Self-Insurance Costs	B13	0		0				0		0	
Other Contingent Liabilities	B13	0		0				0		0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0				0		0	
Other	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**4,765,000**	**0**	**4,765,000**	T1	**70,000**	**0**	**4,835,000**	T1	**70,000**	**0**

Appendix E – Federal and Provincial Tax Returns

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

055 **Do not use this area**

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.

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.

Identification

Business number (BN) 001 86829 1980 RC0001

Corporation's name
002 BURLINGTON HYDRO INC.

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 1340 BRANT STREET
012
City: 015 BURLINGTON
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal or ZIP code: 018 L7R 3Z7

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
023
City: 025
Province, territory, or state: 026
Country (other than Canada): 027
Postal or ZIP code: 028

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
032
City: 035
Province, territory, or state: 036
Country (other than Canada): 037
Postal or ZIP code: 038

040 **Type of corporation at the end of the tax year** (tick one)
- [X] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [ ] 4 Corporation controlled by a public corporation
- [ ] 5 Other corporation (specify)

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 (Year Month Day): 060 2019-01-01
Tax year-end (Year Month Day): 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 [X] 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

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?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		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	162		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?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	X	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	X	15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		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)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		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?	170		29
Did the corporation have a total amount over CAN$1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
Does the corporation earn income from one or more Internet web pages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
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)?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		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?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	249		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?	250		39
Is the corporation claiming a Canadian film or video production tax credit?	253		T1131
Is the corporation claiming a film or video production services tax credit?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments (continued)

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		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		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		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	X	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		54

Additional information

		Yes		No	
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	Yes	X	No	
Is the corporation inactive?	280	Yes		No	X

What is the corporation's main revenue-generating business activity? 221122 Electric Power Distribution

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	ELECTRICITY DISTRIBUTION	285	100.000 %
286		287	%
288		289	%

		Yes		No	
Did the corporation immigrate to Canada during the tax year?	291	Yes		No	X
Did the corporation emigrate from Canada during the tax year?	292	Yes		No	X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	Yes		No	

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 Year Month Day

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? 295 Yes ☐ No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI	300		-1,524,915	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			
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			
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			
Employer deduction for non-qualified securities under an employee stock options agreement		a		
Subtotal		▶		B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360			
Income exempt under paragraph 149(1)(t) (for tax years starting before 2019)	370			
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)				Z
Taxable income for the year from a personal services business				Z.1

* 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** ______ A

Taxable income from line 360 on page 3, **minus** 100/28 (3.57143) 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** ______ B

Business limit (see notes 1 and 2 below) . . . . . **410** ______ C

Notes:

1. 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.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction

Taxable capital business limit reduction

Amount C ______ x **415** *** 361,408 D / 11,250 = ... ______ E

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** . **417** ______ – 50,000 = . . ______ F

Amount C ______ x Amount F ______ / 100,000 = ... ______ G

Subtotal (the greater of amount E and amount G) **422** ______ H

Reduced business limit for tax years starting before 2019 (amount C **minus** amount E) (if negative, enter "0") . . . . . **425** ______ I

Reduced business limit for tax years starting after 2018 (amount C **minus** amount H) (if negative, enter "0") . . . . . **426** ______ J

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 on page 5) . . . . . ______ K

Reduced business limit after assignment for tax years starting before 2019 (amount I **minus** amount K) . . . . . **427** ______ L

Reduced business limit after assignment for tax years starting after 2018 (amount J **minus** amount K) . . . . . **428** ______ M

Small business deduction

Tax years starting before 2019

Amount A, B, C, or L, whichever is the least ______ x Number of days in the tax year before January 1, 2018 ______ / Number of days in the tax year 365 x 17.5 % = ______ 1

Amount A, B, C, or L, whichever is the least ______ x Number of days in the tax year after December 31, 2017, and before January 1, 2019 ______ / Number of days in the tax year 365 x 18 % = ______ 2

Amount A, B, C, or L, whichever is the least ______ x Number of days in the tax year after December 31, 2018 365 / Number of days in the tax year 365 x 19 % = ______ 3

Tax years starting after 2018

Amount A, B, C, or M, whichever is the least . . . . ______ . . . . . x 19 % = ______ 4

Small business deduction (total of amounts 1 to 4) . . . . . **430** ______ 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. For the first tax year starting after 2018, use the total of lines 744 of Schedule 7. 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)

	O1 Name of corporation receiving the income and assigned amount	O Business number of the corporation receiving the assigned amount 490	P Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column O [3] 500	Q Business limit assigned to corporation identified in column O [4] 505
1.				

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.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440**		x 30 2/3 % =			A
Foreign non-business income tax credit from line 632 on page 8				B	
Foreign investment income from Schedule 7 . . . . **445**		x 8 % =		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				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			G		
Foreign non-business income tax credit from line 632 on page 8		x 75 / 29 =	H		
Foreign business income tax credit from line 636 on page 8 . .		x 4 =	I		
Subtotal (**add** amounts G to I)			▶	J	
Subtotal (amount F **minus** amount J) (if negative, enter "0")				K x 30 2/3 % =	L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9)					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)		▶	O
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		x 38 1/3 % =	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.

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			
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)				A
General rate income pool (GRIP) at the end of the previous tax year (from line 100 of schedule 53)			37,071,292	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")		37,071,292 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)		37,071,292 ▶	37,071,292	H
Amount H **multiplied** by 38 1 / 3 %			14,210,662	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			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)		M		
Subtotal (amount L **plus** amount M)		▶		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)		R		
Part IV tax allocated to ERDTOH (amount N)		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")				Z
ERDTOH at the end of the tax year* (total of amounts J, O, and Z **minus** amount P) (if negative, enter "0")	530			

* For more information, consult the Help (F1).

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)		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)	766,667	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")	766,667	GG
Amount BB **minus** amount CC (if negative, enter "0")		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.

* For more information, consult the Help (F1).

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 % . . . . **550** ________ A

Additional tax on personal services business income (section 123.5)

Taxable income from a personal services business . . . . **555** ________ x 5 % = **560** ________ B

Recapture 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 . . . . ________ 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 . . . . ________ F

Net amount (amount E **minus** amount F) ________ ► ________ G

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount D or amount G . . . . **604** ________ H

Subtotal (**add** amounts A, B, C, and H) ________ I

Deduct:

Small business deduction from line 430 on page 4 . . . . ________ J

Federal tax abatement . . . . **608** ________

Manufacturing 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** ________

Federal 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** ________

Subtotal ________ ► ________ K

Part I tax payable – Amount I **minus** amount K . . . . ________ 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

Federal tax

Part I tax payable from amount L on page 8	700	
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	
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		

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	128,044
Total tax payable	770	128,044 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	
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	157,277
Labour tax credit for qualifying journalism organizations		
Total credits	890	157,277 ► 157,277 B

Balance (amount A **minus** amount B) -29,233

Refund code 894 1 Refund 29,233

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

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

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:

☐ Start ☐ Change information

910 Branch number

914 Institution number 918 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 EFILE number 920 A6698

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Certification

I, 950 KYSLEY (Last name) 951 MICHAEL (First name) 954 VICE PRESIDENT, FINANCE (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 2020-06-22 Date (yyyy/mm/dd) — Signature of the authorized signing officer of the corporation — 956 (905) 332-1851 Telephone number

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

958 SALMAN MOIN (Name of other authorized person) 959 (905) 332-1851 (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

BURLINGTON HYDRO INC.
Period ended December 31, 2019
BN: 86829 1980 RC0001
Regulation 1101(5b.1) Election

The taxpayer hereby elects pursuant to subsection 1101(5b.1) of the Income Tax Regulations of Canada, to include each eligible non-residential building acquired during the year in a separate prescribed class.

Financial Statements of

BURLINGTON HYDRO INC.

And Independent Auditors' Report thereon

Year ended December 31, 2019

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton Ontario L8P 4W7
Canada
Telephone (905) 523-8200
Fax (905) 523-2222

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Burlington Hydro Inc.

Opinion

We have audited the financial statements of Burlington Hydro Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
March 23, 2020

BURLINGTON HYDRO INC.

Statement of Financial Position

Year ended December 31, 2019, with comparative information for 2018

	Note	2019	2018
Assets			
Current assets			
Cash		$ 4,945,443	$ 13,967,146
Securities held as customer deposits	5	3,898,230	3,835,064
Accounts receivable	6	16,546,122	18,069,407
Work in progress		704,966	625,027
Unbilled revenue		23,544,011	19,941,776
Income taxes receivable		165,206	265,320
Material and supplies	7	5,316,430	4,566,351
Prepaid expenses		525,356	511,754
Total current assets		55,645,764	61,781,845
Non-current assets			
Right-of-use assets	10	417,076	437,557
Property, plant and equipment	8	140,509,543	129,274,931
Intangible assets	9	9,826,964	6,967,387
Deferred tax assets	11	7,737,219	6,078,843
		158,490,800	142,758,718
Total assets		214,136,564	204,540,563
Regulatory balances	12	24,651,404	21,503,996
Total assets and regulatory balances		$ 238,787,968	$ 226,044,559

BURLINGTON HYDRO INC.

Statement of Financial Position

Year ended December 31, 2019, with comparative information for 2018

	Note	2019	2018
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 18,259,073	$ 14,621,422
Current portion of lease liabilities	10	113,638	253,459
Current portion of long-term debt	14	1,327,400	1,273,824
Customer deposits	5	3,898,230	3,835,064
Work order deposits		4,536,058	4,985,112
Deferred revenue		1,514,244	1,714,235
Other liabilities		2,363,046	3,755,831
Total current liabilities		32,011,689	30,438,947
Non-current liabilities			
Deferred revenue	15	23,304,474	17,568,377
Deferred tax liabilities	11	10,785,217	8,010,729
Long-term lease liabilities	10	101,572	16,897
Long-term debt	14	64,747,451	66,074,286
Liability for future benefits	16	4,489,718	4,870,343
Total non-current liabilities		103,428,432	96,540,632
Total liabilities		135,440,121	126,979,579
Equity			
Share capital	17	45,139,138	45,139,138
Paid-up capital		876,228	876,228
Retained earnings		40,599,391	37,845,969
Accumulated other comprehensive loss		(181,690)	(546,624)
Total equity		86,433,067	83,314,711
Total liabilities and equity		221,873,188	210,294,290
Regulatory balances	12	16,914,780	15,750,269
Total liabilities, equity and regulatory balances		$238,787,968	$ 226,044,559

See accompanying notes to the financial statements.

On behalf of the Board:

______________________________ Director ______________________________ Director

BURLINGTON HYDRO INC.

Statement of Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

	Note	2019	2018
Revenue			
Distribution revenue		$ 31,140,120	$ 30,706,157
Other operating revenue		2,817,558	3,093,155
		33,957,678	33,799,312
Sale of electricity		193,222,328	187,840,861
Total revenue	18	227,180,006	221,640,173
Operating expenses			
Operations and maintenance		9,633,584	9,772,267
Billing and customer service		2,718,123	3,108,174
General administration		8,276,897	7,395,573
Depreciation and amortization		6,316,605	5,927,266
	19	26,945,209	26,203,280
Cost of power purchased		193,448,741	189,166,371
Total expenses		220,393,950	215,369,651
Income from operating activities		6,786,056	6,270,522
Net finance costs	20	(2,896,685)	(2,757,307)
Income before income taxes		3,889,371	3,513,215
Income taxes			
Current	11	137,843	310,758
Future	11	984,548	1,413,041
		1,122,391	1,723,799
Net income after income taxes		2,766,980	1,789,416
Net movement in regulatory balances, net of tax			
Net movement in regulatory balances		646,151	2,345,628
Income tax on net movement in regulatory balances		1,336,746	779,583
		1,982,897	3,125,211
Net income and net movement in regulatory balances		4,749,877	4,914,627
Other comprehensive income			
Remeasurements of liability for future benefits, net of tax		364,934	249,569
Total comprehensive income		$ 5,114,811	$ 5,164,196

See accompanying notes to the financial statements.

BURLINGTON HYDRO INC.

Statement of Changes in Equity

Year ended December 31, 2019, with comparative information for 2018

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2018	$ 45,139,138	$ 876,228	$ 35,681,342	$ (796,193)	$ 80,900,515
Net income and net movement in regulatory balances	-	-	4,914,627	-	4,914,627
Other comprehensive income	-	-	-	249,569	249,569
Dividends	-	-	(2,750,000)	-	(2,750,000)
Balance at December 31, 2018	$ 45,139,138	$ 876,228	$ 37,845,969	$ (546,624)	$ 83,314,711
Balance at January 1, 2019	$ 45,139,138	$ 876,228	$ 37,845,969	$ (546,624)	$ 83,314,711
Transitional adjustment (note 4)	-	-	3,545	-	3,545
Adjusted balance at January 1, 2019	45,139,138	876,228	37,849,514	(546,624)	83,318,256
Net income and net movement in regulatory balances	-	-	4,749,877	-	4,749,877
Other comprehensive income	-	-	-	364,934	364,934
Dividends	-	-	(2,000,000)	-	(2,000,000)
Balance at December 31, 2019	$ 45,139,138	$ 876,228	$ 40,599,391	$ (181,690)	$ 86,433,067

See accompanying notes to the financial statements.

BURLINGTON HYDRO INC.

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Operating activities		
Net income and net movement in regulatory balances	$ 4,749,877	$ 4,914,627
Adjustments for:		
Depreciation and amortization	6,316,605	5,927,266
Amortization of deferred revenue	(477,936)	(375,497)
Post-employment benefits	115,875	53,101
Losses on disposal of property, plant and equipment	82,540	296,159
Net finance costs	2,896,685	2,757,307
Income tax expense	1,122,391	1,723,799
Contributions received from customers	6,214,033	3,151,664
Change in non-cash operating working capital:		
Accounts receivable	1,523,285	1,677,071
Work in progress	(79,939)	(367,475)
Unbilled revenue	(3,602,235)	(1,138,079)
Materials and supplies	(750,079)	(1,116,227)
Prepaid expenses	(13,602)	(64,878)
Accounts payable and accrued liabilities	3,637,651	(3,207,450)
Work order deposits	(449,054)	1,430,697
Deferred revenue	(199,991)	849,017
Other liabilities	(1,392,785)	(379,859)
	19,693,321	16,131,243
Regulatory balances	(1,982,897)	(3,125,211)
Income tax paid	(245,081)	(479,710)
Income tax received	207,352	1,300,129
Interest paid	(3,315,765)	(3,084,667)
Interest received	419,081	327,359
Net cash from operating activities	14,776,011	11,069,143
Investing activities		
Purchase of property, plant and equipment	(16,861,372)	(12,224,179)
Proceeds on disposal of property, plant and equipment	34,468	46,258
Purchase of intangible assets	(3,500,329)	(1,259,014)
Net cash used by investing activities	(20,327,233)	(13,436,935)
Financing activities		
Dividends paid	(2,000,000)	(2,750,000)
Proceeds from long-term debt	-	7,000,000
Repayment of long-term debt	(1,273,257)	(858,480)
Repayment of lease liabilities	(197,224)	(156,757)
Net cash used in financing activities	(3,470,481)	3,234,763
Change in cash	(9,021,703)	866,971
Cash, beginning of year	13,967,146	13,100,175
Cash, end of year	$ 4,945,443	$ 13,967,146

See accompanying notes to the financial statements.

1. Reporting entity

Burlington Hydro Inc. is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the City of Burlington (“City”). The address of the Corporation’s registered office is 1340 Brant Street, Burlington, Ontario, L7R 3Z7.

The Corporation delivers electricity and related energy services to residential and commercial customers in the City of Burlington. The Corporation is wholly owned by Burlington Enterprises Corporation (“BEC”) formerly Burlington Hydro Electric Inc. and the ultimate parent company is the City.

The financial statements are for the Corporation as at and for the year ended December 31, 2019.

2. Basis of presentation

(a) Statement of compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on March 23, 2020.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

(d) Rate regulation

The Corporation is regulated by the Ontario Energy Board (“OEB”), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

2. Basis of presentation (continued)

(d) Rate regulation (continued)

Rate setting

Distribution revenue

For distribution revenue, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder’s equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners, and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (“IRM”) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand (“OEB Inflation”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a COS application on October 2, 2013 for rates effective May 1, 2014 to April 30, 2015. In 2019, the Corporation’s cohort ranking with the OEB remained in Group 2 which provides a stretch factor of 0.15%. This resulted in a net adjustment to rates on May 1, 2019 of 1.35% (2018 - 1.05%) comprised of the OEB Inflation for 2019 of 1.50% (2018 - 1.20%), the Corporation's productivity factor of 0.0% (2018 - 0.0%), and the stretch factor of 0.15% (2018 - 0.15%). The Corporation is preparing to file its COS application in August 2020 for rates effective May 1, 2021.

The OEB issued a new distribution rate design for residential electricity customers which was being phased in over a four year period commencing January 2016 with the final phase in 2019. Under this new policy, electricity distributors were to structure residential rates so that all distribution charges are collected through a full fixed monthly charge instead of the fixed and variable rate charges. Burlington Hydro incorporated this final year transition adjustment in its May 1, 2019 OEB approved rates and now has a fully fixed distribution charge for its residential customer.

2. Basis of presentation (continued)

(d) Rate regulation (continued)

Electricity rates - Commodity

The OEB sets electricity prices for certain low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity or pursuant to their contract with a retailer. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

The OEB issued an Accounting Guidance on February 21, 2019 to standardize the accounting processes used by electricity distributors to improve the accuracy of settlements with the IESO for low-volume consumers. The standardization seeks to facilitate the accurate disposition of commodity pass-through variance account balances. The Corporation implemented these procedures by the due date of August 31, 2019 retroactive to January 1, 2019 as required by the OEB.

(e) Use of estimates and judgments

(i) Assumptions and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

(i) Notes 3(d) and (e) – estimation of useful lives of its property, plant and equipment and intangible assets
(ii) Note 3(i) – recognition and measurement of regulatory balances
(iii) Note 3(k), 10 – measurement of leases: discount rate
(iv) Note 11 – classification of taxes between current and deferred
(v) Note 16 – measurement of defined benefit obligations: key actuarial assumptions
(vi) Note 3(h), 21 – recognition and measurement of provisions and contingencies

2. Basis of presentation (continued)

(e) Use of estimates and judgments (continued)

(ii) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following note:

(i) Note 3(k) – leases: whether an arrangement contains a lease
(ii) Note 3(k) – leases: lease term, underlying leased asset value
(iii) Note 3(b) – determination of the performance obligation for contributions from customers and the related amortization period

3. Significant accounting policies

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Financial instruments

All financial assets and all financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment of the financial assets as described in note 3(f). The Corporation does not enter into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

Cash consists of balances held with financial institutions.

(b) Revenue recognition

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 *Revenue from Contracts with Customers*. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 *Revenue from Contracts with Customers*. The contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Other operating revenue

Revenue earned from the provision of services is recognized as the service is rendered. Amounts received in advance are presented as deferred revenue.

Government grants and the related performance incentive payments under CDM (“Conservation and Demand Management”) programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(c) Materials and supplies

Materials and supplies, the majority of which are consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on a weighted average basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

3. Significant accounting policies (continued)

(d) Property, plant and equipment

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

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

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

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

Asset	Years
Buildings	10 - 50
Sub-station buildings	50
Sub-station equipment	20 - 40
Distribution lines – overhead	20 - 60
Distribution lines – underground	30 - 60
Distribution – transformers	40
Distribution – meters	15 - 45
Rolling stock	8 - 20
Tools and equipment	10 - 15
Office equipment	10
Computer equipment	5

(e) Intangible assets

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date, less accumulated amortization. All intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation after January 1, 2014, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

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

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

Asset	Years
Computer software	5
Land rights	35 - 70
Transformer station right	60

3. Significant accounting policies (continued)

(f) Impairment

(i) Financial assets measured at amortized cost

A loss provision for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss provision is measured at an amount equal to the lifetime expected credit losses for the asset. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the impairment requirements is no longer met.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies, and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or “CGU”). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

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

(g) Customer deposits

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

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

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. Significant accounting policies (continued)

(i) Regulatory balances

Regulatory debit balances represent costs incurred in excess of amounts billed to the customer. Regulatory credit balances represent amounts billed to the customer in excess of costs incurred by the Corporation.

Regulatory debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or Other Comprehensive Income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory debit balances is assessed annually based upon the likelihood that the OEB will approve rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized as a loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

(j) Post-employment benefits

(i) Pension plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities.

The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

3. Significant accounting policies (continued)

(j) Post-employment benefits (continued)

(ii) Post-employment benefits, other than pension

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Re-measurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

(k) Leased assets

At inception of a contract, the Corporation assess whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. For leases and contracts that contained a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

3. Significant accounting policies (continued)

(k) Leased assets (continued)

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less or for leases of low value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Finance income and finance costs

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash balances.

Finance costs comprise interest expense on borrowings, lease liabilities and customer deposits and are recognized in profit or loss.

(m) Income taxes

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the *Electricity Act*, 1998, and related regulations. Payments in lieu of taxes are referred to as income taxes.

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

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

4. Change in accounting policy (Modified Retrospective approach)

The Corporation has applied IFRS 16 *Leases* with a date of initial application of January 1, 2019. The Corporation applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. The details of the changes in accounting policies are disclosed below.

Except for the changes below, the Corporation has consistently applied the accounting policies to all periods presented in these financial statements.

Previously, the Corporation determined, at contract inception, whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Corporation assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(k). On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which contracts are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether they contained a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

As a lessee, the Corporation previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation. Under IFRS 16, the Corporation recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Corporation has decided to apply recognition exemptions to short-term leases and leases for which the value of the underlying asset is of low value.

Leases previously classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

4. Change in accounting policy (Modified Retrospective approach) (continued)

The Corporation used the following practical expedients and recognition exemptions when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

— Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term;

— Applied the exemption not to recognize right-of-use assets and liabilities for leases for which the underlying asset is of low value;

— Applied this standard to all contracts that were previously identified as leases by applying IAS 17 *Leases* and IFRIC 4 *Determining whether and Arrangement contains a Lease*;

— Elected not to separate non-lease components from lease components, accounting for each lease component and associated non-lease components as a single lease component;

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

— Relied on its assessment of whether leases are onerous under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application instead of performing an impairment review.

Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liabilities at January 1, 2019 are determined at the carrying amount of the leased assets and lease liabilities under IAS 17 immediately before that date.

Impacts on financial statements

On transition to IFRS 16, the Corporation recognized an additional $145,623 of right-of-use assets and $142,078 of lease liabilities, recognizing the difference in retained earnings. When measuring lease liabilities, the Corporation discounted lease payments using its incremental borrowing rate or the rate implicit in the lease at January 1, 2019. The rate ranged from 1.90% to 3.99%.

		January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Corporations' financial statements	$	147,816
Discounted using the incremental borrowing at January 1, 2019		5,736
Lease liabilities recognized at January 1, 2019	$	142,080

5. Securities held as customers deposits

The OEB requires companies to periodically review customers' deposits and where appropriate, refund such deposits. During this review, companies may also request a deposit from customers based on certain criteria.

The Corporation has a policy of funding customers' deposits and paying interest on these deposits at a rate determined quarterly. Securities held as customers' deposits represent the funds segregated to fund the customer deposit refunds. The average rate of interest paid by the Corporation for 2019 was 1.95% (2018 – 1.70%).

6. Accounts receivable

	2019	2018
Customer trade receivables	$ 13,685,940	$ 15,458,130
Receivables from the City	170,385	581,454
Receivables from other related parties	4,155	9,312
Other	2,855,642	1,790,511
	16,716,122	17,839,407
Less: Provision for expected credit losses	170,000	230,000
	$ 16,546,122	$ 18,069,407

7. Materials and supplies

The amount written down due to obsolescence in 2019 was $290 (2018 – $14,580).

8. Property, plant and equipment

	January 1, 2019	Additions/ Depreciation	Transitional Adjustment	Disposals/ Retirements	December 31, 2019
Cost					
Land	$ 299,003	$ -	$ -	$ -	$ 299,003
Buildings	5,609,044	826,105	-	-	6,435,149
Sub-station buildings	1,257,417	67,264	-	-	1,324,681
Sub-station equipment	6,300,449	124,258	-	-	6,424,707
Distribution lines – overhead	49,653,603	5,711,869	-	2,547	55,362,925
Distribution lines – underground	44,113,667	7,515,671	-	-	51,629,338
Distribution – transformers	27,171,532	1,563,464	-	97,446	28,637,550
Distribution – meters	13,183,534	509,428	-	94,696	13,598,266
Rolling stock	1,952,570	234,504	-	129,336	2,057,738
Tools and equipment	321,036	9,566	-	-	330,602
Office equipment	700,446	145,115	-	-	845,561
Computer equipment	672,536	154,128	-	44,537	782,127
	151,234,837	16,861,372	-	368,562	167,727,647
Accumulated Depreciation					
Buildings	1,315,045	306,950	-	-	1,621,995
Sub-station buildings	324,510	63,788	-	-	388,298
Sub-station equipment	1,619,440	289,616	-	-	1,909,056
Distribution lines – overhead	5,717,291	1,419,848	-	543	7,136,596
Distribution lines – underground	4,261,448	1,183,950	-	-	5,445,398
Distribution – transformers	3,382,663	856,169	-	65,276	4,173,556
Distribution – meters	4,409,480	979,029	-	56,605	5,331,904
Rolling stock	112,904	198,857	-	84,590	227,171
Tools and equipment	183,246	30,198	-	-	213,444
Office equipment	270,650	79,712	-	-	350,362
Computer equipment	363,229	101,632	-	44,537	420,324
	21,959,906	5,509,749	-	251,551	27,218,104
Carrying amount	$ 129,274,931	$ 11,351,623	$ -	$ 117,011	$140,509,543

8. Property, plant and equipment (continued)

	January 1, 2018	Additions/ Depreciation	Transfers	Disposals/ Retirements	December 31, 2018
Cost					
Land	$ 299,003	$ -	$ -	$ -	$ 299,003
Buildings	5,156,213	452,831	-	-	5,609,044
Sub-station buildings	1,249,684	7,733	-	-	1,257,417
Sub-station equipment	6,003,427	297,022	-	-	6,300,449
Distribution lines – overhead	45,444,828	4,227,972	-	19,197	49,653,603
Distribution lines – underground	39,841,821	4,272,078	-	232	44,113,667
Distribution – transformers	25,815,845	1,444,132	-	88,445	27,171,532
Distribution – meters	13,221,734	611,728	-	649,928	13,183,534
Rolling stock	1,818,554	571,509	-	437,493	1,952,570
Tools and equipment	310,937	10,099	-	-	321,036
Office equipment	646,377	60,230	-	6,161	700,446
Computer equipment	403,691	268,845	-	-	672,536
	140,212,114	12,224,179	-	1,201,456	151,234,837
Accumulated Depreciation					
Buildings	1,038,574	276,471	-	-	1,315,045
Sub-station buildings	257,951	66,559	-	-	324,510
Sub-station equipment	1,300,066	319,374	-	-	1,619,440
Distribution lines – overhead	4,418,797	1,306,756	-	8,262	5,717,291
Distribution lines – underground	3,201,279	1,060,262	-	93	4,261,448
Distribution – transformers	2,616,118	821,581	-	55,036	3,382,663
Distribution – meters	3,761,997	1,005,910	-	358,427	4,409,480
Rolling stock	368,074	175,888	-	431,058	112,904
Tools and equipment	150,904	32,342	-	-	183,246
Office equipment	205,352	71,459	-	6,161	270,650
Computer equipment	286,586	76,643	-	-	363,229
	17,605,698	5,213,245	-	859,037	21,959,906
Carrying amount	$ 122,606,416	$ 7,010,934	$ -	$ 342,419	$129,274,931

No interest was capitalized to property, plant and equipment during the year.

Assets with a carrying amount of $140,509,543 (2018 – $129,274,931) are subject to a general security agreement.

9. Intangible assets

	January 1, 2019	Additions/ Depreciation	Transfers	Disposals/ Retirements	December 31, 2019
Cost					
Land rights	$ 160,008	$ -	$ -	$ -	$ 160,008
Computer software	4,425,767	1,727,529	-	-	6,153,296
Transformer station right	5,079,322	1,772,800	-	-	6,852,122
	9,665,097	3,500,329	-	-	13,165,426
Accumulated Depreciation					
Land rights	13,832	2,520	-	-	16,352
Computer software	2,332,744	538,232	-	-	2,870,976
Transformer station right	351,134	100,000	-	-	451,134
	2,697,710	640,752	-	-	3,338,462
Carrying amount	$ 6,967,387	$ 2,859,577	$ -	$ -	$ 9,826,964

	January 1, 2018	Additions/ Depreciation	Transfers	Disposals/ Retirements	December 31, 2018
Cost					
Land rights	$ 160,008	$ -	$ -	$ -	$ 160,008
Computer software	4,166,753	259,014	-	-	4,425,767
Transformer station right	4,079,322	1,000,000	-	-	5,079,322
	8,406,083	1,259,014	-	-	9,665,097
Accumulated Depreciation					
Land rights	11,312	2,520	-	-	13,832
Computer software	1,800,189	532,555	-	-	2,332,744
Transformer station right	274,240	76,894	-	-	351,134
	2,085,741	611,969	-	-	2,697,710
Carrying amount	$ 6,320,342	$ 647,045	$ -	$ -	$ 6,967,387

10. Lease liabilities

	Vehicles	Computer software	Total
Right-of-use assets			
Cost			
Balance at January 1, 2019	$ 533,418	$ 265,958	$ 799,376
Transitional adjustment	146,266	131,545	277,811
Balance at December 31, 2019	$ 679,684	$ 397,503	$ 1,077,187
Accumulated depreciation			
Balance at January 1, 2019	$ 195,586	$ 166,233	$ 361,819
Transitional adjustment	48,223	83,965	132,188
Additions	66,729	99,375	166,104
Balance at December 31, 2019	$ 310,538	$ 349,573	$ 660,111
Carrying amounts			
At December 31, 2019	$ 369,146	$ 47,930	417,076
At December 31, 2018	337,832	99,725	437,557

	Vehicles	Computer software	Total
Lease liabilities			
Balance at January 1, 2019	$ 186,375	$ 83,981	$ 270,356
Transitional adjustment	97,453	44,625	142,078
Repayment	(95,015)	(102,209)	(197,224)
Balance at December 31, 2019	$ 188,813	$ 26,397	$ 215,210
At December 31, 2018	$ 186,375	$ 83,981	$ 270,356

Effective January 1, 2019, the Corporation adopted IFRS 16 and transitioned its operating leases to finance leases. The leased assets secures lease liabilities (see note 10). At December 31, 2019, the net carrying amount of the lease liabilities related to the leased assets was $215,210 (2018 – $270,356).

Total cash outflows with respect to leasing arrangements during the year was $211,658 (2018 - $220,627) consisting of principal and interest of $197,224 and $14,434, respectively (2018 - $202,985, $17,642).

The Corporation has a lease commitment for which the underlying asset value has been determined by the Corporation to be less than $5,000 USD. This asset has not been accounted for under IFRS 16 *Leases* due to their low value. As such, the Corporation has expensed $1,280 (2018 - $1,295) in profit or loss during the year for this lease.

Certain leases held by the Corporation provide the Corporation with extension options and termination options that may impact the term of the Lease which can impact the lease liabilities recognized in the statement of financial position. The Corporation has determined the lease term for all contracts based on all available information as at the reporting date.

10. Lease liabilities (continued)

Lease liabilities are due as follows:

	Less than one year	Between one and five years	More than five years	Total
Future minimum lease payments				
December 31, 2019	$ 121,325	$ 105,180	$ -	$ 226,505
December 31, 2018	259,926	17,417	-	277,343
Interest				
December 31, 2019	7,687	3,610	-	11,297
December 31, 2018	6,419	55	-	6,474
Present value of minimum lease payments				
December 31, 2019	113,638	101,572	-	215,210
December 31, 2018	253,459	16,897	-	270,356

11. Income tax expense

Current tax expense

		2019		2018
Current period	$	(226,743)	$	294,319
Prior period adjustments		364,586		16,439
	$	137,843	$	310,758

Deferred tax expense

		2019		2018
Origination and reversal of temporary differences	$	984,548	$	1,413,041
Tax adjustment included in other comprehensive income		131,566		89,980
	$	1,116,114	$	1,503,021

Reconciliation of effective tax rate

		2019		2018
Income before taxes	$	3,889,371	$	3,513,215
Canada and Ontario statutory income tax rates		26.50%		26.50%
Expected tax provision on income at statutory rates		1,030,683		931,002
Increase (decrease) in income taxes resulting from:				
Permanent differences		5,232		6,456
Under provided in prior periods		4,677		139,922
Regulatory		92,326		621,591
Other adjustments		(10,527)		24,828
Income tax expense	$	1,122,391	$	1,723,799

Significant components of the Corporation’s deferred tax balances

		2019		2018
Deferred tax (liabilities) assets:				
Property, plant and equipment	$	(9,515,811)	$	(6,852,066)
Intangible assets		(295,919)		(232,148)
Post-employment benefits		1,189,857		1,290,641
Regulatory deferral account balances		(973,487)		(926,515)
Deferred revenue		6,175,686		4,655,620
Other		371,676		132,582
	$	3,047,998	$	(1,931,886)

11. Income tax expense (continued)

The Company underwent an audit in 2019 for the 2014 and 2015 taxation years. Upon completion of the audit, the Ministry reassessed and adjusted the classification of smart meter assets. For taxation years prior to 2014, the Ministry agreed with the Company’s classification of such assets as filed in its tax returns. The Company has chosen to accept the Ministry’s classification of these assets and believes it is probable that the tax authorities will propose a similar adjustment for taxation years subsequent to 2015. Accordingly, the Company has recorded an increase in the current tax expense and a decrease in the future tax expense, relating to the 2016 to 2018 taxation years. For 2019, the Company has classified these assets consistent with the Ministry’s reassessments brought forth in 2019.

Subsequent to the Company’s audit of the 2014 and 2015 taxation years in 2019, the Company became aware that the Ministry had also changed its assessing practice with respect to certain current period deductions claimed by the Company. The Ministry did not raise this issue during their audit of the Company’s 2014 and 2015 taxation years. The Company believes it is probable that the Ministry will continue to accept its filing position with respect to this item. If the tax authorities applied this change for the years 2016-2019 there would be an increase in current taxation expense and a decrease in future taxation expense. The net impact on the financial statements would be nil as the adjustments are related to the timing of when deductions are permitted.

The Company is confident that its accruals for tax liabilities are adequate.

12. Regulatory balances

Reconciliation of the carrying amount for each class of regulatory balances

Regulatory deferral account debit balances	January 1, 2019	Additions	Recovery/ reversal	December 31, 2019	Remaining recovery/ reversal years
Group 1 deferral accounts	$ 4,141,974	$187,331,125	$ (186,705,466)	$ 4,767,633	2
Regulatory settlement account	12,801,567	9,915	737,677	13,549,159	2
Other regulatory accounts	2,131,860	646,672	(209,261)	2,569,271	2
Income tax	2,428,595	1,336,746	-	3,765,341	-
	$ 21,503,996	$189,324,458	$ (186,177,050)	$ 24,651,404	

Regulatory deferral account debit balances	January 1, 2018	Additions	Recovery/ reversal	December 31, 2018	Remaining recovery/ reversal years
Group 1 deferral accounts	$ 4,354,710	$171,118,267	$ (171,331,003)	$ 4,141,974	2
Stranded meter cost	59,743	-	(59,743)	-	-
Regulatory settlement account	20,428,907	10,923	(7,638,263)	12,801,567	1
Other regulatory accounts	1,180,701	985,151	(33,992)	2,131,860	3
Income tax	1,649,012	779,583	-	2,428,595	-
	$ 27,673,073	$172,893,924	$ (179,063,001)	$ 21,503,996	

Regulatory deferral account credit balances	January 1, 2019	Additions	Recovery/ reversal	December 31, 2019	Remaining years
Group 1 deferral accounts	$ (1,961,899)	$ 6,196,974	$ (6,600,917)	$ (2,365,842)	2
Regulatory settlement account	(13,762,248)	(37,539)	-	(13,799,787)	2
Other regulatory accounts	(26,122)	(278,668)	(444,361)	(749,151)	2
	$ (15,750,269)	$ 5,880,767	$ (7,045,278)	$ (16,914,780)	

Regulatory deferral account credit balances	January 1, 2018	Additions	Recovery/ reversal	December 31, 2018	Remaining years
Group 1 deferral accounts	$ (3,622,269)	$ 18,112,078	$ (16,451,708)	$ (1,961,899)	2
Regulatory settlement account	(21,322,439)	(39,657)	7,599,848	(13,762,248)	1
Other regulatory accounts	(99,849)	(274)	74,001	(26,122)	3
	$ (25,044,557)	$ 18,072,147	$ (8,777,859)	$ (15,750,269)	

The income tax balances will be recovered over the life of the related capital assets.

12. Regulatory balances (continued)

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using historical data. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

The Corporation seeks authorization to settle the Group 1 deferral accounts through application to the OEB as part of the annual rate application. Settlement is typically done through volumetric rate riders. Since future consumption volumes are impacted by exogenous factors (e.g. weather, economic conditions) the amount actually disposed of through the operation of the authorized rate rider varies from the balance authorized for disposition**.** The OEB authorized the Corporation to dispose of $(2,157,475) through rate riders which expired on April 30, 2019. In Burlington Hydro's application for rates effective May 1, 2019, the OEB approved its request to defer the disposition of the 2017 Group 1 deferral account balances until its next rate application. An application has since been made to the OEB to dispose of $(371,075) of Group 1 deferral account balances for 2017 and 2018; approval for which is pending. Once approval is received, the approved account balance will be moved to the regulatory settlement account.

The Corporation received OEB decision on March 28, 2019 for the recovery of the true-up payment to Hydro One on Tremaine TS. Subsequently in a separate application dated October 10, 2019, the Corporation filed another ICM application for the recovery of major capital projects, i.e. Customer Information System and Geographical Information System. The OEB allows electricity distributors to recover such major capital projects through separate rate riders.

The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In 2019, the average rate was 2.25% (2018 – 1.86%).

13. Accounts payable and accrued liabilities

	2019	2018
IESO – energy purchases	$ 9,405,682	$ 6,426,918
Regional Municipality of Halton	4,806,187	4,713,530
Trade payables	3,922,679	3,421,742
Payable to related parties	124,525	59,232
	$ 18,259,073	$ 14,621,422

14. Long-term debt

	2019	2018
Notes payable	$ 47,878,608	$ 47,878,608
Ontario Infrastructure loan and note	18,196,243	19,469,502
	66,074,851	67,348,110
Current portion	1,327,400	1,273,824
Long-term portion	$ 64,747,451	$ 66,074,286

The notes payable bear interest at 4.88% are unsecured and are due on demand to the City. The City has waived its right to demand payment until January 1, 2021.

The Corporation obtained an Ontario Infrastructure Projects Corporation ("OIPC") Fixed Term Loan of $10,000,000 on March 15, 2011 due March 15, 2026. The loan bears interest at a rate of 4.51%. The loan is payable in the amount of $76,550 monthly principal and interest.

On March 8, 2013, the Corporation obtained a loan from the OIPC in the form of a Promissory Note of $8,000,000 due March 1, 2038. The Note bears interest at a rate of 4.02%. The Note is payable in the amount of $42,315 monthly principal and interest.

On December 17, 2018, the Corporation obtained a loan from the OIPC in the form of a Promissory Note of $7,000,000 due December 17, 2033. The note bears interest at a rate of 3.63%. The note is payable in the amount of $50,490 monthly principal and interest.

The OIPC facilities are secured by a general security agreement over the assets of the Corporation.

Scheduled repayments of long term debt for the years ended December 31 are as follows:

2020	$ 1,327,400
2021	1,383,864
2022	1,442,751
2023	1,504,166
2024	1,568,218
Thereafter	58,848,452
	$ 66,074,851

15. Deferred revenue

Deferred revenue relates to the capital contributions received from customers and others. The amount of deferred revenue received from customers and others is $23,304,474 (2018 - $17,568,377). Deferred revenue is recognized as revenue on a straight-line basis over the life of asset for which the contribution was received.

16. Liability for future benefits

(a) OMERS pension plan

As at December 31, 2019, the OMERS plan was 97% funded (2018 – 96.0%). OMERS has a strategy to return the plan to a fully funded position. The Corporation is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions. In 2019, the Corporation made employer contributions of $1,035,133 to OMERS (2018 – $1,028,087, of which $197,131 (2018 – $174,944) has been capitalized as part of PP&E and the remaining amount of $838,002 (2018 – $853,143) has been recognized in profit or loss. The Corporation estimates that a contribution of $1,161,678 to OMERS will be made in 2020.

(b) Post-employment benefits other than pension

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and re-measurements recognized for post-employment benefit plans.

Reconciliation of the obligation	2019	2018
Defined benefit obligation, beginning of year	$ 4,870,343	$ 5,156,792
Included in profit or loss		
Current service cost	187,154	191,340
Interest cost	184,956	165,168
	5,242,453	5,513,300
Included in OCI		
Actuarial gains arising from:		
Changes in financial assumptions	(496,500)	(339,550)
	(496,500)	(339,550)
Benefits paid	(256,235)	(303,407)
Defined benefit obligation, end of year	$ 4,489,718	$ 4,870,343

Actuarial assumptions	2019	2018
General inflation	2.00%	2.00%
Discount (interest) rate	3.00%	3.90%
Salary levels	2.60%	2.10%
Medical costs	3.50%	3.78%
Dental costs	2.50%	2.50%

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by $533,000. A 1% decrease in the assumed discount rate would result in the defined benefits obligation increasing by $678,000.

17. Share capital

	2019	2018
Authorized:		
Unlimited number of common shares		
Issued:		
2,000 common shares	$ 45,139,138	$ 45,139,138

Dividends

The holders of the common shares are entitled to receive dividends as declared from time to time.

The Corporation paid dividends in the year on common shares of $1,000 per share (2018 – $1,375) which amount to total dividends paid in the year of $2,000,000 (2018 – $2,750,000).

18. Revenue

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include performance incentive payments under CDM programs.

	2019	2018
Revenue from contracts with customers	$ 225,748,078	$ 219,844,054
Other revenue		
Collection charges	114,893	462,783
Late payment charges	263,965	304,816
CDM Expenses Recovery / Incentives - Net	468,625	908,308
Other	666,985	416,371
Loss on disposal of property, plant and equipment	(82,540)	(296,159)
Total revenue	$ 227,180,006	$ 221,640,173

18. Revenue (continued)

In the following table, revenue from contracts with customers is disaggregated by type of customer.

	2019	2018
Large users	$ 113,684,108	$ 110,904,962
Residential	83,900,674	81,817,957
Commercial	27,362,756	26,020,545
Street lights	800,540	1,100,590
	$ 225,748,078	$ 219,844,054

19. Operating expenses

	2019	2018
Salaries and wages	$ 9,644,821	$ 10,012,164
Depreciation	6,316,605	5,927,266
Benefits	2,882,255	2,897,652
Contracted services/labour	3,313,047	2,728,414
Equipment/building maintenance	1,868,672	1,769,293
Material	546,046	882,125
Other	2,373,763	1,986,366
	$ 26,945,209	$ 26,203,280

20. Finance income and costs

	2019	2018
Finance income		
Interest income – bank deposits	$ 281,819	$ 228,209
Finance costs		
Interest expense – long-term debt	3,091,873	2,895,874
Interest expense – operating	72,197	72,000
Interest expense – lease liabilities	14,434	17,642
	3,178,504	2,985,516
Net finance costs recognized in profit or loss	$ 2,896,685	$ 2,757,307

21. Commitments and contingencies

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

General liability insurance

The Corporation maintains appropriate types and levels of insurance with major insurers. With respect to liability insurance, the Corporation is a member of the Municipal Electricity Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members. All members of the pool could potentially be subjected to an assessment for losses experienced by the pool for the years in which they were members on a pro-rata basis on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to 5 years. As at December 31, 2019, no such assessments have been made.

22. Related party transactions

(a) Parent and ultimate controlling party

The sole shareholder of the Corporation is Burlington Enterprises Corporation, which in turn is wholly-owned by the City. The City produces consolidated financial statements that are available for public use.

(b) Outstanding balances with related parties

	2019	2018
City of Burlington	$ 47,878,608	$ 47,878,608

(c) Transactions with parent

During the year the Corporation paid management and business development fees to its parent in the amount of $55,110 (2018 – $70,001).

22. Related party transactions (continued)

(d) Transactions with ultimate parent (the City)

The Corporation had the following significant transactions with its ultimate parent, a government entity:

During the year, the Corporation earned gross revenue of $3,463,875 (2018 – $3,662,488) from the City. Of this amount, $388,806 (2018 – $439,671) was net distribution revenue.

Amounts payable to and receivable from related parties included in accounts payable and accounts receivable are non-interest bearing with no fixed terms of repayment.

The Corporation delivers electricity to the City throughout the year for the electricity needs of the City and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB.

(e) Transactions with entities under common control

The Corporation received $390,267 (2018 – $399,321) for billing and administrative services from a company under common control.

The Corporation received $59,200 (2018 - $57,922) for general and administrative services from companies under common control.

The Corporation purchased services from a company under common control in the amount of $102,000 (2018 – $102,000) during the year.

The Corporation received $110,000 (2018 – $201,743) for control room services from a company under common control.

(f) Key management personnel

The key management personnel of the Corporation and the Board of Directors were compensated as follows:

	2019	2018
Salaries and other compensation	$ 1,443,183	$ 1,406,043
Short term employee benefits	330,360	340,851
Directors' fees	55,110	70,001
	$ 1,828,653	$ 1,816,895

23. Financial instruments and risk management

Fair value disclosure

The carrying values of cash, securities held as customer deposits, accounts receivable, unbilled revenue, due from/to related parties and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the long-term debt at December 31, 2019 is $100,787,000. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rates used to calculate fair value at December 31, 2019 ranged from 2.40% to 2.88% based upon the outstanding term of the loan.

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

(a) Credit risk

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City of Burlington. No single customer accounts for a balance in excess of 2% of total accounts receivable.

The carrying amount of accounts receivable is reduced through the use of a provision for expected credit losses and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the provision for expected credit losses at December 31, 2019 is $170,000 (2018 – $230,000). An impairment loss of $226,856 (2018 – $438,377) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2019, approximately $524,940 (2018 – $737,161) is considered 60 days past due. The Corporation has over 68 thousand customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2019, the Corporation holds security deposits in the amount of $3,898,230 (2018 – $3,835,064).

23. Financial instruments and risk management (continued)

(b) Market risk

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

(c) Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a $10,000,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2019, no amounts had been drawn under the Corporation's credit facility.

The Corporation also has a bilateral facility for $18,000,000 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which $nil has been drawn and posted with the IESO (2018 – $nil).

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2019, shareholder's equity amounts to $86,433,067 (2018 – $83,314,711) and long-term debt amounts to $66,074,851 (2018 – $67,348,110).

24. Comparative Information

Certain 2018 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Canada Revenue Agency / Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	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 . . . . . 5,114,811 A

Add:

Provision for income taxes – current	101	137,843	
Provision for income taxes – deferred	102	984,548	
Amortization of tangible assets	104	6,316,605	
Loss on disposal of assets	111	82,540	
Charitable donations and gifts from Schedule 2	112	25,100	
Scientific research expenditures deducted per financial statements	118	282,931	
Non-deductible club dues and fees	120	1,700	
Non-deductible meals and entertainment expenses	121	18,136	
Reserves from financial statements – balance at the end of the year	126	4,659,718	
Subtotal of additions		12,509,121 ▶	12,509,121

Other additions:

Miscellaneous other additions:

	1 Description 605	2 Amount 295
1	Inducement under 12(1)(x) ITA	20,064
2	Section 12(1)(a) income	9,948,532
3	Capital contributions received 12(1)(x)	6,214,032
4	Movement in Schedule 13s reversed as part of OCI	496,500
	Total of column 2	16,679,128 ▶ 296 16,679,128

Subtotal of other additions	199	16,679,128 ▶	16,679,128	D
Total additions	500	29,188,249 ▶	29,188,249	

Amount A **plus** line 500 . . . . . 34,303,060 B

Deduct:

Capital cost allowance from Schedule 8	403	10,259,615	
SR&ED expenditures claimed in the year on line 460 from Form T661	411	222,744	
Reserves from financial statements – balance at the beginning of the year	414	5,100,343	
Contributions to deferred income plans from Schedule 15	417	197,131	
Subtotal of deductions		15,779,833 ▶	15,779,833

Other deductions:

Non-taxable/deductible other comprehensive income items 347 364,934

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Section 20(1)(m) reserve	9,948,532
2	Tax recovery incl. in net movements in reg. balance on P&L	1,336,746
3	ITA 13(7.4) Election - capital contributions received	6,214,032
4	Overhead capitalized for accounting	393,791
5	Capital Lease Payments	197,224

	1 Description 705	2 Amount 395			
6	Amortization of deferred capital contributions	477,936			
7	Net Movement in Regulatory Balances	646,151			
8	SR&ED cost capitalized for accounting	231,883			
9	Reverse SR&ED credits booked in NI	97,754			
10	Remove PPE item in Net Movement in Reg.	139,159			
	Total of column 2	19,683,208	▶ 396	19,683,208	
		Subtotal of other deductions	499	20,048,142 ▶	20,048,142 E
		Total deductions	510	35,827,975 ▶	35,827,975

Net income (loss) for income tax purposes (amount B **minus** line 510) . . . . -1,524,915 C

Enter amount C on line 300 of the T2 return.

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation's income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this check box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Federal

A		
X	Investment tax credit from apprenticeship job creation expenditures	4,000
X	Investment tax credit from child care spaces expenditures	
X	Canadian film or video production tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
X	Film or video production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
X	Investment tax credit claimed on contributions made to SR&ED farming organizations	
	Labour tax credit for qualifying journalism organizations	

Ontario

A		
X	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	5,782
X	Ontario co-operative education tax credit	10,282
	Ontario apprenticeship training tax credit	
X	Ontario computer animation and special effects tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
X	Ontario film and television tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
X	Ontario production services tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
X	Ontario interactive digital media tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
X	Ontario sound recording tax credit* * Please verify if the credit amount relates to depreciable property. For more information, consult the Help (F1).	
X	Ontario book publishing tax credit	
X	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
X	Ontario business-research institute tax credit	
X	Ontario community food program donation tax credit for farmers	

Tax credits whose amount should reduce the capital cost of property

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- For use by corporations to claim any of the following:
  - the eligible amount of charitable donations to qualified donees
  - the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers
  - the eligible amount of gifts of certified cultural property
  - the eligible amount of gifts of certified ecologically sensitive land or
  - the additional deduction for gifts of medicine made before March 22, 2017
- All legislative references are to the federal Income Tax Act, unless stated otherwise.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts can be carried forward for 5 years except for gifts of certified ecologically sensitive land made after February 10, 2014, which can be carried forward for 10 years. Provincial food donation tax credits must be applied in the current tax year.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift made before March 22, 2017, to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File this schedule with your T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation – Income Tax Guide.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Various	25,100
Subtotal	25,100
Add: Total donations of less than $100 each	
Total donations in current tax year	25,100

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			A		
Charitable donations expired after 5 tax years*	239				
Charitable donations at the beginning of the current tax year (amount A **minus** line 239)	240				
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250				
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1 Net Income (Loss) for Income Tax Purposes)	210	25,100		25,100	25,100
Subtotal (line 250 **plus** line 210)		25,100	B	25,100	25,100
Subtotal (line 240 **plus** amount B)		25,100	C	25,100	25,100
Adjustment for an acquisition of control	255				
Total charitable donations available (amount C **minus** line 255)		25,100	D	25,100	25,100
Amount applied in the current year against taxable income (cannot be more than amount L in Part 2) (enter this amount on line 311 of the T2 return)	260				
Charitable donations closing balance (amount D **minus** line 260)	280	25,100		25,100	25,100

The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013) . . . . **262** ______

Ontario community food program donation tax credit for farmers (amount on line 262 **multiplied** by 25 %) . . . . ______ 1

Enter amount 1 on line 420 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1. For more information, see section 103.1.2 of the Taxation Act, 2007 (Ontario).

The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2015) . . . . **263** ______

Nova Scotia food bank tax credit for farmers (amount on line 263 **multiplied** by 25 %) . . . . ______ 2

Enter amount 2 on line 570 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 2. For more information, see section 50A of the Nova Scotia Income Tax Act.

The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in the amount on line 260 (for donations made after February 16, 2016 and before January 1, 2021) . . . . **265** ______

British Columbia farmers' food donation tax credit (amount on line 265 **multiplied** by 25 %) . . . . ______ 3

Enter amount 3 on line 683 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 3. For more information, see section 20.1 of the British Columbia Income Tax Act.

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2001-09-30			
20th prior year				
21st prior year*				
Total (to line A)				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes Note 1 **multiplied** by 75 % .... E

Taxable capital gains arising in respect of gifts of capital property included in Part 1 Note 2 ..... **225**

Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01) **227**

The amount of the recapture of capital cost allowance in respect of charitable donations **230**

Proceeds of disposition, **less** outlays and expenses Note 2 .... F

Capital cost Note 2 .... G

Amount F or G, whichever is less **235**

Amount on line 230 or 235, whichever is less .... H

Subtotal (**add** line 225, 227, and amount H) I

Amount I **multiplied** by 25 % J

Subtotal (amount E **plus** amount J) K

Maximum allowable deduction for charitable donations
(enter amount D from Part 1, amount K, or net income for tax purposes, whichever is least) L

Note 1 For credit unions, subsection 137(2) states that this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Note 2 This amount must be prorated by the following calculation: eligible amount of the gift **divided by** the proceeds of disposition of the gift.

Part 3 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			M		
Gifts of certified cultural property expired after 5 tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year (amount M **minus** line 439)	440				
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450				
Total gifts of certified cultural property in the current year (include this amount on line 112 of Schedule 1)	410				
Subtotal (line 450 **plus** line 410)			N		
Subtotal (line 440 **plus** amount N)			O		
Adjustment for an acquisition of control	455				
Amount applied in the current year against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			P		
Gifts of certified cultural property closing balance (amount O **minus** amount P)	480				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2001-09-30			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 4 – Gifts of certified ecologically sensitive land

		Federal		Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			Q		
Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539				
Gifts of certified ecologically sensitive land at the beginning of the current tax year (amount Q **minus** line 539)	540				
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550				
Total current-year gifts of certified ecologically sensitive land (include this amount on line 112 of Schedule 1)	520				
Subtotal (line 550 **plus** line 520)			R		
Subtotal (line 540 **plus** amount R)			S		
Adjustment for an acquisition of control	555				
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560				
Subtotal (line 555 **plus** line 560)			T		
Gifts of certified ecologically sensitive land closing balance (amount S **minus** amount T)	580				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year*	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2001-09-30			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line *6th prior year* and gifts that are included on line *11th prior year* expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line *6th prior year* and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Part 5 – Additional deduction for gifts of medicine

	Line	Federal		Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			U		
Additional deduction for gifts of medicine expired after 5 tax years*	639				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount U **minus** line 639)	640				
Additional deduction for gifts of medicine made before March 22, 2017 transferred on an amalgamation or the wind-up of a subsidiary	650				
Additional deduction for gifts of medicine made before March 22, 2017:					
Proceeds of disposition	602				
Cost of gifts of medicine made before March 22, 2017	601				
Subtotal (line 602 **minus** line 601)			V		
Amount V **multiplied** by 50 %			W		
Eligible amount of gifts	600				

Federal

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 **610** ______

Québec

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

Alberta

a ______ x (b ______ / c) = Additional deduction for gifts of medicine made before March 22, 2017 ______

where:

a is the **lesser** of line 601 and amount W

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

	Line	Federal		Québec	Alberta
Subtotal (line 650 **plus** line 610)			X		
Subtotal (line 640 **plus** amount X)			Y		
Adjustment for an acquisition of control	655				
Amount applied in the current year against taxable income (enter this amount on line 315 of the T2 return)	660				
Subtotal (line 655 **plus** line 660)			Z		
Additional deduction for gifts of medicine closing balance (amount Y **minus** amount Z)	680				

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2018-12-31			
2nd prior year	2017-12-31			
3rd prior year	2016-12-31			
4th prior year	2015-12-31			
5th prior year	2014-12-31			
6th prior year*	2013-12-31			
7th prior year	2012-12-31			
8th prior year	2011-12-31			
9th prior year	2010-12-31			
10th prior year	2009-12-31			
11th prior year	2008-12-31			
12th prior year	2007-12-31			
13th prior year	2006-12-31			
14th prior year	2005-12-31			
15th prior year	2004-12-31			
16th prior year	2003-12-31			
17th prior year	2002-12-31			
18th prior year	2001-12-31			
19th prior year	2001-09-30			
20th prior year				
21st prior year*				
Total				

* For federal and Alberta tax purposes, donations and gifts included on line *6th prior year* expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line *6th prior year* and donations and gifts that are included on line *21st prior year* expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2018-12-31	
2nd prior year	2017-12-31	
3rd prior year	2016-12-31	
4th prior year	2015-12-31	
5th prior year	2014-12-31	
6th prior year*	2013-12-31	
7th prior year	2012-12-31	
8th prior year	2011-12-31	
9th prior year	2010-12-31	
10th prior year	2009-12-31	
11th prior year	2008-12-31	
12th prior year	2007-12-31	
13th prior year	2006-12-31	
14th prior year	2005-12-31	
15th prior year	2004-12-31	
16th prior year	2003-12-31	
17th prior year	2002-12-31	
18th prior year	2001-12-31	
19th prior year	2001-09-30	
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

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Schedule 3

Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- Corporations must use this schedule to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (a.1), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund (see page 3).
- All legislative references are to the federal Income Tax Act.
- The calculations in this schedule apply only to private or subject corporations.
- A recipient corporation is **connected** with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File this schedule with your T2 Corporation Income Tax Return.
- Column A1 – Enter "X" if dividends received from a foreign source.
- Column F1 – Enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received in the tax year

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H and I **only if** the payer corporation is **connected.**

Important instructions to follow if the payer corporation is connected

- If your corporation's tax year-end is different than that of the **connected** payer corporation, dividends could have been received from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information according to each tax year of the payer corporation.
- When completing column J and K use the **special calculations provided in the notes**.

	A Name of payer corporation (from which the corporation received the dividend) 200	A1	B Enter 1 if payer corporation is **connected** 205	C Business Number of **connected** corporation 210	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYYMMDD 220	E Non-taxable dividends under section 83 230
1			2			
					Total of column E (enter amount on line 402 of Schedule 1)	

Part 1 – Dividends received in the tax year (continued)

	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1),(b), or (d)note 1 **240**	F1	G Eligible dividends included in column F **242**	H Total taxable dividends paid by **connected** payer corporation (for tax year in column D) **250**	I Dividend refund of the **connected** payer corporation (for tax year in column D)note 2 **260**	J Part IV tax for eligible dividends. Dividends (from column G) **multiplied** by 38 1/3%note 3 **265**	K Part IV tax before deductions. Dividends (from column F) **multiplied** by 38 1/3%note 4 **275**
1							

Taxable dividends received from connected corporations (total amounts from column F with code 1 in column B) . . . . ______ 1A

Taxable dividends received from non-connected corporations (total amounts from column F with code 2 in column B) . . . . ______ 1B

Subtotal (amount 1A **plus** amount 1B, include this amount on line 320 of the T2 Return) ______ 1C

Eligible dividends received from connected corporations (total amounts from column G with code 1 in column B) . . . . ______ 1D

Eligible dividends received from non-connected corporations (total amounts from column G with code 2 in column B) . . . . ______ 1E

Part IV tax before deductions on taxable dividends received from connected corporations (total amounts from column K with code 1 in column B) . . . . ______ 1F

Part IV tax before deductions on taxable dividends received from non-connected corporations (total amounts from column K with code 2 in column B) . . . . ______ 1G

Subtotal (amount 1F **plus** amount 1G) ______ ▶ ______ 1H

Part IV tax on eligible dividends received from connected corporations (total amounts from column J with code 1 in column B) . . . . ______ 1I

Part IV tax on eligible dividends received from non-connected corporations (total amounts from column J with code 2 in column B) . . . . ______ 1J

Subtotal (amount 1I **plus** amount 1J) ______ ▶ ______ 1K

Part IV tax before deductions on taxable dividends (other than eligible dividends) (amount 1H **minus** amount 1K) . . . . ______ 1L

1 If taxable dividends are received, enter the amount in column F, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column J or column K whichever one applies. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

2 If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

3 For eligible dividends received from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by column G.

4 For taxable dividends received from **connected** corporations, Part IV tax on dividends is equal to: column I **divided** by column H **multiplied** by column F.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received before deductions (amount 1H in part 1)			2A	
Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43)	320			
Subtotal (amount 2A **minus** line 320)			▶	2B
Current-year non-capital loss claimed to reduce Part IV tax	330			
Non-capital losses from previous years claimed to reduce Part IV tax	335			
Current-year farm loss claimed to reduce Part IV tax	340			
Farm losses from previous years claimed to reduce Part IV tax	345			
Total losses applied against Part IV tax (total of lines 330 to 345)			2C	
Amount 2C **multiplied** by 38 1 / 3 %				2D
Part IV tax payable (amount 2B **minus** amount 2D, if negative enter "0")	360			

(enter amount on line 712 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax before deductions on taxable dividends received from connected corporations note 5 (amount 1F in part 1)	2E
Amount 4A from Schedule 43	2F
Part IV tax payable on taxable dividends received from connected corporations (amount 2E minus amount 2F, if negative enter "0")	2G

(enter at amount L on page 7 of the T2 return)

If your tax year begins after 2018, complete the following part to determine the required amount of Part IV taxes payable in order to calculate the eligible refundable dividend tax on hand (ERDTOH) at the end of the tax year.

Part IV tax on eligible dividends received from non-connected corporations (amount 1J in part 1)	2H
Amount 4C from Schedule 43	2I
Part IV tax payable on eligible dividends received from non-connected corporations (amount 2H minus amount 2I, if negative enter "0")	2J

(enter at amount M on page 7 of the T2 return)

5 The program calculates the amount on line 2E from the amount on line 1F. If only a portion of the dividend refund to the connected payer corporation results in an eligible refundable dividend tax on hand (ERDTOH), enter this amount on line 2E, using an override. However, if the dividend refund to the connected payer corporation does not result in an ERDTOH, the amount on line 2E must be equal to "0."

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

If your corporation's tax year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information according to each tax year of the recipient corporation.

	L Name of connected recipient corporation 400	M Business Number 410	N Tax year-end of connected recipient corporation in which the dividends in column O were received YYYYMMDD 420	O Taxable dividends paid to connected corporations 430	P Eligible dividends included in column O 440
1	BURLINGTON HYDRO ELECTRIC INC.	88361 4927 RC0001	2019-12-31	2,000,000	
2					
				2,000,000 (Total of column O)	(Total of column P)

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund (continued)

Total taxable dividends paid in the tax year to other than connected corporations		450	
Eligible dividends included in line 450	455		
Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column O **plus** line 450)		460	2,000,000
Total eligible dividends paid in the tax year (total of column P **plus** line 455)		465	
Total non-eligible taxable dividends paid in the tax year (line 460 **minus** line 465)		470	2,000,000

Complete this part to determine the following amounts in order to calculate the dividend refund.

Line 465 **multiplied** by 38 1 / 3 % (enter at amount AA on page 7 of the T2 return)		3A
Line 470 **multiplied** by 38 1 / 3 % (enter at amount DD on page 7 of the T2 return)	766,667	3B

Part 4 – Total dividends paid in the tax year

Complete this part **if** the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above)				2,000,000
Other dividends paid in the tax year (total of 510 to 540)				
Total dividends paid in the tax year			500	2,000,000
Dividends paid out of capital dividend account	510			
Capital gains dividends	520			
Dividends paid on shares described in subsection 129(1.2)	530			
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540			
Subtotal (total of lines 510 to 540)			►	4A
Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 **minus** amount 4A)				2,000,000 4B

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes			-1,524,915	A
Deduct: (increase a loss)				
Net capital losses deducted in the year (enter as a positive amount)		a		
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)		b		
Amount of Part VI.1 tax deductible under paragraph 110(1)(k)		c		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		d		
Amount of an employer for non-qualified securities under an employee stock options agreement deductible under paragraph 110(1)(e)		1d		
Subtotal (total of amounts a to 1d)		▶		B
Subtotal (amount A **minus** amount B; if positive, enter "0")			-1,524,915	C
Deduct: (increase a loss)				
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions				D
Subtotal (amount C **minus** amount D)			-1,524,915	E
Add: (decrease a loss)				
Current-year farm loss (the lesser of: the net loss from farming or fishing included in income and the non-capital loss before deducting the farm loss)				F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0")			-1,524,915	G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			e		
Deduct: Non-capital loss expired (note 1)	100		f		
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102		▶		H
Add:					
Non-capital losses transferred on an amalgamation or on the wind-up of a subsidiary (note 2) corporation	105		g		
Current-year non-capital loss (from amount G)	110	1,524,915	h		
Subtotal (amount g **plus** amount h)		1,524,915	▶	1,524,915	I
Subtotal (amount H **plus** amount I)				1,524,915	J

Note 1: A non-capital loss expires as follows:
- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after **10** tax years if it arose in a tax year ending after March 22, 2004.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	150		i		
Section 80 – Adjustments for forgiven amounts	140		j		
Subsection 111(10) – Adjustments for fuel tax rebate			j.1		
Non-capital losses of previous tax years applied in the current tax year. Enter amount k on line 331 of the T2 Return.	130		k		
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax (note 3)	135		l		
Subtotal (total of amounts i to l)			▶		K
Non-capital losses before any request for a carryback (amount J **minus** amount K)				1,524,915	L

Deduct – **Request to carry back non-capital loss to:**

First previous tax year to reduce taxable income	901		m		
Second previous tax year to reduce taxable income	902		n		
Third previous tax year to reduce taxable income	903	1,524,915	o		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r		
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)		1,524,915	▶	1,524,915	M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)	180				N

Note 3: Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200	85,869	a		
Capital losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	205		b		
Subtotal (amount a **plus** amount b)		85,869	▶	85,869	A

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	250		c		
Section 80 – Adjustments for forgiven amounts	240		d		
Subtotal (amount c **plus** amount d)			▶		B
Subtotal (amount A **minus** amount B)				85,869	C
Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*)	210				D
Unused non-capital losses that expired in the tax year (note 4)			e		
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year (note 5)			f		
Enter amount e or f, whichever is less	215		g		
ABILs expired as non-capital losses: line 215 **multiplied** by 2.000000	220				E
Subtotal (total of amounts C to E)				85,869	F

Note

If there has been an amalgamation or a wind–up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary corporation. Add all these amounts and enter the total on line 220 above.

Note 4: If the loss was incurred in a tax year ending after March 22, 2004, determine the amount of the loss from the 11th previous tax year and enter the part of that loss that was not used in previous years and the current year on line e.

Note 5: If the ABILs were incurred in a tax year ending after March 22, 2004, enter the amount of the ABILs from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain (note 6)			225	G
Capital losses before any request for a carryback (amount F **minus** amount G)			85,869	H

Deduct – **Request to carry back capital loss to** (note 7):

	Capital gain (100%)		Amount carried back (100%)		
First previous tax year		951		h	
Second previous tax year		952		i	
Third previous tax year		953		j	
Subtotal (total of amounts h to j)				▶	I
Closing balance of capital losses to be carried forward to future tax years (amount H **minus** amount I)			280	85,869	J

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current-year tax, enter the amount from line 225 **divided** by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, divide this amount by 2. The result represents the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year			a		
Deduct: Farm loss expired (note 8)	300		b		
Farm losses at the beginning of the tax year (amount a **minus** amount b)	302		▶		A
Add:					
Farm losses transferred on an amalgamation or on the wind–up of a subsidiary corporation	305		c		
Current-year farm loss (amount F in Part 1)	310		d		
Subtotal (amount c **plus** amount d)			▶		B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	350		e		
Section 80 – Adjustments for forgiven amounts	340		f		
Farm losses of previous tax years applied in the current tax year Enter amount g on line 334 of the T2 Return.	330		g		
Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (note 9)	335		h		
Subtotal (total of amounts e to h)			▶		D
Farm losses before any request for a carryback (amount C **minus** amount D)					E
Deduct – **Request to carry back farm loss to:**					
First previous tax year to reduce taxable income	921		i		
Second previous tax year to reduce taxable income	922		j		
Third previous tax year to reduce taxable income	923		k		
First previous tax year to reduce taxable dividends subject to Part IV tax	931		l		
Second previous tax year to reduce taxable dividends subject to Part IV tax	932		m		
Third previous tax year to reduce taxable dividends subject to Part IV tax	933		n		
Subtotal (total of amounts i to n)			▶		F
Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F)				380	G

Note 8: A farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Note 9: Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business				485		A
Minus the deductible farm loss:						
(amount A above ______ – $2,500) **divided** by 2 =		a				
Amount a or $ 15,000 (note 10), whichever is less				b		
		2,500	c			
Subtotal (amount b **plus** amount c)		2,500			2,500	B
Current-year restricted farm loss (amount A **minus** amount B)						C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d		
Deduct: Restricted farm loss expired (note 11)	400		e		
Restricted farm losses at the beginning of the tax year (amount d **minus** amount e)	402				D
Add:					
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	405		f		
Current-year restricted farm loss (from amount C)	410		g		
Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.					
Subtotal (amount f **plus** amount g)					E
Subtotal (amount D **plus** amount E)					F
Deduct:					
Restricted farm losses from previous tax years applied against current farming income	430		h		
Enter amount h on line 333 of the T2 return.					
Section 80 – Adjustments for forgiven amounts	440		i		
Other adjustments	450		j		
Subtotal (total of amounts h to j)					G
Restricted farm losses before any request for a carryback (amount F **minus** amount G)					H
Deduct – **Request to carry back restricted farm loss to:**					
First previous tax year to reduce farming income	941		k		
Second previous tax year to reduce farming income	942		l		
Third previous tax year to reduce farming income	943		m		
Subtotal (total of amounts k to m)					I
Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I)	480				J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 10: For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

Note 11: A restricted farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year		a		
Deduct: Listed personal property loss expired after 7 tax years	500	b		
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502	►		A
Add: Current-year listed personal property loss (from Schedule 6)			510	B
Subtotal (amount A **plus** amount B)				C
Deduct:				
Listed personal property losses from previous tax years applied against listed personal property gains	530	c		
Enter amount c on line 655 of Schedule 6.				
Other adjustments	550	d		
Subtotal (amount c **plus** amount d)		►		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)				E
Deduct – **Request to carry back listed personal property loss to:**				
First previous tax year to reduce listed personal property gains	961	e		
Second previous tax year to reduce listed personal property gains	962	f		
Third previous tax year to reduce listed personal property gains	963	g		
Subtotal (total of amounts e to g)		►		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)			580	G

Part 7 – Limited partnership losses

Current-year limited partnership losses

	1	2	3	4	5	6	7
	Partnership account number **600**	Tax year ending yyyy/mm/dd **602**	Corporation's share of limited partnership loss **604**	Corporation's at-risk amount **606**	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses **608**	Column 4 **minus** column 5 (if negative, enter "0")	Current -year limited partnership losses (column 3 **minus** column 6) **620**
1.							
						Total (enter this amount on line 222 of Schedule 1)	

Limited partnership losses from previous tax years that may be applied in the current year

	1	2	3	4	5	6	7
	Partnership account number **630**	Tax year ending yyyy/mm/dd **632**	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary **634**	Corporation's at-risk amount **636**	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses **638**	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6) **650**
1.							

Continuity of limited partnership losses that can be carried forward to future tax years

	1	2	3	4	5	6
	Partnership account number **660**	Limited partnership losses at the end of the previous tax year **662**	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary **664**	Current-year limited partnership losses (from line 620) **670**	Limited partnership losses applied in the current year (must be equal to or less than line 650) **675**	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5) **680**
1.						
				Total (enter this amount on line 335 of the T2 return)		

Note
If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . **190** Yes ☐

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind–up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

Note
This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A	1,524,915		1,524,915	N/A		
1st preceding taxation year 2018-12-31		N/A		N/A			
2nd preceding taxation year 2017-12-31		N/A		N/A			
3rd preceding taxation year 2016-12-31		N/A		N/A			
4th preceding taxation year 2015-12-31		N/A		N/A			
5th preceding taxation year 2014-12-31		N/A		N/A			
6th preceding taxation year 2013-12-31		N/A		N/A			
7th preceding taxation year 2012-12-31		N/A		N/A			
8th preceding taxation year 2011-12-31		N/A		N/A			
9th preceding taxation year 2010-12-31		N/A		N/A			
10th preceding taxation year 2009-12-31		N/A		N/A			
11th preceding taxation year 2008-12-31		N/A		N/A			
12th preceding taxation year 2007-12-31		N/A		N/A			
13th preceding taxation year 2006-12-31		N/A		N/A			
14th preceding taxation year 2005-12-31		N/A		N/A			
15th preceding taxation year 2004-12-31		N/A		N/A			
16th preceding taxation year 2003-12-31		N/A		N/A			
17th preceding taxation year 2002-12-31		N/A		N/A			
18th preceding taxation year 2001-12-31		N/A		N/A			
19th preceding taxation year 2001-09-30		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		1,524,915		1,524,915			

* **This balance expires this year and will not be available next year.**

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Tax Calculation Supplementary – Corporations

Schedule 5

Corporation's name	Business Number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- Use this schedule if, during the tax year, your corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1),
  - is claiming provincial or territorial tax credits or rebates (see Part 2), or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- All legislative references are to the Income Tax Regulations.
- For more information, see the T2 Corporation – Income Tax Guide.
- For the regulation number to be entered in field 100 of Part 1, see the chart below.

Part 1 – Allocation of taxable income

100 ____________ Enter the Regulation that applies (402 to 413)

A Jurisdiction. Tick yes if your corporation had a permanent establishment in the jurisdiction during the tax year *		B Total salaries and wages paid in jurisdiction	C (B x taxable income) / G	D Gross revenue	E (D x taxable income) / H	F Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 Yes ☐	104		144		
Prince Edward Island	005 Yes ☐	105		145		
Nova Scotia	007 Yes ☐	107		147		
Nova Scotia Offshore	008 Yes ☐	108		148		
New Brunswick	009 Yes ☐	109		149		
Quebec	011 Yes ☐	111		151		
Ontario	013 Yes ☐	113		153		
Manitoba	015 Yes ☐	115		155		
Saskatchewan	017 Yes ☐	117		157		
Alberta	019 Yes ☐	119		159		
British Columbia	021 Yes ☐	121		161		
Yukon	023 Yes ☐	123		163		
Northwest Territories	025 Yes ☐	125		165		
Nunavut	026 Yes ☐	126		166		
Outside Canada	027 Yes ☐	127		167		
Total		129 G		169 H		

* **Permanent establishment** is defined in subsection 400(2)

** For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the T2 Corporation – Income Tax Guide.
2. If your corporation has provincial or territorial tax payable, complete Part 2.
3. If your corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

Ontario basic income tax (from Schedule 500)	270			
Ontario small business deduction (from Schedule 500)	402			
Subtotal (line 270 **minus** line 402)			►	5A
Ontario transitional tax debits (from Schedule 506)	276			
Recapture of Ontario research and development tax credit (from Schedule 508)	277			
Subtotal (line 276 **plus** line 277)			►	5B
Gross Ontario tax (amount 5A **plus** amount 5B)				5C
Ontario resource tax credit (from Schedule 504)	404			
Ontario tax credit for manufacturing and processing (from Schedule 502)	406			
Ontario foreign tax credit (from Schedule 21)	408			
Ontario credit union tax reduction (from Schedule 500)	410			
Ontario political contributions tax credit (from Schedule 525)	415			
Ontario non-refundable tax credits (total of lines 404 to 415)			►	5D
Subtotal (amount 5C **minus** amount 5D) (if negative, enter "0")				5E
Ontario research and development tax credit (from Schedule 508)			416	
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E **minus** line 416) (if negative, enter "0")				5F
Ontario corporate minimum tax credit (from Schedule 510)			418	
Ontario community food program donation tax credit for farmers (from Schedule 2)			420	
Ontario corporate income tax payable (amount 5F **minus** the total of lines 418 and 420) (if negative, enter "0")				5G
Ontario corporate minimum tax (from Schedule 510)	278	135,865		
Ontario special additional tax on life insurance corporations (from Schedule 512)	280			
Subtotal (line 278 **plus** line 280)		135,865	► 135,865	5H
Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H)			135,865	5I
Ontario qualifying environmental trust tax credit	450			
Ontario co-operative education tax credit (from Schedule 550)	452	7,821		
Ontario apprenticeship training tax credit (from Schedule 552)	454			
Ontario computer animation and special effects tax credit (from Schedule 554)	456			
Ontario film and television tax credit (from Schedule 556)	458			
Ontario production services tax credit (from Schedule 558)	460			
Ontario interactive digital media tax credit (from Schedule 560)	462			
Ontario sound recording tax credit (from Schedule 562)	464			
Ontario book publishing tax credit (from Schedule 564)	466			
Ontario innovation tax credit (from Schedule 566)	468			
Ontario business-research institute tax credit (from Schedule 568)	470			
Ontario refundable tax credits (total of lines 450 to 470)		7,821	► 7,821	5J
Net Ontario tax payable or refundable tax credit (amount 5I **minus** amount 5J) (if a credit, enter amount in brackets) Include this amount on line 255.			290 128,044	

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits 255 128,044

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under Regulation 1101(5q)? **101** Yes ☐ No ☒

	1 Class number * See note 1 (200)	Description	2 Undepreciated capital cost (UCC) at the beginning of the year (201)	3 Cost of acquisitions during the year (new property must be available for use) See note 2 (203)	4 Cost of acquisitions from column 3 that are accelerated investment incentive properties (AIIP) See note 3 (225)	5 Adjustments and transfers See note 4 (205)	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 5 (221)	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 6 (222)	8 Proceeds of dispositions See note 7 (207)	For tax years ending before November 21, 2018: 50% rule (1/2 of net acquisitions) (211)
1.	1		55,801,316						0	
2.	1b		1,217,259	893,368	893,368				0	
3.	8		2,114,576	206,361	206,361				0	
4.	10		945,220	234,505	234,505				34,468	
5.	12		89,637	1,859,074	1,859,074				0	
6.	45		155						0	
7.	47	distribution equipment post Feb 22/05	45,165,183	8,336,174	8,336,174				0	
8.	50	Computers	198,824	22,582	22,582				0	
9.	95		139,159			-139,159			0	
10.	14.1		3,027,659	1,772,800	1,772,800				0	
		Totals	108,698,988	13,324,864	13,324,864	-139,159			34,468	

	1 Class number * See note 1 (200)	Des-crip-tion	9 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 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")	12 UCC adjustment for AIIP acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	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") See note 10 (224)	14 CCA rate % See note 11 (212)	15 Recapture of CCA See note 12 (213)	16 Terminal loss See note 13 (215)	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 (217)	18 UCC at the end of the year (column 9 **minus** column 17) (220)
1.	1		55,801,316					4	0	0	2,232,053	53,569,263

	1 Class number * See note 1 200	Des-crip-tion	9 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 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")	12 UCC adjustment for AIIP acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	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") See note 10 224	14 CCA rate % See note 11 212	15 Recapture of CCA See note 12 213	16 Terminal loss See note 13 215	17 CCA (for declining balance method, the result of column 9 **plus** column 12 **minus** column 13, **multiplied** by column 14 or a lower amount) See note 14 217	18 UCC at the end of the year (column 9 **minus** column 17) 220
2.	1b		2,110,627		893,368	446,684		6	0	0	153,439	1,957,188
3.	8		2,320,937		206,361	103,181		20	0	0	484,824	1,836,113
4.	10		1,145,257	34,468	200,037	100,019		30	0	0	373,583	771,674
5.	12		1,948,711		1,859,074			100	0	0	1,948,711	
6.	45		155					45	0	0	70	85
7.	47	distribu	53,501,357		8,336,174	4,168,087		8	0	0	4,613,556	48,887,801
8.	50	Compu	221,406		22,582	11,291		55	0	0	127,983	93,423
9.	95							0	0	0		
10.	14.1		4,800,459		1,772,800	886,400		5	0	0	325,396	4,475,063
		Totals	121,850,225	34,468	13,290,396	5,715,662					10,259,615	111,590,610

Enter the total of column 15 on line 107 of Schedule 1.
Enter the total of column 16 on line 404 of Schedule 1.
Enter the total of column 17 on line 403 of Schedule 1.

Note 1. If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101. Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

Note 2. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

Note 3. An accelerated investment incentive property (AIIP) is a property (other than property included in Class 54 or 55) that you acquired after November 20, 2018 and became available for use before 2028. See the T2 Corporation Income Tax Guide for more information. Classes 54 and 55 include property that is a zero-emission vehicle you acquired after March 18, 2019 and became available for use before 2028.

Note 4. Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost (column 9). Items that increase the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the undepreciated capital cost (show amounts that reduce the undepreciated capital cost in brackets) include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5.

Note 5. Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Note 6. Include all amounts you have repaid during the year with respect to any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d); and
- an inducement, assistance or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b).

Also include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year.

Note 7. For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).

Note 8. If the amount in column 5 reduces the undepreciated capital cost (i.e. it is shown in brackets), you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 9. The relevant factors for AIIP of a class in Schedule II and for property included in classes 54 and 55, available for use before 2024, are:

- 2 1/3 for property in Classes 43.1 and 54;
- 1 1/2 for property in Class 55;
- 1 for property in Classes 43.2 and 53;
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 14 for additional information); and
- 0.5 for all other property that is AIIP.

Note 10. The UCC adjustment for non-AIIP acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP). For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 11. Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 17.

Note 12. If the amount in column 9 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 9 in column 15 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1.

Note 13. If no property is left in the class at the end of the tax year and there is still a positive amount in the column 9, you have a terminal loss. If applicable, enter the positive amount from column 9 in column 16. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1;
- property in Class 14.1, unless you have ceased carrying on the business to which it relates; or
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply.

Note 14. If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction).
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction).
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction).
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction).
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraph 1100(1)(y.2)(for single mine properties) and 1100(1)(ya.2)(for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive.
- Property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit: 150% of the amount determined by first subtracting the total of the residual value of the timber limit and all amounts you expended for the 1949 or later tax years for surveys, cruises or preparation of prints, maps or plans for the purpose of obtaining a licence or right to cut timber from the capital cost of the limit or right, and then dividing the result by the quantity of timber in the limit or the quantity of timber you have the right to cut.
- Industrial mineral mine or a right to remove industrial minerals from an industrial mineral mine: 150% of the amount determined by first subtracting the residual value, if any, of the mine or right from the capital cost of the mine or right, and then dividing the result by the number of units of commercially mineable material estimated to be in the mine when the mine or right was acquired (alternatively, if you have acquired a right to remove only a specified number of units, that number of units that you acquired a right to remove).

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	BURLINGTON ELECTRICITY SERVIC		86829 1782 RC0001	3					
2.	Burlington Enterprises Corporation (		88361 4927 RC0001	1					
3.	THE CITY OF BURLINGTON		NR	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

Canada

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	LIABILITY FOR FUTURE BENEF:	4,870,343		372,110	752,735	4,489,718
2	AFDA	230,000		170,000	230,000	170,000
3						
	Reserves from Part 2 of Schedule 13					
	Totals	5,100,343		542,110	982,735	4,659,718

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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SCHEDULE 14

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- This schedule must be completed by all corporations who made the following payments to residents of Canada: royalties for which the corporation has not filed a T5 slip; research and development fees; management fees; technical assistance fees; and similar payments.
- Please enter the name and address of the recipient and the amount of the payment in the applicable column. If several payments of the same type (i.e., management fees) were made to the same person, enter the total amount paid. If similar types of payments have been made, but do not fit into any of the categories, enter these amounts in the column entitled "Similar payments".

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Burlington Enterprises Corpor	1340 BRANT STREET BURLINGTON ON L7R 3Z7			55,110		

T2 SCH 14 (99)

Canada

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

	Type of plan (see note 1) 100	Amount of contribution $ (see note 2) 200	Registration number (RPP, RSUBP, PRPP, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) (see note 3) 600
1	1	1,035,133	0345983			

Note 1

Enter the applicable code number:

1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP
5 – PRPP

Note 2

You do not need to add to Schedule 1 any payments you made to deferred income plans.
To reconcile such payments, calculate the following amount:

Total of all amounts indicated in column 200 of this schedule . . . . 1,035,133 A

Less:

Total of all amounts for deferred income plans deducted in your financial statements . . . . . 838,002 B

Deductible amount for contributions to deferred income plans
(amount A **minus** amount B) (if negative, enter "0") . . . . 197,131 C

Enter amount C on line 417 of Schedule 1

Note 3

T4PS slip(s) filed by: 1 – Trustee
2 – Employer
(EPSP only)

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Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year must file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

Column 2: Provide the business number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code from the list below that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless association code 5 applies)

2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation

3 – Non-CCPC that is a **third corporation**

4 – Associated non-CCPC

5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A.

Ensure that the total at line A does not exceed $500,000.

Allocating the business limit

Date filed (do not use this area) . . . . . **025** Year Month Day

Enter the calendar year the agreement applies to . . . . . **050** Year 2019

Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . . **075** ☐ Yes ☒ No

	1 Name of associated corporations 100	2 Business number of associated corporations 200	3 Association code 300	4 Business limit for the year before the allocation $	5 Percentage of the business limit % 350	6 Business limit allocated* $ 400	
1	BURLINGTON HYDRO INC.	86829 1980 RC0001	1	500,000			
2	BURLINGTON ELECTRICITY SERVICES INC.	86829 1782 RC0001	1	500,000	100.0000	500,000	
3	Burlington Enterprises Corporation (Formerly E	88361 4927 RC0001	1	500,000			
4	THE CITY OF BURLINGTON	NR	4				
				Total	100.0000	500,000	A

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula 0.225% x (C - $10,000,000). Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C are in subsection 125(5.1) of the Act.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the lesser of: the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year.

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Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or the wind-up of a subsidiary, as described under subsections 87(1) and 88(1);
  - to request a credit carryback to one or more previous years;
  - if you are subject to a recapture of ITC; or
  - if you are claiming:
    - the **Ontario Research and Development Tax Credit**;
    - the **Ontario Innovation Tax Credit.**
- Unless otherwise stated, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - qualified scientific research and experimental development (SR&ED) expenditures (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
    - Expenditures related to child care spaces incurred after March 21, 2017 no longer qualify for the investment tax credit. If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.
- File this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide* and read Information Circular IC78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see guide T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Expenditures for pre-production mining, apprenticeship, or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified members of a partnership and limited partners.
  For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For tax purposes**,** Canada includes the **exclusive economic zone of Canada** as defined in the *Oceans Act* (which generally consists of an area of the sea that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil of that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.

Detailed information (continued)

- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

	Specified percentage
Investments	
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 15 % rate.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures***:	
– after March 28, 2012, and before 2014	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred expenditures after March 18, 2007 and before March 22, 2017 (or before 2020 if you entered into a written agreement before March 22, 2017) for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** A transitional relief rate may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraphs (k)(ii) and (iii) of the definition of **specified percentage** in subsection 127(9) for more information.

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . 101 1 Yes ☐ 2 No ☒

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions.

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . 102 1 Yes ☐ 2 No ☒

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* . . . . 103 ________
Enter on line 350 of Part 8.

* Enter only contributions not already included on Form T661.
Include 80% of the contributions made **after** 2012. For contributions made **before** 2013, include all of the contributions.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number 105	Description of investment 110	Date available for use 115	Location used in Atlantic Canada (province) 120	Amount of investment 125
			Total of investments for qualified property and qualified resource property	A1

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year				B1
Credit deemed as a remittance of co-op corporations	210			
Credit expired	215			
Subtotal (line 210 **plus** line 215)			▶	C1
ITC at the beginning of the tax year (amount B1 **minus** amount C1)			220	
Credit transferred on an amalgamation or the wind-up of a subsidiary	230			
ITC from repayment of assistance	235			
Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4) ______ x 10 % =	240			
Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4) ______ x 5 % =	242			
Credit allocated from a partnership	250			
Subtotal (total of lines 230 to 250)			▶	D1
Total credit available (line 220 **plus** amount D1)				E1
Credit deducted from Part I tax	260			
Credit carried back to previous years (amount H1 in Part 6)			a	
Credit transferred to offset Part VII tax liability	280			
Subtotal (total of line 260, amount a, and line 280)			▶	F1
Credit balance before refund (amount E1 **minus** amount F1)				G1
Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7)			310	
ITC closing balance of investments from qualified property and qualified resource property (amount G1 **minus** line 310)			320	

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

Part 6 – Request for carryback of credit from investments in qualified property and qualified resource property

	Year	Month	Day			
1st previous tax year				Credit to be applied	901	
2nd previous tax year				Credit to be applied	902	
3rd previous tax year				Credit to be applied	903	
				Total of lines 901 to 903 Enter at amount a in Part 5.		H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5)		I1
Credit balance before refund (from amount G1 in Part 5)		J1
Refund (40 % of amount I1 or J1, whichever is less)		K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter on line 780 of the T2 return if you do not claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 557 on Form T661)		396,361		
Contributions to agricultural organizations for SR&ED				
Deduct:				
Government assistance, non-government assistance, or contract payment				
Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*	▶ +			
Current expenditures (line 557 on Form T661 **plus** line 103 in Part 3)*		396,361 ▶	350	396,361
Capital expenditures incurred **before** 2014 (from line 558 on Form T661)**			360	
Repayments made in the year (from line 560 on Form T661)			370	
Qualified SR&ED expenditures (total of lines 350 to 370)			380	396,361

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures. Capital cost allowance can be claimed for depreciable property acquired for use in SR&ED after 2013.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes [X] 2 No [ ]

If you answered **no** to the question on line 385 or if you are not associated with any other corporations, complete lines 390 and 398.
If you answered **yes**, the amounts for associated corporations will be determined on Schedule 49.

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied)	390	
Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million	398	

* If the tax year referred to on line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in that tax year.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation:			$ 8,000,000	
Taxable income for the previous tax year (line 390 in Part 9) or $500,000, whichever is more		x 10 =		A2
Excess ($8,000,000 **minus** amount A2 if the taxation year ends before March 19, 2019; otherwise, enter $3,000,000) (if negative, enter "0")*				B2
$ 40,000,000 **minus** line 398 in Part 9		b		
Amount b **divided** by $ 40,000,000				C2
Expenditure limit for the stand-alone corporation (amount B2 **multiplied** by amount C2)**				D2
For an associated corporation:				
If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49**			400	E2

If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D2 or E2 ______ x Number of days in the tax year / 365 = 365 ______ F2

Your SR&ED expenditure limit for the year (enter amount D2, E2, or F2, whichever applies) **410** ______

* For taxation years ending after March 18, 2019, the taxable income is no longer taken into account in the SR&ED expenditure limit calculation. For more information, consult the Help (F1).

**Amount D2 or E2 cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less*	420		x 35 % =			G2
Line 350 **minus** line 410 (if negative, enter "0")	430	396,361				
Amount from line 430 ____ x (Number of days in the tax year before 2014 ____ / Number of days in the tax year) x 20% =			c			
Amount from line 430** 396,361 x (Number of days in the tax year after 2013 365 / Number of days in the tax year 365) x 15 % =		59,454	d			
Subtotal (amount c **plus** amount d)		59,454	▶		59,454	H2
Line 410 **minus** line 350 (if negative, enter "0")			e			
Capital expenditures (line 360 in Part 8) or amount e, whichever is less*	440		x 35 % =			I2
Line 360 **minus** amount e (if negative, enter "0")	450					
Amount from line 450 ____ x (Number of days in the tax year before 2014 ____ / Number of days in the tax year) x 20% =			f			
Amount from line 450** ____ x (Number of days in the tax year after 2013 365 / Number of days in the tax year 365) x 15 % =			g			
Subtotal (amount f **plus** amount g)			▶			J2

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8) . . . . . ____

Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayment of assistance that reduced a qualifying expenditure for a CCPC***	460		x 35 % =		h		
Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred before 2015	480		x 20 % =		i		
Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred after 2014	490		x 15 % =		j		
			Subtotal (**add** amounts h to j)		▶		K2
Current-year SR&ED ITC (total of amounts G2 to K2; enter on line 540 in Part 12)						59,454	L2

* For corporations that are not CCPCs, enter "0" for amounts G2 and I2.

** For tax years that end after 2013, the general SR&ED ITC rate is reduced from 20% to 15%, except that, for 2014 tax years that start **before** 2014, the reduction is pro-rated based on the number of days in the tax year that are **after** 2013. For tax years that have a start date **after** 2013, **multiply** the amount by 15%.

*** If you were a Canadian-controlled private corporation (CCPC), this percentage was applied to the portion that you claimed of the SR&ED qualified expenditure pool that did not exceed your expenditure limit at the time. This percentage includes the rate under subsection 127(10.1), **additions to investment tax credit**. See subsection 127(10.1) for details about exceptions. For expenditures not eligible for this rate use line 480 or 490 as appropriate.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year			17,197	M2
Credit deemed as a remittance of co-op corporations	510			
Credit expired	515			
Subtotal (line 510 **plus** line 515)				N2
ITC at the beginning of the tax year (amount M2 **minus** amount N2)	520		28,396	
Credit transferred on an amalgamation or the wind-up of a subsidiary	530			
Total current-year credit (from amount L2 in Part 11)	540	59,454		
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)		59,454	59,454	O2
Total credit available (line 520 **plus** amount O2)			87,850	P2
Credit deducted from Part I tax	560			
Credit carried back to previous years (amount S2 in Part 13)			k	
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount k, and line 580)				Q2
Credit balance before refund (amount P2 **minus** amount Q2)			87,850	R2
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)	610			
ITC closing balance on SR&ED (amount R2 **minus** line 610)	620		87,850	

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year Month Day			
1st previous tax year		Credit to be applied	911	
2nd previous tax year		Credit to be applied	912	
3rd previous tax year		Credit to be applied	913	
		Total of lines 911 to 913 Enter at amount k in Part 12.		S2

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)?	650	1 Yes [ ] 2 No [X]	
Current-year ITC (lines 540 **plus** 550 in Part 12 **minus** amount K2 in Part 11)			I
Refundable credits (amount I or amount R2 in Part 12, whichever is less)*			T2
Amount T2 or amount G2 in Part 11, whichever is less			U2
Net amount (amount T2 **minus** amount U2; if negative, enter "0")			V2
Amount V2 **multiplied** by 40 %			W2
Amount U2			X2
Refund of ITC (amount W2 **plus** amount X2 – enter this, or a lesser amount, on line 610 in Part 12)			Y2

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this part only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (amount R2 in Part 12)	87,850	Z2
Amount Z2 or amount G2 in Part 11, whichever is less		AA2
Net amount (amount Z2 **minus** amount AA2; if negative, enter "0")	87,850	BB2
Amount BB2 or amount I2 in Part 11, whichever is less		CC2
Amount CC2 **multiplied** by 40 %		DD2
Amount AA2		EE2
Refund of ITC (amount DD2 **plus** amount EE2)		FF2

Enter FF2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the **note** above 700	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	Amount from column 700 or 710, whichever is less

Subtotal Enter at amount C3 in Part 17. A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740	D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred 750	F Amount from column D or E, whichever is less

Subtotal (total of column F) Enter at amount D3 in Part 17. B3

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC **760** ______
Enter at amount E3 in Part 17.

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16		C3
Recaptured ITC from calculation 2, amount B3 in Part 16		D3
Recaptured ITC from calculation 3, line 760 in Part 16		E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3) Enter at amount A8 in Part 29.		F3

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that you incurred in the tax year (**before** January 1, 2014) for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	
Geological, geophysical, or geochemical surveys	811	
Drilling by rotary, diamond, percussion, or other methods	812	
Trenching, digging test pits, and preliminary sampling	813	

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	
Sinking a mine shaft, constructing an adit, or other underground entry	821	

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826
Total of column 826	

Total of column 826 ►			A4
Total pre-production mining expenditures (total of lines 810 to 821 and amount A4)	830		
Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to on line 830 above	832		
Excess (line 830 **minus** line 832) (if negative, enter "0")			B4
Repayments of government and non-government assistance	835		
Pre-production mining expenditures (amount B4 **plus** line 835)			C4

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year				D4
Credit deemed as a remittance of co-op corporations	841			
Credit expired	845			
Subtotal (line 841 **plus** line 845)			▶	E4
ITC at the beginning of the tax year (amount D4 **minus** amount E4)			850	
Credit transferred on an amalgamation or the wind-up of a subsidiary			860	
Pre-production mining expenditures* incurred before January 1, 2013 (applicable part from amount C4 in Part 18)	870	x 10 % =	m	
Pre-production mining exploration expenditures** incurred in 2013 (applicable part from amount C4 in Part 18)	872	x 5 % =	n	
Pre-production mining development expenditures incurred in 2014 (applicable part from amount C4 in Part 18)	874	x 7 % =	o	
Pre-production mining development expenditures incurred in 2015 (applicable part from amount C4 in Part 18)	876	x 4 % =	p	
Current year credit (total of amounts m to p)	880		▶	F4
Total credit available (total of lines 850, 860, and amount F4)				G4
Credit deducted from Part I tax	885			
Credit carried back to previous years (amount I4 in Part 20)			q	
Subtotal (line 885 **plus** amount q)			▶	H4
ITC closing balance from pre-production mining expenditures (amount G4 **minus** amount H4)			890	

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

** Also include pre-production mining development expenditures incurred in 2015 if the expense is described in subparagraph (a)(ii) of the definition **pre-production mining expenditure** in subsection 127(9) of the Act because of paragraph (g.4) of the definition **Canadian exploration expense** in subsection 66.1(6) of the Act.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year Month Day			
1st previous tax year		Credit to be applied	921	
2nd previous tax year		Credit to be applied	922	
3rd previous tax year		Credit to be applied	923	
		Total of lines 921 to 923 Enter at amount q in Part 19.		I4

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.) . . . . . 611 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
1.	[redacted]	434a Powerline Technician	82,304	8,230	2,000
2.	[redacted]	434a Powerline Technician	106,631	10,663	2,000

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
3.	[redacted]	434a Powerline Technician	76,478	7,648	2,000
4.		434a Powerline Technician	124,862	12,486	2,000
				Total current-year credit (total of column E) Enter on line 640 in Part 22.	8,000 A5

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. **Eligible salary and wages**, and **qualified expenditures** are defined under subsection 127(9).

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year					B5
Credit deemed as a remittance of co-op corporations	612				
Credit expired after 20 tax years	615				
Subtotal (line 612 **plus** line 615)			▶		C5
ITC at the beginning of the tax year (amount B5 **minus** amount C5)			625		
Credit transferred on an amalgamation or the wind-up of a subsidiary	630				
ITC from repayment of assistance	635				
Total current-year credit (amount A5 in Part 21)	640	8,000			
Credit allocated from a partnership	655				
Subtotal (total of lines 630 to 655)		8,000	▶	8,000	D5
Total credit available (line 625 **plus** amount D5)				8,000	E5
Credit deducted from Part I tax	660				
Credit carried back to previous years (amount G5 in Part 23)			r		
Subtotal (line 660 **plus** amount r)			▶		F5
ITC closing balance from apprenticeship job creation expenditures (amount E5 **minus** amount F5)			690	8,000	

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year Month Day			
1st previous tax year		Credit to be applied	931	
2nd previous tax year		Credit to be applied	932	
3rd previous tax year		Credit to be applied	933	
		Total of lines 931 to 933 Enter at amount r in Part 22.		G5

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that you incurred after March 18, 2007 and before March 22, 2017* to create licensed child care spaces for the children of the employees and, potentially, for other children. You cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures.

Properties should be acquired and expenditures should be incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	Capital cost allowance class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year (total of column 695) **715** ______

Specified child care start-up expenditures from the current tax year . . . . . **705** ______

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . ______ A6

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6 . . . . . **725** ______

Excess (amount A6 **minus** line 725) (if negative, enter "0") . . . . . ______ B6

Repayments by the corporation of government and non-government assistance . . . . . **735** ______

Total eligible expenditures for child care spaces (amount B6 **plus** line 735) . . . . . **745** ______

* If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 24) . . . . . ______ x 25 % = ______ C6

Number of child care spaces . . . . . **755** ______ x $ 10,000 = ______ D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) . . . . . ______ E6

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year				F6
Credit deemed as a remittance of co-op corporations	765			
Credit expired after 20 tax years	770			
Subtotal (line 765 **plus** line 770)			▶	G6
ITC at the beginning of the tax year (amount F6 **minus** amount G6)			775	
Credit transferred on an amalgamation or the wind-up of a subsidiary	777			
Total current-year credit (amount E6 in Part 25)	780			
Credit allocated from a partnership	782			
Subtotal (total of lines 777 to 782)			▶	H6
Total credit available (line 775 **plus** amount H6)				I6
Credit deducted from Part I tax	785			
Credit carried back to previous years (amount K6 in Part 27)			s	
Subtotal (line 785 **plus** amount s)			▶	J6
ITC closing balance from child care spaces expenditures (amount I6 **minus** amount J6)			790	

Part 27 – Request for carryback of credit from child care space expenditures

	Year Month Day			
1st previous tax year	2018-12-31	Credit to be applied	941	
2nd previous tax year	2017-12-31	Credit to be applied	942	
3rd previous tax year	2016-12-31	Credit to be applied	943	
		Total of lines 941 to 943 Enter at amount s in Part 26.		K6

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . . **792** ______

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . . . **795** ______

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . . **797** ______

Amount from line 795 or line 797, whichever is less . . . . ______ A7

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC **799** ______

Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799) . . . . ______ B7
Enter at amount B8 in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (amount F3 in Part 17) . . . . ______ A8

Recaptured child care spaces ITC (amount B7 in Part 28) . . . . ______ B8

Total recapture of investment tax credit (amount A8 **plus** amount B8) . . . . ______ C8
Enter on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (line 260 in Part 5) . . . . ______ D8

ITC from SR&ED expenditures deducted from Part I tax (line 560 in Part 12) . . . . ______ E8

ITC from pre-production mining expenditures deducted from Part I tax (line 885 in Part 19) . . . . ______ F8

ITC from apprenticeship job creation expenditures deducted from Part I tax (line 660 in Part 22) . . . . ______ G8

ITC from child care space expenditures deducted from Part I tax (line 785 in Part 26) . . . . ______ H8

Total ITC deducted from Part I tax (total of amounts D8 to H8) . . . . ______ I8
Enter on line 652 of the T2 return.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
59,454				59,454

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2018-12-31	28,396			28,396
2017-12-31				
2016-12-31				
2015-12-31				
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				*
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2001-09-30				
				*
Total	28,396			28,396

B+C+D+G **Total ITC utilized**

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
8,000				8,000

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2018-12-31				
2017-12-31				
2016-12-31				
2015-12-31				
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				*
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2001-09-30				
				*
Total				

B+C+D+G **Total ITC utilized**

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Canada Revenue Agency | Agence du revenu du Canada

Code 1501

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:

- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:

- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: **www.cra.gc.ca/sred**.

Part 1 – General information

010 Name of claimant: BURLINGTON HYDRO INC.	Enter one of the following:
Tax year From: 2019-01-01 (Year Month Day) To: 2019-12-31 (Year Month Day)	Business number (BN): 86829 1980 RC0001
050 Total number of projects you are claiming this tax year: 1	Social insurance number (SIN):

100 Contact person for the financial information: SALMAN MOIN	**105** Telephone number/extension: (905) 332-1851	**110** Fax number: (905) 332-8384
115 Contact person for the technical information: Joe Saunders	**120** Telephone number/extension: (905) 332-2258	**125** Fax number:

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 1 [X] I elect to use the proxy method (Enter "0" on line 360 and complete Part 5.)

162 1 [ ] I choose to use the traditional method (Enter "0" on lines 355 and 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	300	+	277,231
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	277,231
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		
• Cost of materials consumed in performing SR&ED	320	+	
• Cost of materials transformed in performing SR&ED	325	+	
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts (see note 1)	340	+	5,700
b) Non-arm's length contracts (see note 1)	345	+	
• Lease costs of equipment used **before 2014**:			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	355	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	360	+	
• Third-party payments (see note 2) (complete Form T1263*)	370	+	
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations may need to adjust line 118 of schedule T2SCH1)	380	=	282,931
• Capital expenditures for depreciable property available for use **before 2014** (Do not include these capital expenditures on schedule T2SCH8)	390	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	282,931

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

Amount from line 400	420		282,931
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	9,863
• other government assistance for expenditures included on line 400	431	–	
• non-government assistance for expenditures included on line 400	432	–	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	435	–	50,324
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	222,744
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	
• amount of SR&ED ITC recaptured in the prior year	453	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	222,744
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	222,744
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	

* Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Note 1 – For contract expenditures made after 2013, no amounts for purchasing or leasing capital property can be included.

Note 2 – For third-party payments made after 2013, no amounts for purchasing or leasing capital property can be included.

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)

	Line	Current Expenditures	Line	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	282,931	496	
Add				
• payment of prior years' unpaid amounts (other than salary or wages) (see note 5)	500 +			
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502 +	128,946		
• expenditures on shared-use equipment for property acquired **before 2014**			504 +	
• qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	411,877	512 =	
Deduct (see note 4)				
• provincial government assistance	513 –	14,376	514 –	
• other government assistance	515 –		516 –	
• non-government assistance and contract payments	517 –		518 –	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see note 5)	520 –			
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528 –			
• 20% of expenditures included on lines 340 and 370	529 –	1,140		
• prescribed expenditures not allowed by regulations (see guide)	530 –		532 –	
• other deductions (see guide)	533 –		535 –	
• non-arm's length transactions				
– assistance allocated to you (complete Form T1145*)	538 –		540 –	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541 –			
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542 –		543 –	
– qualified expenditures you transferred (complete Form T1146**)	544 –		546 –	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	396,361	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	396,361
Add				
• repayments of assistance and contract payments made in the year			560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	396,361

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Note 5 – For arm's length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162).
You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307)	810	+	277,231
Deduct			
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810	812	–	42,784
Subtotal (line 810 minus 812)	814	=	234,447

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816) 816 +

Salary base (total of lines 814 and 816)	818	=	234,447

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820)	820	=	128,946

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you.

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for **all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1. 2018-01 Advancements in Smart Grid Techniques	277,231		5,700
Total	277,231		5,700

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605** 277,231

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

	Line	Canadian (%)	Line	Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 1 [ ] Basic or Applied research **622** 1 [X] Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	1
Technologists and technicians	634	
Managers and administrators	636	1
Other technical supporting staff	638	1

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . [X]
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . [X]
3. completed Part 2 for each project . . . [X]
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . [X]
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . [X]

To expedite the processing of your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* . . . [X]
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . [X]
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . [X]
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . [X]

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third·Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?

1 [X] Yes (complete the claim preparer information table and lines 970 and 975 below)

2 [ ] No (complete lines 970 and 975)

Claim preparer information table

940	945	950	955	960	965
Name of claim preparer (company or individual)	Business number	Billing arrangement code (see codes*)	Billing rate (percentage, hourly/daily rate or flat fee)	Other billing arrangement(s) (Maximum 10 words)	Total fee paid, payable, or expected to pay
1. KPMG LLP	12236 3153 RC0001	1	0.25		18,458
				Total	18,458

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, MICHAEL KYSLEY, certify that the information provided in this part is complete and accurate.
Name of authorized signing officer of the corporation, or individual (print)

Signature

975 2020-06-22
Year Month Day

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 MICHAEL KYSLEY
Name of authorized signing officer of the corporation, or individual

Signature

170 2020-06-22
Date

175 KPMG LLP
Name of person/firm who completed this form

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the *Income Tax Act* (the Act) and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in assessment of monetary penalties and delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Information is described in personal information bank CRA PPU 441 “Scientific Research and Experimental Development” in the Canada Revenue Agency (CRA) chapter of *Info Source*. Personal information is protected under the *Privacy Act*, and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our *Info Source* chapter can be found at www.cra.gc.ca/atip.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than $10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101	15,444,935	
Capital stock (or members' contributions if incorporated without share capital)	103	45,139,138	
Retained earnings	104	40,599,391	
Contributed surplus	105	876,228	
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108	76,238,593	
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109		
Any dividends declared but not paid by the corporation before the end of the year	110		
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111		
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112		
Subtotal (**add** lines 101 to 112)		178,298,285 ▶	178,298,285 A

Note:

Line 112 is determined by the formula (A – B) x C/D (as per paragraph 181.2(3)(g)) where:

A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if

a) those lines applied to partnerships in the same manner that they apply to corporations, and

b) those amounts were computed without reference to amounts owing by the partnership

(i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or

(ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.

B is the partnership's deferred unrealized foreign exchange losses at the end of the period,

C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and

D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

		Subtotal A (from page 1)	178,298,285	A
Deduct the following amounts:				
Deferred tax debit balance at the end of the year	121	7,737,219		
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122			
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123			
Deferred unrealized foreign exchange losses at the end of the year	124			
Subtotal (**add** lines 121 to 124)		7,737,219 ▶	7,737,219	B
Capital for the year (amount A **minus** amount B) (if negative, enter “0”)	190		170,561,066	

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	
A loan or advance to another corporation (other than a financial institution)	402	525,356
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	
Long-term debt of a financial institution	404	
A dividend payable on a share of the capital stock of another corporation	405	
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	525,356

Notes:

1. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		170,561,066	C
Deduct: Investment allowance for the year (line 490)		525,356	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	170,035,710	

Part 4 – Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

Taxable capital for the year (line 500) 170,035,710 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 170,035,710

Notes: 1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of $1,000.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **701** ______

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada . . . . **711** ______

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada . . . . **712** ______

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) . . . . **713** ______

Total deductions (**add** lines 711, 712, and 713) ______ ► ______ E

Taxable capital employed in Canada (line 701 **minus** amount E) (if negative, enter "0") . . . . **790** ______

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (amount from line 690) . . . . ______ F

Deduct: . . . . 10,000,000 G

Excess (amount F **minus** amount G) (if negative, enter "0") ______ H

Calculation for purposes of the small business deduction (amount H x 0.225%) . . . . ______ I

Enter this amount at line 415 of the T2 return.

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Schedule 50

Shareholder Information

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.
- Provide only one number per shareholder (business number, social insurance number or trust number).

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business number (If a corporation is not registered, enter "NR") 200	Social insurance number 300	Trust number 350	Percentage common shares 400	Percentage preferred shares 500
1	Burlington Enterprises Corporation (Formerly, BURLINC	88361 4927 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency | Agence du revenu du Canada

Schedule 53

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

On: 2019-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- Credit unions are **not** required to complete this schedule.
- All legislative references are to the Income Tax Act and the Income Tax Regulations.
- When an eligible dividend was paid in the tax year or there was a change in the GRIP balance, file a completed copy of this schedule with your T2 Corporation Income Tax Return. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsection 89(1) defines the terms **eligible dividend**, **excessive eligible dividend designation**, **general rate income pool**, and **low rate income pool**.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . . . ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? . . . . . ☒ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? . . . . . ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC . . . . . ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation . . . . . ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . . . ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . . . ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . . . ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – General rate income pool (GRIP)

GRIP at the end of the previous tax year			100	37,071,292
Taxable income for the year (DICs enter "0") *		110		
Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least *	130			
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140			
Subtotal (line 130 **plus** line 140)		►	A	
Income taxable at the general corporate rate (line 110 **minus** amount A) (if negative enter "0")		150		
After-tax income (line 150 **multiplied** by 0.72 (the general rate factor for the tax year))			190	
Eligible dividends received in the tax year		200		
Dividends deductible under section 113 received in the tax year		210		
Subtotal (line 200 **plus** line 210)			►	B
Becoming a CCPC (amount W5 in Part 4)		220		
Post-amalgamation (total of amounts E4 in Part 3 and amounts W5 in Part 4)		230		
Post-wind-up (total of amounts E4 in Part 3 and amounts W5 in Part 4)		240		
Subtotal (**add** lines 220, 230, and 240)		290	►	
Subtotal (**add** lines 100, 190, 290, and amount B)				37,071,292 C
Eligible dividends paid in the previous tax year		300		
Excessive eligible dividend designations made in the previous tax year		310		
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)				
Subtotal (line 300 **minus** line 310)			►	D
GRIP before adjustment for specified future tax consequences (amount C **minus** amount D) (amount can be negative)			490	37,071,292
Total GRIP adjustment for specified future tax consequences to previous tax years (amount L3 in Part 2)			560	1,097,939
GRIP at the end of the tax year (line 490 **minus** line 560)			590	35,973,353

Enter this amount on line 160 of Schedule 55.

* For lines 110, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2018-12-31

Taxable income before specified future tax consequences from the current tax year 362,161 A1

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ B1

Aggregate investment income (line 440 of the T2 return) . . . . ______ C1

Subtotal (amount B1 **plus** amount C1) ______ ▶ ______ D1

Subtotal (amount A1 **minus** amount D1) (if negative, enter "0") 362,161 ▶ 362,161 E1

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ F1

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ______ G1

Aggregate investment income (line 440 of the T2 return) . . . . ______ H1

Subtotal (amount G1 **plus** amount H1) ______ ▶ ______ I1

Subtotal (amount F1 **minus** amount I1) (if negative, enter "0") ______ ▶ ______ J1

Subtotal (amount E1 **minus** amount J1) (if negative, enter "0") ______ K1

GRIP adjustment for specified future tax consequences to the first previous tax year
(amount K1 **multiplied** by 0.72) . . . . **500** ______

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Second previous tax year 2017-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ____ A2

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ____ B2

Aggregate investment income (line 440 of the T2 return) . . . . ____ C2

Subtotal (amount B2 **plus** amount C2) ____ ▶ ____ D2

Subtotal (amount A2 **minus** amount D2) (if negative, enter "0") ____ ▶ ____ E2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ____ F2

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least . . . . ____ G2

Aggregate investment income (line 440 of the T2 return) . . . . ____ H2

Subtotal (amount G2 **plus** amount H2) ____ ▶ ____ I2

Subtotal (amount F2 **minus** amount I2) (if negative, enter "0") ____ ▶ ____ J2

Subtotal (amount E2 **minus** amount J2) (if negative, enter "0") ____ K2

GRIP adjustment for specified future tax consequences to the second previous tax year
(amount K2 **multiplied** by 0.72) . . . . **520** ____

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2016-12-31

Taxable income before specified future tax consequences from the current tax year 2,809,943 A3

Enter the following amounts before specified future tax consequences from the current tax year:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least B3

Aggregate investment income (line 440 of the T2 return) C3

Subtotal (amount B3 **plus** amount C3) ▶ D3

Subtotal (amount A3 **minus** amount D3) (if negative, enter "0") 2,809,943 ▶ 2,809,943 E3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**
1,524,915					1,524,915

Taxable income after specified future tax consequences 1,285,028 F3

Enter the following amounts after specified future tax consequences:

Amount on line 400, 405, 410, and 427 or 428** of the T2 return, whichever is the least G3

Aggregate investment income (line 440 of the T2 return) H3

Subtotal (amount G3 **plus** amount H3) ▶ I3

Subtotal (amount F3 **minus** amount I3) (if negative, enter "0") 1,285,028 ▶ 1,285,028 J3

Subtotal (amount E3 **minus** amount J3) (if negative, enter "0") 1,524,915 K3

GRIP adjustment for specified future tax consequences to the third previous tax year
(amount K3 **multiplied by** 0.72) **540** 1,097,939

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") 1,097,939 L3

Enter amount L3 on line 560 in part 1.

** If your tax year starts before 2019, use line 427. If your tax year starts after 2018, use line 428.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year				A4
Eligible dividends paid by the corporation in its last tax year		B4		
Excessive eligible dividend designations made by the corporation in its last tax year		C4		
Subtotal (amount B4 **minus** amount C4)		►		D4
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) (amount A4 **minus** amount D4)				E4

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the E4 amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year.The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

Calculate the GRIP addition of a successor corporation following an amalgamation at the end of its first tax year.

Calculate the GRIP addition of a parent corporation upon wind-up at the end of the tax year that ends immediately after the tax year in which the parent has received the assets of the subsidiary.

In the calculation below, **corporation** means a predecessor or a subsidiary. Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ______ A5

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ______ B5

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses . . . . ______ C5

Net capital losses . . . . ______ D5

Farm losses . . . . ______ E5

Restricted farm losses . . . . ______ F5

Limited partnership losses . . . . ______ G5

Subtotal (**add** amounts C5 to G5) ______ ► ______ H5

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses . . . . ______ I5

Net capital losses . . . . ______ J5

Farm losses . . . . ______ K5

Restricted farm losses . . . . ______ L5

Limited partnership losses . . . . ______ M5

Subtotal (**add** amounts I5 to M5) ______ ► ______ N5

Unused and unexpired losses at the end of the corporation's previous/last tax year (amount H5 **minus** amount N5) ______ ► ______ O5

Subtotal (**add** amounts A5, B5, and O5) ______ P5

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ______ Q5

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ______ R5

All the corporation's reserves deducted in its previous/last tax year . . . . ______ S5

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ______ T5

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ______ U5

Subtotal (**add** amounts Q5 to U5) ______ ► ______ V5

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (amount P5 **minus** amount V5) (if negative, enter "0") . . . . ______ W5

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the W5 amounts. Enter this total amount on:

– line 220 for a corporation becoming a CCPC;
– line 230 for post-amalgamation; or
– line 240 for post-wind-up.

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Schedule 55

Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

	Line	Amount		Line	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3						
Taxable dividends paid in the tax year **included** in Schedule 3		2,000,000				
Total taxable dividends paid in the tax year	100	2,000,000				
Total eligible dividends paid in the tax year				150		A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")				160	35,973,353	B
Excessive eligible dividend designation (line 150 **minus** line 160)						C
Deduct:						
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *				180		D
Subtotal (amount C **minus** amount D)						E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)				190		F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

	Line	Amount		Line	Amount	
Taxable dividends paid in the tax year **not included** in Schedule 3						
Taxable dividends paid in the tax year **included** in Schedule 3						
Total taxable dividends paid in the tax year	200					
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)						G
Deduct:						
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *				280		H
Subtotal (amount G **minus** amount H)						I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)				290		J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

Part 2 – Project information (continued)

Project number **1**

CRA internal form identifier 060
Code 1501

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

2018-01 Advancements in Smart Grid Techniques

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2011-12 (Year Month)	2020-10 (Year Month)	2.02.01 Electrical and electronic engineering

Project claim history

208 1 [X] Continuation of a previously claimed project   **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	
2	
3	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome?
(*Maximum 50 lines*)

1. Burlington Hydro (BHI) sought to develop techniques to accommodate new energy
2. loads (Electric Vehicles etc.) within the grid asset capabilities such that
3. non-deterministic load patterns presented by the rapid growth of Electric
4. Vehicles (EV) could be managed. In the past, BHI improved the existing
5. infrastructure to serve increased loads, however this solution was only
6. temporary. With the continuous increase in the EVs, BHI encountered issues
7. with unanticipated peak loads at random times. Systematic investigations were
8. required to understand how to predict the peak loads and manage the emerging
9. energy flow of the network as the technology is still immature.
10. Burlington Hydro sought to develop techniques to improve the overall
11. redundancy of the distribution system. In particular, techniques were sought
12. to quickly respond to the outage events by sectionalizing the fault areas,
13. with an objective of minimizing outage durations in critical areas such as
14. hospitals etc. Systematic investigations were necessary to address this issue.
15. BHI sought to develop techniques to integrate a legacy transaction sub-system
16. with the CIS sub-system as the existing legacy system required manual updates
17. with very limited support. However, upon implementation and testing, BHI
18. encountered a number of challenges in this process. Systematic investigations
19. were necessary to address this issue.
20. Burlington Hydro currently utilizes SpatialNET Power, a Geographic
21. Information System (GIS) software that runs as an extension to AutoCAD Map 3D
22. and operates on an Oracle database (using a proprietary data model). However,
23. the SpatialNET Power software is no longer supported by the vendor, thus BHI
24. sought to develop techniques to replace the existing GIS software and the
25. associated data model with a new utility GIS system. However, the challenge
26. encountered in this process was how to successfully transform the data from
27. the existing SpatialNET database into the new utility GIS system database as
28. the databases are not compatible with each other.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (*Maximum 100 lines*)

1. The initial techniques proposed and developed involved effectively managing
2. the EV charging stations (i.e., detaching the multi-unit charging stations)
3. with an objective of reducing peak loads. Intelligent load scheduling
4. techniques were developed using a transactive energy model in order to

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

effectively manage the peak loads. For instance, end users were given the flexibility to use distributed energy resources (DER) to trade back the excess energy generated to the grid, while taking the energy from the grid if necessary. However upon implementation and testing, it was noted that the additional loads presented (due to the inclusion of DERs) in the distribution grid affect the operation of feeders. This necessitated a detailed investigation regarding how the distributed resources affect the feeder operations and how faults could be overcome. Loading models were developed in order to analyze the different sections of the feeder while adding additional loads in order to predict voltage-power relations. Using the results of the analysis, BHI developed an understanding of how the feeder configurations and operations could be successfully designed to collectively support transactive load shedding/scheduling patterns. In addition, each of the feeders were given IP addresses so that they could be controlled using IoT techniques.

Experiments carried out in FY19 were focused on developing a self-healing network with a minimal or no downtime in the event of outages. Voltage loss calculations were carried out to identify the faulty feeders and isolate them by activating the switches. Upon implementation, this technique significantly improved the outage response of the grid network.

Burlington Hydro sought to develop techniques to overcome the challenges associated with overheads calculations in the transaction sub-system, such that it could be successfully integrated with the CIS system. The methodology proposed was to initially calculate the overheads based on the code, rate, etc in the work order system and send it back to the payroll system. This was done in order to prevent any changes to the legacy WO system, thus the core infrastructure need not be changed. Upon implementation, it was noted that the overheads calculations were successful. A number of interfaces were developed to successfully integrate the systems.

BHI sought to replace the legacy GIS system with a utility GIS system, however data conversion challenges were anticipated in this process. In FY19, BHI carried out investigations on how to convert the BHI's existing symbol set and how to successfully move the data from the legacy GIS system to the proposed GIS system. In particular, the attribute and relationship data of the proposed GIS sub-system were thoroughly investigated such as how the standard relational tables are utilized and where the spatial data was stored in addition to investigating the proposed data formats in the proposed GIS system. It was noted that attribute and relationship data utilize standard relational tables while spatial data is stored in the industry standard Oracle Spatial (Locator) format. In addition, security, backup, and transactional Data Management were also found to use Oracle functionality. All information such as graphic, attribute, and transaction data was accessed through a standard SQL-with or without the Oracle Spatial operators. By the end of FY19, data was successfully moved from the legacy database to the proposed database. In FY20, BHI plans to integrate the GIS sub-system with CIS and OMS. Experiments were still ongoing.

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (*Maximum 50 lines*)

The work performed for this project represents a technological advancement in the fields of Electrical Engineering.
Burlington Hydro achieved the following advancements in FY19:

Intelligent peak shaving and load sharing/utilization methods provide efficient load management with respect to heavy-duty last-mile stochastic loads.
Development of a self-healing grid by successfully sectionalizing the faulty feeders, thereby advancing the smart grid network with reduced or no down times for the critical grid sections

11.	Successful integration of the payroll system with the CIS subsystem, while
12.	performing automated overhead calculation as opposed to manual calculations
13.	that were previously carried out.
14.	Successful development of a new GIS (geographical information system) network
15.	model that would allow integrations between OMS, CIS and SCADA systems.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	254 Name: Saunders, Joe
255 1 [ ] Other employee of the company	256 Name:
257 1 [X] External consultant	258 Name: KPMG LLP — 259 Firm: KPMG LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	261 Qualifications/experience and position title
1 [redacted]	Vice President, Regulatory Compliance and Asset Management, [redacted]
2 [redacted]	GIS Supervisor, [redacted]
3 [redacted]	Vice President of Engineering and Operations, [redacted]

265 Are you claiming any salary or wages for SR&ED performed outside Canada? . . . 1 [ ] Yes 2 [X] No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? . . . 1 [ ] Yes 2 [X] No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? . . . 1 [X] Yes 2 [ ] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	269 BN
1 S&C Electric Canada	10473 9925 RT0001

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270 1 [ ] Project planning documents	276 1 [X] Progress reports, minutes of project meetings
271 1 [X] Records of resources allocated to the project, time sheets	277 1 [ ] Test protocols, test data, analysis of test results, conclusions
272 1 [ ] Design of experiments	278 1 [ ] Photographs and videos
273 1 [X] Project records, laboratory notebooks	279 1 [ ] Samples, prototypes, scrap or other artefacts
274 1 [X] Design, system architecture and source code	280 1 [X] Contracts
275 1 [ ] Records of trial runs	281 1 [ ] Others, specify 282

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Schedule 508

Ontario Research and Development Tax Credit

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC earned in the tax year to reduce Ontario corporate income tax payable in any of the three previous tax years;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - add an ORDTC transferred after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year. The ORDTC rate is:
  - 4.5% for tax years that end before June 1, 2016;
  - 3.5% for tax years that start after May 31, 2016; and
  - prorated for a tax year that ends on or after June 1, 2016, and includes May 31, 2016.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Complete and attach this schedule to the *T2 Corporation Income Tax Return* for the tax year.
- To claim this credit, you must also send in completed copies of the Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, and the Schedule 31, *Investment Tax Credit - Corporations*, within 18 months of the tax year end.

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	410,737	A		
Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B		
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		410,737	C		
Eligible expenditures transferred to the corporation by another corporation	110		D		
Subtotal (amount C **plus** amount D)		410,737	►	410,737	E
Eligible expenditures the corporation transferred to another corporation			115		F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")			120	410,737	G

Part 2 – Eligible repayments

The repayment of the ORDTC is calculated using the ORDTC rate that you used to determine your tax credit at the time your eligible expenditures were reduced because of the government or non-government assistance, or contract payments. Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayments for tax years that end before June 1, 2016 . . . . 210 ______ x 4.5 % = 215 ______ H

Repayment for a tax year that ends on or after June 1, 2016 and includes May 31, 2016. Complete the proration calculation below.

Number of days in the tax year before June 1, 2016	240	152	x	4.5 %	=	1.8689 %	1
Number of days in the tax year	241	366					
Number of days in the tax year after May 31, 2016	242	214	x	3.5 %	=	2.0464 %	2
Number of days in the tax year	243	366					

Subtotal (percentage 1 **plus** percentage 2) 3.9153 % 3

Repayments for a tax year that ends on or after June 1, 2016 and includes May 31, 2016 . . . . . . 211 ______ x percentage 3 3.9153 % = 216 ______ I

Part 2 – Eligible repayments (continued)

Repayments for tax years that start after May 31, 2016	212		x	3.5 %	= 217		J
Repayments made in the tax year of government or non-government assistance or contract payments that reduced eligible expenditures for first term or second term shared-use equipment acquired before 2014	220	x 1 / 4 =	x	4.5 %	= 225		K
Eligible repayments (total of amounts H to K)					229		L

Part 3 – Calculation of the current part of the ORDTC

For tax years that end before June 1, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)		x	4.5 %	= 200		M
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *				205		N
Eligible repayments (amount L in Part 2)						O
Current part of the ORDTC for tax years that end before June 1, 2016 (total of amounts M to O)				230		P

For a tax year that ends on or after June 1, 2016, and includes May 31, 2016

Number of days in the tax year before June 1, 2016 / Number of days in the tax year ______ x 4.5 % = ______ % 4

Number of days in the tax year after May 31, 2016 / Number of days in the tax year ______ x 3.5 % = ______ % 5

Subtotal (percentage 4 **plus** percentage 5) ______ % 6

Ontario SR&ED expenditure pool (amount G in Part 1)		x	percentage 6 ______ %	= 201		Q
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *				206		R
Eligible repayments (amount L in Part 2)						S
Part of the ORDTC for a tax year that ends on or after June 1, 2016, and includes May 31, 2016 (total of amounts Q to S)				231		T

For tax years that start after May 31, 2016

Ontario SR&ED expenditure pool (amount G in Part 1)	410,737	x	3.5 %	= 202	14,376	U
ORDTC allocated to the corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *				207		V
Eligible repayments (amount L in Part 2)						W
The ORDTC for tax years that start after May 31, 2016 (total of amounts U to W)				232	14,376	X

* If there is a disposal or change of use of eligible property, see Part 7 on page 4.

Part 4 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year				Y
ORDTC expired after 20 tax years	300			Z
ORDTC at the beginning of the tax year (amount Y **minus** amount Z)	305			AA
ORDTC transferred to the corporation on amalgamation or windup	310			BB
Current part of ORDTC (amount P, T or X in Part 3 whichever applies)		14,376 CC		

Are you waiving all or part of the current part of the ORDTC? 315 Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Waiver of the current part of the ORDTC	320	DD		
Subtotal (amount CC **minus** amount DD)		14,376 ▶	14,376 EE	
ORDTC available for deduction (total of amounts AA, BB and EE)			14,376 ▶	14,376 FF
ORDTC claimed ** (Enter amount GG on line 416 on page 5 of Schedule 5, *Tax Calculation Supplementary – Corporations*)			GG	
ORDTC carried back to previous tax years (from Part 5)			14,376 HH	
Subtotal (amount GG **plus** amount HH)			14,376 ▶	14,376 II
ORDTC balance at the end of the tax year (amount FF **minus** amount II)	325			JJ

** This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount FF); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 on page 5 of Schedule 5).

Part 5 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2018-12-31	Credit to be applied	901	
2nd previous tax year	2017-12-31	Credit to be applied	902	
3rd previous tax year	2016-12-31	Credit to be applied	903	14,376
		Total (total of amount 901 to 903)(enter at amount HH in Part 4)		14,376

Part 6 – Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from previous tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year Month Day	Credit available
2001-09-30	
2001-12-31	
2002-12-31	
2003-12-31	
2004-12-31	
2005-12-31	
2006-12-31	
2007-12-31	
2008-12-31	

	Tax year of origin (earliest tax year first) Year Month Day	Credit available
	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	
Current tax year	2019-12-31	

Total (equals line 325 in Part 4) ______

The amount available from the 20th previous tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 7 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

  Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate *** of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

Complete the columns for each disposition for which a recapture applies, using the calculation formats below.

*** Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – Complete this part If you meet all of the above conditions

	KK Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above 700	LL Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	MM Amount from column 700 or 710, whichever is less
1.			

Total of column MM (enter at amount WW in Part 8) ______ NN

Part 7 – Calculation of a recapture of ORDTC (continued)

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line SS.

	OO Rate percentage that the transferee used to determine its federal ITC for qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	PP Proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	QQ Amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	RR Amount determined by the formula (OO x PP) - QQ (using the columns above)	SS Federal ITC earned by the transferee for the qualified expenditure that was transferred 750	TT Amount from column RR or SS, whichever is less
1.			

Total of column TT (enter at amount XX in Part 8) ______ UU

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205, 206, or 207 in Part 3, whichever applies. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line VV.

Corporate partner's share of the excess of ORDTC (enter at amount ZZ in Part 8) . . . . 760 ______ VV

Part 8 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount NN from Part 7) . . . . ______ WW

Recaptured federal ITC for Calculation 2 (amount UU from Part 7) . . . . ______ XX

Amount WW **plus** amount XX . . . . ______ x 23.56 % = ______ YY

Corporate partner's share of the excess of ORDTC for Calculation 3 (amount VV from Part 7) . . . . ______ ZZ

Recapture of ORDTC (amount YY **plus** amount ZZ) (enter amount AAA on line 277 on page 5 of Schedule 5) . . . . ______ AAA

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures		Capital Expenditures	
Total expenditures for SR&ED		282,931			
Add					
• payment of prior years' unpaid expenses (other than salary or wages)	+				
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	128,946			
• expenditures on shared-use equipment			+		
• other additions	+		+		
Subtotal	=	411,877	=		
Less					
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–				
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–				
• 20% of contract expenditures for SR&ED performed on your behalf	–	1,140			
• prescribed expenditures not allowed by regulations	–		–		
• other deductions	–		–		
• non-arm's length transactions					
– expenditures for non-arm's length SR&ED contracts	–				
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–		–		
Subtotal	=	410,737 I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)			=	410,737	III

Enter amount III on line 100 of Schedule 508.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	238,787,968
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	97,946,516
Total assets (total of lines 112 to 116)		336,734,484
Total revenue of the corporation for the tax year **	142	227,379,285
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	104,655,343
Total revenue (total of lines 142 to 146)		332,034,628

The corporation is subject to CMT if:

- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**

- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	5,114,811	
Add (to the extent reflected in income/loss):					
Provision for current income taxes/cost of current income taxes	220	137,843			
Provision for deferred income taxes (debits)/cost of future income taxes	222	984,548			
Equity losses from corporations	224				
Financial statement loss from partnerships and joint ventures	226				
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230				
Other additions (see note below):					
Share of adjusted net income of partnerships and joint ventures **	228				
Total patronage dividends received, not already included in net income/loss	232				
281 Tax in OCI	282	131,566			
283	284				
Subtotal		1,253,957	▶	1,253,957	A
Deduct (to the extent reflected in income/loss):					
Provision for recovery of current income taxes/benefit of current income taxes	320				
Provision for deferred income taxes (credits)/benefit of future income taxes	322				
Equity income from corporations	324				
Financial statement income from partnerships and joint ventures	326				
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330				
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332				
Gain on donation of listed security or ecological gift	340				
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342				
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344				
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346				
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348				
Other deductions (see note below):					
Share of adjusted net loss of partnerships and joint ventures **	328				
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334				
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336				
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338				
381 Income tax on net movement in regulatory balances	382	1,336,746			
383	384				
385	386				
387	388				
389	390				
Subtotal		1,336,746	▶	1,336,746	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	5,032,022	

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		515	5,032,022	
Deduct:				
CMT loss available (amount R from Part 7)				
Minus: Adjustment for an acquisition of control *	518			
Adjusted CMT loss available		▶		C
Net income subject to CMT calculation (if negative, enter "0")		520	5,032,022	

Amount from line 520: 5,032,022 x (Number of days in the tax year before July 1, 2010 / Number of days in the tax year 365) x 4 % = ______ 1

Amount from line 520: 5,032,022 x (Number of days in the tax year after June 30, 2010 365 / Number of days in the tax year 365) x 2.7 % = 135,865 2

Subtotal (amount 1 **plus** amount 2) 135,865 3

Gross CMT: amount on line 3 above x OAF **	540	135,865	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		135,865	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		135,865	E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** ______ = ______

Ontario allocation factor 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *		321,047	G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)		321,047	►	620	321,047
Add:					
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)				650	
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)					321,047 H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)					321,047 J
Add:					
Net CMT payable (amount E from Part 3)		135,865			
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal		135,865	►		135,865 K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)				670	456,912 L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)				321,047 M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			1	
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	135,865 2			
For a life insurance corporation:				
Gross CMT (line 540 from Part 3)	3			
Gross SAT (line 460 from Part 6 of Schedule 512)	4			
The **greater** of amounts 3 and 4	5			
Deduct: line 2 or line 5, whichever applies:		135,865	6	
Subtotal (if negative, enter "0")			►	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)				
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		7,821		
Subtotal (if negative, enter "0")			►	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:
- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . ______ Q

Deduct:

CMT loss expired * . . . . 700 ______

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ______ ► 720 ______

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) . . . . 750 ______

CMT loss available (line 720 **plus** line 750) . . . . ______ R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . . ______

Subtotal (if negative, enter "0") ______ S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) . . . . 760 ______

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . 770 ______ T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:
- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	BURLINGTON ELECTRICITY SERVICES INC.	86829 1782 RC0001	2,107,597	1,995,524
2	Burlington Enterprises Corporation (Formerly Burlingt	88361 4927 RC0001	45,838,919	2,659,819
3	THE CITY OF BURLINGTON	NR	50,000,000	100,000,000
		Total	450 97,946,516	550 104,655,343

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

* **Rules for total assets**

– Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
– Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

** **Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
– If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
– Include the associated corporation's share of the total revenue of partnerships and joint ventures.
– If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

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SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit **www.ServiceOntario.ca** for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
BURLINGTON HYDRO INC.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	1999-12-01	1388234

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)
Michael Kysley

210 Street number	**220** Street name/Rural route/Lot and Concession number	**230** Suite number
1340	Brant Street	

240 Additional address information if applicable (line 220 must be completed first)

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Burlington	ON	CA	L7R 3Z7

Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit **www.ServiceOntario.ca**.

300 2 If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 KYSLEY (Last name) **451** MICHAEL (First name)

454 ______________ , (Middle name(s))

460 2 Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500 [ ] Please enter one of the following numbers in this box:
1 - Show no mailing address on the MGS public record.
2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.
3 - The corporation's complete mailing address is as follows:

510 Care of (if applicable)		
520 Street number	**530** Street name/Rural route/Lot and Concession number	**540** Suite number
550 Additional address information if applicable (line 530 must be completed first)		

560 Municipality (e.g., city, town)	**570** Province/state	**580** Country	**590** Postal/zip code

Part 6 – Language of preference

600 [ ] Indicate your language of preference by entering **1** for English or **2** for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.

CRA internal form identifier 547

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name: [redacted]
705 First name: [redacted]
710 Middle name(s):

720 Street number: [redacted]
730 Street name/Rural route/Lot and Concession number: [redacted]
740 Suite number: [redacted]

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town): [redacted]
770 Province/state: [redacted]
780 Country: [redacted]
790 Postal/zip code: [redacted]

Director

Is this director a resident Canadian? . . . **795** **1** Yes X **2** No

(applies to directors of corporations with share capital only)

796 Date elected/appointed (Year Month Day): 2019-07-10
797 Date ceased, if applicable (Year Month Day):

Officer information

Officer		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

Once you have completed this page, complete the certification in Part 4 of this schedule.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
BURLINGTON HYDRO INC.	86829 1980 RC0001	2019-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	120 Telephone number including area code
SALMAN MOIN	(905) 332-1851

Is the claim filed for a CETC earned through a partnership?* . . . . . **150** 1 Yes [ ] 2 No [X]

If you answered **yes** to the question at line 150, what is the name of the partnership? . . . . . **160** ____

Enter the percentage of the partnership's CETC allocated to the corporation . . . . . **170** ____ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 10,012,164

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

Eligible percentage = 15 % – [5 % x (amount on line 300 **minus** $ 400,000) / $ 200,000]

Eligible percentage for determining the eligible amount . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

Eligible percentage = 30 % – [5 % x (amount on line 300 **minus** $ 400,000) / $ 200,000]

Eligible percentage for determining the eligible amount . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	B Name of qualifying co-operative education program **405**
1.	McMaster University DeGroote School of Business	Communications
2.	McMaster University DeGroote School of Business	Communications
3.	Waterloo University	Engineering
4.	Waterloo University	Engineering
5.	Waterloo University	Engineering

	C Name of student **410**	D Start date of WP (see note 1 below) **430**	E End date of WP (see note 2 below) **435**
1.	[redacted]	2019-08-01	2019-10-15
2.	[redacted]	2019-10-11	2019-12-31
3.	[redacted]	2019-05-01	2019-07-12
4.	[redacted]	2019-07-13	2019-09-21
5.	[redacted]	2019-09-22	2019-12-31

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	7,030	25.000 %		10
2.		10.000 %	7,593	25.000 %		11
3.		10.000 %	4,915	25.000 %		10
4.		10.000 %	4,915	25.000 %		10
5.		10.000 %	6,827	25.000 %		14

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	1,758	3,000	1,758		1,758
2.	1,898	3,000	1,898		1,898
3.	1,229	3,000	1,229		1,229
4.	1,229	3,000	1,229		1,229
5.	1,707	3,000	1,707		1,707

Ontario co-operative education tax credit (total of amounts in column K) 500 7,821 L

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L ________ x percentage on line 170 in Part 1 ________ % = ... M

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.