EXHIBIT 4:
OPERATING EXPENSES

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4.1 OVERVIEW

4.1.1 OVERVIEW OF OPERATING EXPENSES

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

CNPI is proposing to recover a total of $16,119,329 through distribution rates for 2022 Test Year OM&A, depreciation, and income taxes, as detailed in Table 4 - 1.

Table 4 - 1: Summary of Operating Costs

	2017 Board Approved	2022 Test Year	Difference
Operations	1,792,896	1,989,629	196,733
Maintenance	2,020,475	2,135,403	114,928
Billing and Collecting	1,865,826	1,775,955	(89,871)
Community Relations	40,150	78,761	38,611
Administrative and General (incl LEAP)	4,196,421	3,978,280	(218,141)
Total OM&A	**9,915,768**	**9,958,029**	**42,260**
Amortization/Depreciation	4,724,996	5,625,717	900,721
Property Taxes	103,000	105,100	2,100
Income Taxes (Grossed Up)	521,069	430,483	(90,586)
Grand Total	**15,264,833**	**16,119,329**	**854,495**

2022 OM&A expenses of $9,958,029, represents an increase of $42,260, or 0.4% from 2017 Board Approved. The primary drivers of the $42,000 increase from 2017 Board Approved to 2020 Test are:

- Bad debt expense decrease of $64,000
- Appendix 2-K impact of change in FTEs increase on OM&A of $239,000
- Shared Assets Recovery Reclassification decrease to OM&A of $1,064,000
- Appendix 2-N Administrative Service Recoveries From Affiliates decrease to OM&A of $407,000
- Cybersecurity measures increase to OM&A of $200,000
- IT Based Third Party Solutions increase to OM&A of $100,000

- Metering Service Provider increase to OM&A of $55,000
- Pandemic Incremental OM&A Costs increase to OM&A of $50,000
- Using 2% as a proxy, general inflationary increase to OM&A over historical to Test Year estimated at $1,000,000

A summary of CNPI's 2017 to 2022 operating cost trend and OM&A per customer trend is provided in Table 4 - 2.

Table 4 - 2: OM&A Trends

	Last Rebasing Year 2017 - OEB Approved	Last Rebasing Year 2017 - Actual	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Reporting Basis							
OM&A Costs							
O&M	$ 3,813,371	$ 3,927,407	$ 3,966,535	$ 3,979,884	$ 4,216,120	$ 4,147,129	$ 4,125,032
Admin Expenses	$ 6,102,397	$ 5,256,443	$ 6,598,917	$ 6,165,953	$ 5,299,029	$ 5,511,756	$ 5,832,996
Total Recoverable OM&A from Appendix 2-JB [5]	$ 9,915,768	$ 9,183,850	$ 10,565,452	$ 10,145,838	$ 9,515,149	$ 9,658,884	$ 9,958,029
Number of Customers [2,4]	28,781	28,934	29,154	29,334	29,623	29,776	29,930
Number of FTEs [3,4]	70	60	67	70	68	67	68
Customers/FTEs	411	482	435	419	436	444	440
OM&A cost per customer							
O&M per customer	$132	$136	$136	$136	$142	$139	$138
Admin per customer	$212	$182	$226	$210	$179	$185	$195
Total OM&A per customer	$345	$317	$362	$346	$321	$324	$333
OM&A cost per FTE							
O&M per FTE	$54,477	$65,457	$59,202	$56,855	$62,002	$61,897	$60,662
Admin per FTE	$87,177	$87,607	$98,491	$88,085	$77,927	$82,265	$85,779
Total OM&A per FTE	$141,654	$153,064	$157,693	$144,941	$139,929	$144,162	$146,442

Total OM&A per customer has slightly decreased from $345 per customer in 2017 Board Approved to $333 per customer in 2022 Test, a decrease of $12 per customer or 3.5%. This represents a compound annual growth rate of -0.7%.

Total OM&A per FTE has increased slightly from $141,654 per customer in 2017 Board Approved to $146,442 per FTE in 2022 Test, an increase of $4,788 per FTE or 3.4%. This represents a compound annual growth rate of 0.7%.

CNPI experienced a significant amount of FTE fluctuation early on in its current historical years presented due to a variety of reasons (see Section 4.4.2) but expects that the FTE count will remain relatively constant through 2021 Bridge and 2022 Test years.

In preparing its 2021 Bridge and 2022 Test numbers, CNPI has considered the OEB published inflation rate (the Input Price Index or IPI) for use by utilities with respect to IRM rate applications, namely the 2.2% rate that was used for 2021 IRM applications. CNPI used an inflation rate of 2.0%.

CNPI is continuing to assess the on-going impact that the pandemic will have on-going operations, but expects that some best practices that have been developed primarily as a result of the pandemic will continue beyond the pandemic recovery period.

Depreciation expenses are discussed in detail in Section 4.9 and income and property taxes are discussed in detail in Section 4.10.

4.1.2 OVERVIEW OF OPERATING FUNCTIONS

4.1.2.1 OPERATIONS AND MAINTENANCE

Operations and Maintenance includes the responsibilities associated with the effective and efficient delivery of all aspects of system engineering and planning, construction, maintenance and operations of the distribution systems. This incorporates the following departments: Line Services, Meter Services, Planning & Engineering, Procurement and Materials Management, Fleet and Facilities, Technical Services and Customer Service and Billing. CNPI's Fort Erie Service Centre is the main operating centre with a smaller service centre in Gananoque, Ontario.

PLANNING & ENGINEERING

CNPI Engineering includes all activities associated with project engineering and designs, long-term asset management, capital program budgeting, execution of Construction Verification Program (CVP), and standards development. The department is located in Fort Erie and has a variety of technical skilled staff in order to accomplish the activities listed below:

CAPITAL / MAINTENANCE PROGRAMS

- Identify long range capital program and projects
- Develop short range capital programs and projects
- Develop and manage annual capital budgets
- Develop maintenance plans and programs
- Coordinate, monitor, report on annual capital program progress
- Maintain the Distribution System Plan to ensure alignment of all capital and maintenance programs

AGREEMENTS / CORPORATE DATA / REGULATORY

- Develop and manage asset recording through corporate systems (GIS, SAP)
- Develop / negotiate / administer property and access agreements
- Manage regulatory compliance to Electrical Safety Authority Reg. 22/04,
- Aggregate and report company outage statistics
- Develop / negotiate / administrate Joint Use tenant agreements
- Develop and manage highway and railway agreements
- Assist and participate with rate applications and other OEB matters
- Manage property and access engagements, disputes or concerns

ENGINEERING

- Distribution System planning
- Project development, engineering, design, and project management
- Develop designs and standards for overhead and underground power line construction
- Develop standards for material and equipment specifications
- Develop asset management plans and justifications
- Manage small and large customer connections
- Provide technical support for field level troubleshooting and maintenance
- Assist with the development of business processes
- Coordinate with customers on technical issues

LINE SERVICES

The Lines function includes all activities associated with field operations, overhead and underground line construction, maintenance, and outage restoration of CNPI’s distribution line network. In order to accomplish the above activities, there are two service centres, one positioned in Fort Erie and the other in Gananoque. These service centres have equipment, tools and materials inventory to allow for all routine maintenance and outage restoration activities to be dispatched from those locations. A larger inventory of equipment and materials inventory is located at the service centre in Fort Erie.

Routine activities of the line department include:

LINE CONSTRUCTION

- Construct overhead and underground line based on the designs prepared by the engineering department.
- Carry out necessary steps defined in the CVP.

INSPECTIONS

- Line patrols, utilizing various equipment and methods in order to complete the inspection cycle in a variety of geographic and climate conditions.

MAINTENANCE

- Maintenance is performed on pole installations or line hardware (such as switches and connections) as problems are identified through the inspection process or other means.

OUTAGE RESPONSE

- Outage response is a significant activity for CNPI's lines function. CNPI's reliability is impacted by the climate and storm conditions along the shoreline of Lake Erie.

OPERATIONAL SWITCHING

- Line department is responsible for line switching for construction, outage management, and customer requirements.

CUSTOMER CONCERNS

- CNPI responds to customer concerns, which may relate to technical, power quality, or public safety in nature.

VEGETATION MANAGEMENT

The overall objective of CNPI’s Vegetation Management Plan is to manage vegetation in proximity to electrical equipment on a regular schedule to carry out the following:

- Enhance public safety near electrical equipment;
- Avoid vegetation caused outages thereby sustaining and improving reliability;
- Allow worker accessibility to the system; and
- Manage and plan vegetation work activities in a least cost sustainable manner.

CNPI’s line department manages tree training cycles, perform line switching and isolations, and providing supporting services, if needed. The tree trimming activities are contracted out to companies specialized in this type of work.

METERING SERVICES

There are eight delivery points supplying electricity to the CNPI system. Each of those delivery points are registered IESO metered facilities which require regular maintenance as prescribed by the market rules and are managed by a registered Meter Service Provider (“MSP”). Metering also includes the cost of operating and maintaining the Smart meters and its communication network.

The meter trades and staff are responsible for completing the following:

- Meter exchanges as a result of troubleshooting, meter failures/meter communication failures;
- Disconnects / reconnects for non-payment, customer vacancies or customer requests;
- Annual meter exchange program
- Supporting annual wholesale meter exchange program (supplement the MSP trade staff); and Transformer Rated Meter verification

TECHNICAL SERVICES (SYSTEM CONTROL AND STATIONS)

CNPI’s System Control Center monitor system operating status via a SCADA system and performs dispatching and switching functions. The Control Center also plays a key role during system restoration effort.

Stations includes all activities associated with maintenance of CNPI distribution stations throughout its system. The stations house various equipment including transformers, switches and protective devices. The electrical trades staff are responsible for completing the following:

- Station inspections;
- Annual power transformer oil testing;
- Transformer and switch testing & maintenance;
- Oil containment inspection & maintenance;
- Infrared scanning of electrical facilities;
- Voltage regulator checks;
- Recloser inspection, maintenance and testing; and
- Underground facility locates and manage locates

PROCUREMENT & MATERIALS MANAGEMENT

Materials Management includes activities associated with procurement, storage and handling of materials and related distribution hardware that is required for all of the capital and maintenance programs. There is a larger warehouse located in Fort Erie in addition to a smaller inventory location in the Gananoque service centre. All locations include poles, wire, transformers and critical spares inventory. There are dedicated resources that are accountable for all procurement and inventory management including shipping and receiving.

FLEET, FACILITIES AND STORES

As noted earlier, there are two service centres; Fort Erie and Gananoque. Activities performed in this function involve the operation and maintenance of these facilities including snow removal and yard maintenance. This function also manages the company's fleet.

CUSTOMER SERVICE & BILLING

Customer Service primarily involves Billing, Collecting, Communication, and Account Maintenance.

CNPI utilizes the FortisOntario SAP system for managing its customer information and contact management. Local functions include Account Maintenance, Billing, Communication and all associated customer inquiry assistance.

Customer Service also involves Community Relations, namely Public Safety programs, Energy Conservation, Communication, and attending regular municipal and community stakeholder meetings.

4.1.2.2 GENERAL AND ADMINISTRATION

HEALTH, SAFETY & ENVIRONMENT

An integral component of CNPI's operations is its Health, Safety & Environment ("HSE") department and its systematic approach to proactively managing safety and the environment.

CNPI utilizes an integrated management system for HSE, consistent with the standards of ISO 45001 (Health & Safety) and ISO 14001 (Environment) and developed within the context of FortisOntario's structure. The management system is based upon the premise of "Plan, Do, Check and Act". Both of these standards have been developed based on a foundation of a strong Internal Responsibility System. This is a key value contained in the *Occupational Health and Safety Act*. All HS&E responsibilities are identified through the management system and have been clearly assigned to all levels of CNPI and its parent company FortisOntario including: the Board of Directors, the Executive, Departments (Managers, Supervisors and workers) and Committees (Executive Environmental & Safety Committee, Central Environment & Safety Committee, Joint Health & Safety Committee and Environmental Leadership Team). FortisOntario's corporate HS&E department consists of three full time employees and additional employees with combined responsibilities managing the five FortisOntario business units with approximately 200 employees and 37 facilities (offices & sub-stations) across Ontario. Each of these utilities/service territories inherently possess unique HS&E challenges associated with their geographical location and operational differences, and benefit from a standardized approach to managing HS&E.

The following is an overview of the FortisOntario's HS&E departmental functions.

- Hazard Assessment
- Legal Compliance
- Performance Indicators
- Training
- Audits and Inspections

One of the core principles consistent to both of the standards associated with the FortisOntario HS&E management system is the need for continual improvement. The HS&E department explores new ideas and facilitates recommendations to improve the system, and to promote HS&E responsibility. In an industry in which technology is evolving rapidly, and in an environment where CNPI's workers are exposed to risk, it is imperative that CNPI continues to commit the appropriate resources to improve its current level of HS&E performance. In that regard, CNPI has consistently performed well in the areas of health, safety and environmental management as evidenced by its HS&E record.

CNPI promotes HSE work practices through many elements of the system including regular safety meetings, workplace inspections and work observations and training throughout its service territory. Training requirements for CNPI include standardized utility sector focused training as well as additional training on Bare Hand Techniques.

HUMAN RESOURCES

Headquartered in Fort Erie, the Human Resources department has corporate responsibilities throughout the organization. The priorities of the department are to ensure adequate staffing levels, succession planning and employee retention with a focus on employee development and on-going labour relations.

A leadership coaching and development training program has been offered to a number of management and supervisory employees to further develop their management and leadership skill set. A mentoring program has been rolled out to compliment the leadership coaching and development program.

Health plan cost management, pension administration and workplace safety and insurance board administration, and other benefit related activities are managed by the Human Resources department. The company maintains a modified return to work program and regularly tracks, reports and manages human resources in an effort to remain aligned with corporate objectives. CNPI maintains positive labour relations with its represented employees and has a cooperative working relationship with IBEW leadership.

COMMUNICATIONS AND COMMUNITY RELATIONS

Community involvement and public relations remain an important core value of CNPI. Continued local community involvement in selective focus areas will aid in achieving the goal of being recognized as a valued member of the community served.

The implementation of social media (twitter and Facebook) have provided additional channels to promote CNPI's community involvement initiatives.

CNPI continues presenting Public Electrical Safety and Conservation programs for local elementary students. Each school within the service territory is scheduled to have the presentation every fourth year.

INFORMATION TECHNOLOGY

CNPI owns and maintains the CIS and Enterprise Resource Planning SAP solution as the IT system to provide a fully integrated billing and back office solution. The Information Technology corporate department is responsible for all hardware and software maintenance and programming. The department has continued to focus on developing in-house expertise to reduce the need to utilize third party consultants.

FINANCE

The corporate Finance department supports the accounting and reporting administration of the company. Located centrally in the Fort Erie office, the Finance department is responsible for ongoing accounting tasks and deliverables including accounts payable, accounts receivable, asset accounting, payroll, treasury and cash management, financing requirements, pension and OPEB accounting, and financial reporting and forecasting. In addition, the department is responsible for retailer settlements, regulatory accounting, tax filings, and ensuring that internal controls are operating effectively.

REGULATORY

The Regulatory department provides regulatory guidance to the company and maintains compliance with its regulatory requirements. CNPI uses internal resources to perform the majority of these functions which also provides for the development of in-house regulatory competency rather than relying on third party consultants for the core regulatory functions.

4.2 SUMMARY AND COST DRIVER TABLES

4.2.1 SUMMARY OF OM&A EXPENSES AND COST DRIVERS

Table 4 - 3 (A) summarizes CNPI's recoverable OM&A expenses, from 2017 Board Approved through the 2022 Test Year, consistent with OEB Appendix 2-JA.

Table 4 - 3 (A): Summary of Recoverable OM&A Expenses (OEB Appendix 2-JA)

	2017 Board Approved	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Reporting Basis							
Operations	$ 1,792,896	$ 1,773,093	$ 1,811,215	$ 1,921,232	$ 2,076,364	$ 2,077,866	$ 1,989,629
Maintenance	$ 2,020,475	$ 2,154,314	$ 2,155,320	$ 2,058,652	$ 2,139,756	$ 2,069,263	$ 2,135,403
SubTotal	**$ 3,813,371**	**$ 3,927,407**	**$ 3,966,535**	**$ 3,979,884**	**$ 4,216,120**	**$ 4,147,129**	**$ 4,125,032**
%Change (year over year)		3.0%	1.0%	0.3%	5.9%	-1.6%	-0.5%
%Change (Test Year vs Last Rebasing Year - Actual)							5.0%
Billing and Collecting	$ 1,865,826	$ 1,707,304	$ 1,861,959	$ 1,579,098	$ 1,498,832	$ 1,807,855	$ 1,775,955
Community Relations	$ 40,150	$ 31,121	$ 34,951	$ 55,763	$ 39,402	$ 105,055	$ 78,761
Administrative and General	$ 4,196,421	$ 3,518,018	$ 4,702,007	$ 4,531,093	$ 3,760,795	$ 3,598,846	$ 3,978,280
SubTotal	**$ 6,102,397**	**$ 5,256,443**	**$ 6,598,917**	**$ 6,165,953**	**$ 5,299,029**	**$ 5,511,756**	**$ 5,832,996**
%Change (year over year)		-13.9%	25.5%	-6.6%	-14.1%	4.0%	5.8%
%Change (Test Year vs Last Rebasing Year - Actual)							11.0%
Total	**$ 9,915,768**	**$ 9,183,850**	**$ 10,565,452**	**$ 10,145,838**	**$ 9,515,149**	**$ 9,658,884**	**$ 9,958,029**
%Change (year over year)		-7.4%	15.0%	-4.0%	-6.2%	1.5%	3.1%

The effect of the Shared Assets Recovery Reclassification for IT is shown below in Table 4 -3 (B):

Table 4 – 3 (B): 2017-2022 OM&A Trend with Shared Assets Recovery Reclassification for IT

	2017 Board Approved	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Operations	$1,792,896	$1,773,093	$1,811,215	$1,921,232	$2,076,364	$2,077,866	$1,989,629
Maintenance	$2,020,475	$2,154,314	$2,155,320	$2,058,652	$2,139,756	$2,069,263	$2,135,403
Billing and Collecting	$1,865,826	$1,707,304	$1,861,959	$1,579,098	$1,498,832	$1,807,855	$1,775,955
Community Relations	$40,150	$31,121	$34,951	$55,763	$39,402	$105,055	$78,761

Administrative and General	$4,196,421	$3,518,018	$4,702,007	$4,531,093	$4,825,094	$4,643,134	$5,002,900
Total (excl Shared IT Offset)	**$9,915,768**	**$9,183,850**	**$10,565,452**	**$10,145,838**	**$10,579,448**	**$10,703,172**	**$10,982,649**
%Change (year over year)		-7.4%	15.0%	-4.0%	4.3%	1.2%	2.6%
Shared IT Offset					**-$1,064,299**	**-$1,044,288**	**-$1,024,620**
Total (incl Shared IT Offset)	**$9,915,768**	**$9,183,850**	**$10,565,452**	**$10,145,838**	**$9,515,149**	**$9,658,884**	**$9,958,029**
%Change (year over year)		-7.4%	15.0%	-4.0%	-6.2%	1.5%	3.1%

A summary of 2017-2022 OM&A cost drivers, consistent with OEB Appendix 2-JB, is provided in Section 4.2.2, along with detailed explanations of each cost driver. Similarly, OM&A per customer and per FTE summary and analysis, consistent with OEB Appendix 2-L is provided in Section 4.2.3. Finally, OM&A variance analysis on a program basis, consistent with OEB Appendix 2-JC, is provided in Section 4.3.2.

CNPI has used an inflationary assumption of 2.0% as a guiding factor in developing certain Bridge and Test year planned values. This value aligns with recent inflationary parameters previously released by the OEB. For some increases, a different rate may have been used. For example, for unionized staff increase (see Section 4.4.2 below), increase percentages were used that aligned with increases in accordance with collective agreements currently in place.

4.2.2 COST DRIVER ANALYSIS

Table 4 - 4 outlines key OM&A cost drivers from 2017 Board Approved through the 2022 Test Year, consistent with OEB Appendix 2-JB.

Table 4 - 4: Recoverable OM&A Cost Driver Table (OEB Appendix 2-JB)

OM&A	Last Rebasing Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Opening Balance[2]	$ 9,915,768	$ 9,183,850	$ 10,565,452	$ 10,145,838	$ 9,515,149	$ 9,658,884
Bad Debt Expense	$ 7,000	$ 87,000	-$ 193,000	-$ 39,000	$ 99,000	-$ 25,000
App 2-K Impact on OM&A	-$ 800,000	$ 887,000	-$ 199,000	$ 312,000	-$ 27,000	$ 66,000
Internal Controls Program Review	$ 94,000	-$ 76,000	-$ 18,000	$ -	$ -	$ -
Shared Assets Recoveries Reclassification	$ -	$ -	$ -	-$ 1,064,000	$ -	$ -
Appendix 2-N Administrative Service Recoveries From Affiliates	$ -	$ 428,000	-$ 348,000	-$ 251,000	-$ 309,000	$ 73,000
Switch Maintenance Carried Over	$ -	-$ 40,000	$ 40,000	$ -	$ -	$ -
Cybersecurity	$ -	$ -	$ 200,000	-$ 91,000	$ 91,000	$ -
Third Party Locate Costs	$ -	$ -	$ -	$ 96,000	-$ 93,000	$ 24,000
Joint-Use Pole Rental Costs	$ -	$ -	$ -	$ 58,000	-$ 18,000	$ -
IT Based Third Party Solutions	$ -	$ -	$ -	$ 110,000	$ -	$ -
Metering Service Provider	$ -	$ -	$ -	$ -	$ 55,000	$ -
Third Party Customer Engagement Costs	$ -	$ -	$ -	$ -	$ 48,000	-$ 28,000
Travel Costs	$ -	$ -	$ -	-$ 124,000	$ 148,000	-$ 37,000
Pandemic Incremental OM&A Costs	$ -	$ -	$ -	$ 136,000	-$ 25,000	-$ 61,000
Miscellaneous	-$ 32,918	$ 95,602	$ 98,386	$ 226,311	$ 174,735	$ 287,144
Closing Balance[2]	$ 9,183,850	$ 10,565,452	$ 10,145,838	$ 9,515,149	$ 9,658,884	$ 9,958,029

Each cost driver identified in Table 4 - 4 above is explained in the following sub-sections.

CNPI has provided OEB Appendix 2-D as part of Exhibit 2 of this Application. The allocation of overhead did not materially change year-over-year between 2017 Actuals to 2022 Board Approved, so it has not been identified as a distinct cost driver within Appendix 2-JB.

4.2.2.1 BAD DEBT EXPENSE

2017 Board Approved to 2017 Actual, 2017 Actual to 2018 Actual, 2018 Actual to 2019 Actual, 2019 Actual to 2020 Actual, 2020 Actual to 2021 Bridge, 2021 Bridge to 2022 Test

Increase of $7k, Increase of $87k, Decrease of $193k, Decrease of $39k, Increase of $99k, Decrease of $25k

Although the collections strategy at CNPI has not substantially changed over the years (with the exception of certain pandemic collection measures noted below), bad debt expense has fluctuated over the historical years. 2018 Actual was slightly higher also due to some additional provisions taken against other miscellaneous billable revenues (non-energy bill related) that were deemed no longer collectible. Another portion of the increase in 2018 Actual was related to losses associated with a cheque fraud that had occurred. As a result, CNPI further enhanced its cheque fraud measures it had in place to mitigate against future risk.

During the pandemic and in accordance with OEB guidance, CNPI has worked with its customer base to come up with payment arrangements so as to increase the likelihood of collectability. The full impact of the pandemic on bad debt expense still is not fully determinable. CNPI has generally observed that collections have remained relatively strong throughout the pandemic, but that payments have taken longer to come in. Bad debt expense in 2021 Bridge is up slightly due to the expectation that there may be some additional write-offs in 2021 related to long outstanding receivable balances resulting from the pandemic, but 2022 Test Year bad debt expense has been estimated based on a (slightly less than) average of the historical actuals.

4.2.2.2 APPENDIX 2-K IMPACT ON OM&A

2017 Board Approved to 2017 Actual, 2017 Actual to 2018 Actual, 2018 Actual to 2019 Actual, 2019 Actual to 2020 Actual, 2020 Actual to 2021 Bridge, 2021 Bridge to 2022 Test

Decrease of $800k, Increase of $887k, Decrease of $199k, Increase of $312k, Decrease of $27k, Increase of $66k

FTE Variance explanations have been provided in 4.4.2 of this Application. CNPI has noted that FTE numbers have fluctuated over the historical years generally due to a combination of temporary vacancies, effort charged out to non CNPI-distribution and affiliates within the FortisOntario group, and changes in time charged to CNPI by affiliates within the FortisOntario group. The 2022 Test year total FTE of 68 is a reduction of three as compared to 2017 Board Approved and this reduction is a combination of a two FTE reduction in the customer service group and one less FTE for time directly charged to CNPI from its affiliates within the FortisOntario group. The values in the cost driver table are intended to represent the estimated impact of the change in FTEs on OM&A, including any impact related to the change in the average compensation rates year-over-year.

4.2.2.3 INTERNAL CONTROLS PROGRAM REVIEW

2017 Board Approved to 2017 Actual, 2017 Actual to 2018 Actual, 2018 Actual to 2019 Actual

Increase of $94k, Decrease of $76k, Decrease of $18k

Starting in 2017 and with work completed in 2018, a third party service provider was engaged to assist in the enhanced documentation of internal controls. This work was critical to help to give rise to a strong internal controls program managed internally, that will help to further safeguard the Company's assets.

4.2.2.4 SHARED ASSETS RECOVERIES RECLASSIFICATION

2019 Actual to 2020 Actual

Decrease of $1,064k

Beginning in 2020, CNPI changed its accounting treatment related to IT and equipment that are shared between CNPI and its affiliate companies, in order to be consistent with the preference expressed by OEB staff in Algoma Power Inc.'s 2020 cost of service application. As a result of this change, CNPI's revenues and costs relating to these shared IT and equipment assets are shown in accounts 4375 and 4380 for the 2017-2019 period, and are shown as a credit in account 5675 for the 2020-2022 period; hence the decrease to OM&A in the cost driver model. [1]

4.2.2.5 APPENDIX 2-N ADMINISTRATIVE SERVICES RECOVERIES FROM AFFILIATES

2017 Actual to 2018 Actual, 2018 Actual to 2019 Actual, 2019 Actual to 2020 Actual, 2020 Actual to 2021 Bridge, 2021 Bridge to 2022 Test

Decrease of $428k, Increase of $348k, Increase of $251k, Increase of $309k, Decrease of $73k

The recoveries from affiliates are recorded in OEB 5625 and so a decrease in recoveries noted above translates to an increase in CNPI OM&A costs as reflected in the cost driver model. Explanations for the primary drivers of shared service variances have been provided in Section 4.5.2 of this Application. The initial decrease in allocations out to CNPI-Distribution affiliates was primarily due to a combination of short-term staffing vacancies, administrative staff's direct time allocations to non CNPI-distribution projects, and reduced IT department staff resulting from restructuring efforts sought to better align resources and more effectively deliver IT services. The subsequent increase in allocations was primarily the result of the recovery from the filling of the short-term administrative staffing vacancies, reduced direct time allocations to non-CNPI distribution projects, staff hired in Finance to enhance processes and controls over financial and regulatory reporting, recovery of additional IT service costs as a newly contracted Managed Security Service Provider (MSSP) established in order to address requirements of the OEB Cybersecurity Framework, and several IT based solutions have moved from on-premise and/or perpetual licenses to both cloud infrastructure/hosting and subscription-based licensing. The slight decrease in recoveries in 2022 Test is based on updated methodology for 2022 as a result of business requirements for CNP distribution and the other FortisOntario group of companies. The 2022 FTE allocation that remains in CNPI Distribution through shared services remains comparable to 2017 Board Approved.

4.2.2.6 SWITCH MAINTENANCE TIMING

2017 Actual to 2018 Actual, 2018 Actual to 2019 Actual

Decrease of $40k, Increase of $40k

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[1] See Section 1.2.8 of Exhibit 1 for a detailed explanation of the change in accounting treatment arising from Algoma Power Inc's cost of service application and CNPI's rationale for implementing a similar change in accounting treatment.

Some switch maintenance work completed by a third party was deferred from 2018 and carried out in 2019, which was completed in addition to the work that was already planned to be completed in 2019.

4.2.2.7 CYBERSECURITY

2018 Actual to 2019 Actual, 2019 Actual to 2020 Actual, 2020 Actual to 2021 Bridge

Increase of $200k, Decrease of $91k, Increase of $91k

In 2019, CNPI incurred additional IT service costs related to cybersecurity enhancements. A third party was engaged to perform a preliminary assessment and offer recommendations based on the IT environment that was currently in place, and then a contract with a Managed Security Service Provider (MSSP) was established in order to address requirements of the OEB Cybersecurity Framework. Costs are expected to ramp up again in 2021 as CNPI continues to deploy solutions that require on-going annual fees to sustain. An appropriate portion of both the initial and on-going annual cybersecurity related costs are being recovered through the shared service allocations noted above.

4.2.2.8 THIRD PARTY LOCATES

2019 Actual to 2020 Actual, 2020 Actual to 2021 Bridge, 2021 Bridge to 2022 Test

Increase of $96k, Decrease of $93k, Increase of $24k

2020 third party locates costs increased substantially over 2019 costs and was primarily due to recent residential developments in the region. As noted in Exhibit 2, it is uncertain as to whether this level of residential development will persist through to 2022 Test, so the third party locate costs were brought down to be more in line with the level of spend prior to 2020 Actual.

4.2.2.9 JOINT USE POLE RENTAL COSTS

2019 Actual to 2020 Actual, 2020 Actual to 2021 Bridge

Increase of $58k, Decrease of $18k

The increase in pole rental costs relates to the OEB decision for joint use poles rates in EB-2015-0304. A portion of the increase in 2020 related to a catch up of the increased fees incurred for a portion of the poles from 2019.

4.2.2.10 IT BASED THIRD PARTY SOLUTION AGREEMENTS

2019 Actual to 2020 Actual

Increase of $110k

Several IT based solutions have moved from on-premise and/or perpetual licenses to both cloud infrastructure/hosting and subscription-based licensing, with annual renewals as opposed to multi-year contracts for perpetual licenses with annual maintenance costs. An appropriate portion of these costs are being recovered through the shared service allocations noted above.

4.2.2.11 METERING SERVICE PROVIDER

2020 Actual to 2021 Bridge

Increase of $55k

CNPI's contract with its Metering Service Provider was renewed in 2020 but due to timing, the cost increases are not expected to be recognized fully until 2021.

4.2.2.12 THIRD PARTY CUSTOMER ENGAGEMENT COSTS

2020 Actual to 2021 Bridge, 2021 Bridge to 2022 Test

Increase of $48k, Decrease of $28k

CNPI expects to ramp up third party marketing surveys and campaigns in 2021 to support a new portal and eBilling that will be deployed. Although most of these costs are expected to be one-time in nature, some on-going third party costs are expected to be incurred to ensure that customer feedback is regularly sought out.

4.2.2.13 TRAVEL COSTS

2019 Actual to 2020 Actual, 2020 Actual to 2021 Bridge, 2021 Bridge to 2022 Test

Decrease of $124k, Increase of $148k, Decrease of $37k

Due to the pandemic restrictions in place, CNPI significantly reduced its travel costs (includes accommodations, meals, other travel related costs). At the time that the 2021 Bridge Year budget was prepared, it was thought that the pandemic restrictions would have been lifted for 2021 and that business would effectively return to normal; hence the increase in 2021 travel costs budgeted for 2021 Bridge Year. However, in preparing the 2022 Test Year values, CNPI has recognized that although travel restrictions will be lifted by 2022, travel expenditures should not reach the same levels as they have in the past as CNPI continues to pursue alternative options. For example, travel costs associated with attending certain training programs may be minimized or even avoided by attending similar sessions remotely using available technologies.

4.2.2.14 PANDEMIC INCREMENTAL OM&A COSTS

<u>2019 Actual to 2020 Actual, 2020 Actual to 2021 Bridge, 2021 Bridge to 2022 Test</u>

Increase of $136k, Decrease of $25k, Decrease of $61k

CNPI incurred incremental OM&A costs as a result of the pandemic that are expected to continue through to 2021, and some of which are expected to persist into the 2022 Test year due to some best practices adopted that will be deployed beyond the pandemic. Some of the incremental costs incurred related to vehicle rental and related costs, materials and supplies such as disinfectants and sanitizers for enhanced measures, cleaning service costs, and portable washroom rentals.

In accordance with CNPI's interpretation of the OEB's Staff Proposal[2] release, CNPI has not kept incremental costs incurred in the Covid deferral and variance account, and does not have plans at this time to request recovery of either incremental OM&A costs or lost revenues in a future application. CNPI will continue to monitor any updates provided in OEB proceeding EB-2020-0133, and will reassess as more guidance including eligibility requirements are provided.

4.2.3 COST PER CUSTOMER / COST PER FTE

Table 4 - 5 summarizes CNPI's OM&A costs on a per customer and per FTE basis from 2017 Board Approved through the 2022 Test Year, consistent with OEB Appendix 2-L. Customer counts are average customer counts which is consistent with the counts used for load forecasting in this Application, while FTE counts represent the average FTE for the year which is consistent with the values per Appendix 2-K.

Table 4 - 5: Recoverable OM&A Costs per Customer and per FTE (OEB Appendix 2-L)

	Last Rebasing Year 2017 - OEB Approved	Last Rebasing Year 2017 - Actual	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Reporting Basis							
OM&A Costs							
O&M	$ 3,813,371	$ 3,927,407	$ 3,966,535	$ 3,979,884	$ 4,216,120	$ 4,147,129	$ 4,125,032
Admin Expenses	$ 6,102,397	$ 5,256,443	$ 6,598,917	$ 6,165,953	$ 5,299,029	$ 5,511,756	$ 5,832,996
Total Recoverable OM&A from Appendix 2-JB [5]	$ 9,915,768	$ 9,183,850	$ 10,565,452	$ 10,145,838	$ 9,515,149	$ 9,658,884	$ 9,958,029
Number of Customers [2,4]	28,781	28,934	29,154	29,334	29,623	29,776	29,930
Number of FTEs [3,4]	70	60	67	70	68	67	68
Customers/FTEs	411	482	435	419	436	444	440
OM&A cost per customer							
O&M per customer	$132	$136	$136	$136	$142	$139	$138
Admin per customer	$212	$182	$226	$210	$179	$185	$195
Total OM&A per customer	$345	$317	$362	$346	$321	$324	$333
OM&A cost per FTE							
O&M per FTE	$54,477	$65,457	$59,202	$56,855	$62,002	$61,897	$60,662
Admin per FTE	$87,177	$87,607	$98,491	$88,085	$77,927	$82,265	$85,779
Total OM&A per FTE	$141,654	$153,064	$157,693	$144,941	$139,929	$144,162	$146,442

[2] OEB Staff Proposal dated December 16, 2020 EB-2020-0133

Total OM&A per customer has slightly decreased from $345 per customer in 2017 Board Approved to $333 per customer in 2022 Test, a decrease of $12 per customer or 3.4%. This represents a compound annual growth rate of -0.7%.

Total OM&A per FTE has increased slightly from $141,654 per customer in 2017 Board Approved to $146,442 per customer in 2022 Test, an increase of $4,788 per customer or 3.4%. This represents a compound annual growth rate of 0.7%.

4.3 PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

4.3.1 SUMMARY OF PROGRAMS

In Table 4 - 6 below, which replicates OEB Appendix 2-JC, CNPI has classified its OM&A costs into a series of programs that have considered the RRFE categories of Customer Focus, Operational Effectiveness, and Public Responsiveness. Variance analysis is provided in Section 4.3.2 where program variances exceeded CNPI's materiality threshold of $100,000.

Table 4 - 6: OM&A Programs Table (OEB Appendix 2-JC)

Programs	Last Rebasing Year (2017 OEB-Approved)	Last Rebasing Year (2017 Actuals)	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Variance (Test Year vs. 2020 Actuals)	Variance (Test Year vs. Last Rebasing Year (2017 OEB-
Reporting Basis									
Customer Focus									
Customer Service, Mailing Costs, Billing and Collections, LEAP	1,594,021	1,431,729	1,507,231	1,415,918	1,364,092	1,557,111	1,538,467	174,374	-55,555
Community Relations	40,150	31,121	34,951	55,763	39,402	105,055	78,761	39,358	38,611
Bad Debts	210,000	216,615	304,034	110,739	72,179	171,000	146,000	73,821	-64,000
Meter Reading	87,471	85,960	78,136	77,993	89,227	105,446	117,489	28,261	30,018
								0	0
Sub-Total	1,931,642	1,765,425	1,924,352	1,660,413	1,564,901	1,938,612	1,880,716	315,815	-50,926
Operational Effectiveness									
Stations	455,085	481,800	363,081	317,928	404,689	345,126	363,471	-41,217	-91,614
Load Dispatching	201,457	259,514	281,163	215,902	243,920	206,159	196,563	-47,357	-4,894
Supervision and Engineering	147,266	88,312	143,575	101,891	107,597	208,044	194,307	86,710	47,041
Meters Maintenance	873,163	863,883	720,114	788,769	714,724	879,777	829,018	114,294	-44,145
Overhead Lines and Feeders	948,099	933,234	1,026,951	892,412	1,030,389	823,833	759,596	-270,793	-188,503
Distribution Transformers	61,414	100,594	143,622	116,174	85,873	141,833	140,780	54,908	79,366
Right of Way Maintenance Program	480,667	442,527	478,201	530,240	492,409	509,713	577,631	85,221	96,964
Underground Lines, Feeders, and Services	269,669	276,919	339,884	282,979	386,389	278,383	307,686	-78,704	38,017
Poles Towers & Fixtures	58,260	81,885	93,519	124,428	161,878	150,110	155,518	-6,359	97,258
Salaries, Wages and Benefits for Administrative Services	1,416,103	827,318	1,719,835	1,491,743	1,802,629	1,473,770	1,658,905	-143,724	242,802
Other External Administrative Services	526,634	605,990	644,214	713,549	711,169	844,180	877,328	166,159	350,694
Rent and Maintenance of General Plant	948,616	885,860	964,807	991,263	-53,254	-40,047	33,143	86,397	-915,473
Other Operating and Maintenance	318,291	398,741	376,423	609,163	588,251	604,149	600,462	12,211	282,171
Other General and Admin	1,031,995	909,167	1,113,355	1,083,288	1,022,645	1,032,185	1,160,501	137,856	128,506
Sub-Total	7,736,719	7,155,742	8,408,746	8,259,727	7,699,310	7,457,216	7,854,909	155,599	118,190
Public and Regulatory Responsiveness									
Regulatory & Compliance	247,407	262,683	232,354	225,698	250,939	263,056	222,403	-28,535	-25,004
Sub-Total	247,407	262,683	232,354	225,698	250,939	263,056	222,403	-28,535	-25,004
Miscellaneous								0	0
Total	**9,915,768**	**9,183,850**	**10,565,452**	**10,145,838**	**9,515,149**	**9,658,884**	**9,958,029**	**442,880**	**42,260**

4.3.2 PROGRAM VARIANCE ANALYSIS

4.3.2.1 CUSTOMER SERVICE, MAILING COSTS, BILLING AND COLLECTIONS, LEAP

2020 Actual to 2022 Test (Increase of $174k)

The increase from 2020 Actual to 2022 Test is primarily due to the filling of temporary vacancies that existed in the customer service department in 2020 (see Section 4.4.2 for related FTE variance explanation) as well as additional costs (postage, print matter, third party collections) associated with increased collections effort.

4.3.2.2 METERS MAINTENANCE

2020 Actual to 2022 Test (Increase of $114k)

The increase from 2020 Actual to 2022 Test is primarily due to the renewal of CNPI's contract with its Metering Service Provider (see Section 4.2.3 for related cost driver explanation).

4.3.2.3 OVERHEAD LINES AND FEEDERS

2020 Actual to 2022 Test (Decrease of $271k)

The decrease from 2020 Actual to 2022 Test is primarily due to a combination of a shift in internal labour hours to other Operational Effectiveness programs as well as a shift of some internal labour effort from O&M activities to capital projects.

2017 Board Approved to 2022 Test (Decrease of $189k)

The decrease from 2017 Board Approved to 2022 Test is primarily due to a combination of a shift in internal labour hours to other Operational Effectiveness programs as well as a shift of some internal labour effort from O&M activities to capital projects.

4.3.2.4 SALARIES, WAGES AND BENEFITS FOR ADMINISTRATIVE SERVICES

2020 Actual to 2022 Test (Decrease of $143k)

The decrease from 2020 Actual to 2022 Test is primarily due to some staffing overlap in 2020 in the shared services departments and Regional Management due to succession planning (see Section 4.4.2 for related FTE variance explanation). Partially offsetting this decrease was an increase in employee pension and benefit costs primarily due to increased rates.

2017 Board Approved to 2022 Test (Increase of $243k)

The increase from 2017 Board Approved to 2022 Test is primarily due to the creation of the Regional Management position (see Section 4.4.2 for related FTE variance explanation), along with general compensation increases.

4.3.2.5 OTHER EXTERNAL ADMINISTRATIVE SERVICES

2020 Actual to 2022 Test (Increase of $166k)

The increase from 2020 Actual to 2022 Test is primarily due to increased cybersecurity effort (see Section 4.2.3 for related cost driver explanation), shift to cloud and subscription based IT solutions (see Section 4.2.3 for related cost driver explanation), and general increases in third party services.

2017 Board Approved to 2022 Test (Increase of $351k)

The increase from 2017 Board Approved to 2022 Test is due to a combination of on-going cybersecurity efforts (see Section 4.2.3 for related cost driver explanation), shift to cloud and subscription based IT solutions (see Section 4.2.3 for related cost driver explanation).

4.3.2.6 RENT AND MAINTENANCE OF GENERAL PLANT

2017 Board Approved to 2022 Test (Decrease of $915k)

The decrease from 2017 Board Approved to 2022 Test is primarily due to CNPI's change in accounting treatment related to IT and equipment that are shared between CNPI and its affiliate companies (see Section 4.2.3 for related cost driver explanation). The 2022 Test value is $1,025,000 and is reflected as a credit in OEB 5675. The remaining offset increase relates to a general CAGR increase of 2.2% in this category from 2017 Board Approved to 2022 Test.

4.3.2.7 OTHER OPERATING AND MAINTENANCE

2017 Board Approved to 2022 Test (Increase of $282k)

In 2019, CNPI enhanced its approach to tracking non-attributable employee costs. Non-attributable costs are employee costs that are not part of burden rates, and include items such: cellular costs, training, travel, meals, print matter, various employee office supplies and accessories not including personal protective equipment (PPE), and any testing required to verify PPE and other employee equipment is working effectively.

Prior to 2019, non-attributable costs were allocated across multiple OM&A OEB accounts based on labour allocations. Starting in 2019, non-attributable costs for the technical service, electrical and lines operational groups were reported in OEB 5085. The balance of non-attributable costs in OEB 5085 for

2022 Test Year is $198,000. The comparable amount for 2017 Board Approved which is reflected in multiple OM&A accounts was $178,000.

4.3.2.8 OTHER GENERAL AND ADMINISTRATIVE

2020 Actual to 2022 Test (Increase of $138k)

The increase from 2020 Actual to 2022 Test is primarily due to a combination of increased property insurance rates which has been attributed to rates being impacted by the pandemic, and other office supply and related general expenditures that were lower in 2020 as a result of staff working from home during the pandemic. Examples include travel, meals, internet costs, print matter and other office supplies.

In developing the 2022 Test budget, CNPI has not raised some of these costs back to pre-pandemic levels as CNPI continues to pursue alternative options such on-going working from home arrangements, less travel costs to increase the use of remote technology capabilities for training sessions and other meetings with external stakeholders, etc. (see Section 4.2.3 for related cost driver explanation).

2017 Board Approved to 2022 Test (Increase of $129k)

The increase from 2017 Board Approved to 2022 Test is primarily due to a combination of increased property insurance rates which has been attributed to rates being impacted by the pandemic, and the shift of several IT based solutions being moved from on-premise and/or perpetual licenses to both cloud infrastructure/hosting and subscription-based licensing, with annual renewals as opposed to multi-year contracts for perpetual licenses with annual maintenance costs (see Section 4.2.3 for related cost driver explanation).

4.4 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

4.4.1 EMPLOYEE COMPENSATION, INCENTIVE PLAN EXPENSES AND OTHER BENEFITS

4.4.1.1 OVERVIEW

This section provides an overview of CNPI's compensation framework including an outline of CNPI's approach to employee incentive pay. Section 4.4.2, which includes OEB Appendix 2-K (Employee Costs) provides a summary of total compensation costs from 2017 Board Approved to 2022 Test Year, with explanations of year-over-year variances. Projections for 2022 salary increases are based on third-party guidance provided by Korn Ferry, attached as Appendix 4-A to this Exhibit. Additionally, Section 4.4.3 of this Exhibit outlines the status of CNPI's pension funding and assumptions used.

4.4.1.2 BASE PAY COMPENSATION – EXECUTIVE, MANAGEMENT, NON-UNION STAFF

Overall compensation for all employees of CNPI is designed to remain competitive with market compensation so as to attract and retain qualified personnel. Overall compensation includes base pay and a portion of the pay which is at risk. The following outlines the process followed by the Company in making changes to Management and Non-Union Compensation.

CNPI uses the Korn Ferry's Job Evaluation method for position evaluation. This method of job evaluation is the most widely used job measurement system in the world. Position evaluations for the Executive positions were established by Korn Ferry. CNPI Management and Non-Union positions are evaluated jointly with Korn Ferry trained personnel.

CNPI uses a reference community of participants in the Korn Ferry Compensation Comparison. CNPI uses this reference community to establish the market rates for similar positions in Ontario. To attract and retain qualified staff, the Company sets midpoint salaries using a policy line recommended by Korn Ferry management consultants. Actual salaries are set by reference to these recommendations and based on corporate and individual performance.

For members of the Executive, the Board of Directors of FortisOntario considers Korn Ferry compensation data and other policies to validate that the compensation practices are market competitive. All Executive salaries are set and all increases must be approved by the Board of Directors of FortisOntario.

Salary increases are based on market information provided by the Korn Ferry. The resulting salaries are reflective of base compensation for comparable-sized positions in the national marketplace. All salaries are approved by senior management and/or the Board of Directors as applicable. Executive and Management employees are not paid overtime.

4.4.1.3 SHORT-TERM INCENTIVE COMPENSATION AVAILABLE TO MANAGEMENT AND NON-UNION STAFF

DESCRIPTION

One element of CNPI's overall compensation package is incentive compensation. Implicit in the analysis contained in Korn Ferry management consultants' recommendations is the fact that incentive compensation is a normal component of compensation for management positions in Canadian corporations. CNPI has not changed its incentive compensation structure since the last COS application for 2017.

Incentive compensation for all employees for CNPI reflects an element of compensation put at risk to elicit and sustain continued good performance. The more senior the employee, the greater the percentage of overall compensation is put at risk.

APPLICATION

The short-term incentive ("STI") plan is available to the Executive, Management and Non-Union staff of CNPI. Unionized employees do not participate in the STI plan and do not receive incentive compensation.

FORMAT

CNPI's STI plan includes both an individual and a corporate component for all Executive, Management and Non-Union staff. Key aspects of this plan together with the targets are outlined below.

MINIMUM CORPORATE PERFORMANCE CRITERION

Prior to any incentive payments being made, a minimum corporate performance criterion, or trigger, must be reached. CNPI must achieve a pre-determined corporate threshold/target as approved by the Board of Directors of FortisOntario Inc. ("FortisOntario"); otherwise, no incentive payments will be made. For more information on these criterion, see "Corporate Targets" below.

PAYOUT SUMMARY

Basis

The STI payout is based on a percentage of annual salary and ranges between 7.5% and 50% depending on position. STI's objectives are set annually and establish criteria upon which the corporation and the individual performance are to be measured. The objectives are then scored which will result in an STI rating that averages between 0% and 150%.

The incentive regime is structured in a manner that emphasizes the greater ability of the more senior individuals to affect corporate performance by making a greater portion of their compensation dependent on corporate as opposed to individual performance. For the President and CEO, and Vice Presidents, 70% of the STI is based on corporate performance and 30% on individual performance. For the balance of Management and Non-Union staff the STI is based on 25% corporate performance and 75% individual performance.

Corporate Targets

Corporate targets may include the following: cost reduction, capital project completion, customer service, safety and environment, regulatory compliance, employee training, and reliability. Accordingly, all corporate incentive payments included in the 2017 Actual to 2022 Test Year relate to benefits to ratepayers as described below. Corporate measures have three performance levels and are reflective of key corporate targets or goals.

Each of the corporate targets benefits the ratepayers. In particular, the cost reduction measure sets targets for reducing operating costs. The capital project measure sets targets for meeting budgeted capital project costs and completing projects with respect to scope and schedule. These measures are primarily customer-related as they represent a cost reduction target that directly benefits ratepayers through lower rates or rates that could otherwise be higher. Customer service corporate measures ensure efficient and effective levels of service that meet Board standards and service quality indices and include measures to enhance the level of service provided to customers. Safety and environmental measures benefit the ratepayer by minimizing high risk incidents and promoting a proactive approach to managing safety and the environment. Regulatory compliance primarily benefits ratepayers as it ensures reliable supply of electricity, and efficient customer service at approved rates. Employee training primarily benefits ratepayers by ensuring that ratepayers receive appropriate service levels from employees by keeping abreast of various job-related skills including regulatory, safety and environmental, technical and customer service related policies and procedures. Reliability measures primarily benefit the ratepayer by ensuring a reliable supply of electricity.

Individual Targets

Individual targets, like the corporate targets, support the broader design objective of aligning the interests of all stakeholder groups in CNPI with an overall focus on efficient delivery of service to customers.

Individual measures are developed in consultation with individuals and their immediate superiors. Each measure has three performance levels, is reflective of key projects or goals and focuses on departmental or divisional priorities. Individual measures may include the following: human resources, safety and environment, reliability, regulatory compliance, customer service, efficiencies, capital project completion, cost reduction and training targets. These measures primarily benefit ratepayers for the reasons discussed herein. Human Resources primarily benefit the ratepayer by ensuring that skilled personnel are recruited and retained to provide safe and reliable service and to maintain service levels. Cost reduction, capital project and efficiency measures relate to maintaining or reducing operating costs which flow directly to the ratepayer through stable rates. Safety and environment, training, reliability, regulatory compliance and customer service measures directly benefit ratepayers in the form of a safe and reliable supply of electricity in compliance with regulations and established customer service levels.

Assessment and Payment

The Board of Directors of FortisOntario, CNPI’s parent company, approves the corporate targets for all participants and the individual targets for the Executive. Corporate measures are reflective of key corporate targets or goals and are approved annually by the Board of Directors of FortisOntario. Actual corporate performance is assessed and approved annually by the Board of Directors of FortisOntario. Actual performance against individual targets is evaluated by the individual’s immediate superior. The

President and Chief Executive Officer makes recommendations in relation to the Vice Presidents' individual awards. The Board of Directors of FortisOntario makes recommendations and approves the President and Chief Executive Officer award, and reviews the recommendations and approves payments respecting the Vice Presidents. Payments will be made generally in February, once all corporate and individual performance measures of the financial year have been finalized. CNPI budgets for incentive payments at target payment levels.

4.4.1.4 OTHER BENEFITS

Other benefits include employer portion of Canadian Pension Plan, employer portion of Employment Insurance, Employee Health Tax expense, WSIB expense, defined contribution pension expense, insurance benefit, extended health and dental care plan expense, defined benefit pension expense, post-retirement benefit, share purchase plan top-up expense, wellness reimbursements (fitness memberships) and employee and family assistance plan services.

4.4.1.5 COMPENSATION FOR UNIONIZED EMPLOYEES

Unionized employees of CNPI are represented by the Local Union 636 of the International Brotherhood of Electrical Workers ("IBEW Local 636"). The terms of employment, including compensation, overtime and benefits are set out within the collective agreement between CNPI and IBEW Local 636, which is effective from March 1, 2019 to February 28, 2023. The collective agreement provides for wage increases of 2.25% on March 1, 2019, 2.25% on March 1, 2020, 2.20% on March 1, 2021 and 2.25% on March 1, 2022.

4.4.2 EMPLOYEE COSTS VARIANCE ANALYSIS

Table 4-7 below summarizes CNPI's employees complement, compensation and benefits for the 2017 Board Approved to 2022 Test Year period, consistent with OEB Appendix 2-K. CNPI has prepared this table using total FTEs, which includes FTEs that are employees of CNPI, an allocation of FTEs included in the shared services and corporate cost allocations outlined in Section 4.5 of this Exhibit, and time directly charged to CNPI from its affiliates within the FortisOntario group. The information included in Appendix 2-K excludes any FTE and related compensation associated with those staff that worked on the Conservation and Demand Management program which was funded through contracts with the IESO. This program has since been wound down due to the planned centralized delivery of a 2021-2024 CDM Framework.

The number of FTEs for the 2017 Board Approved total was restated due to the duplication of a partial FTE in the calculation methodology. Accordingly, the adjustment to FTEs along with compensation amounts for this duplication have been reflected in the restated column in Table 4-7 below.

The number of FTEs from the 2017 Board Approved (restated) to the 2022 Test Year has decreased overall by 3 FTEs due to a decline in the customer service group of 2 FTEs through attrition and time directly charged out to affiliates, and 1 less FTE for time directly charged to CNPI from its affiliates within the FortisOntario group. See below for year-over-year variance explanations prepared.

Table 4-7 below is an excerpt from Appendix 2-K that has been submitted as part of this Application. CNPI has also added the rows to show the amounts that were capitalized:

Table 4 - 7: Employee Costs (OEB Appendix 2-K)

	2017 Board Approved	2017 Board Approved Restated	2017	2018	2019	2020	2021 Bridge Year	2022 Test Year
Number of Employees (FTEs including Part-Time)[1]								
Management (including executive)	13	13	11	14	15	14	13	13
Non-Management (union and non-union)	58	57	49	53	55	54	54	55
Total	71	70	60	67	70	68	67	68
Total Salary and Wages including ovetime and incentive pay								
Management (including executive) (2)	$1,671,147	$1,662,104	$1,471,425	$1,751,871	$1,923,260	$1,957,457	$1,875,036	$1,888,462
Non-Management (union and non-union) (2)	$5,215,544	$5,133,523	$4,470,173	$4,987,318	$5,363,153	$5,399,898	$5,619,000	$5,749,690
Total	$6,886,691	$6,795,628	$5,941,598	$6,739,189	$7,286,413	$7,357,355	$7,494,036	$7,638,152
Total Benefits (Current + Accrued) -								
Management (including executive) (2)	$452,780	$450,062	$356,986	$432,655	$417,459	$420,798	$414,443	$457,049
Non-Management (union and non-union) (2)	$1,701,780	$1,677,128	$1,328,424	$1,443,546	$1,330,555	$1,348,342	$1,402,871	$1,616,326
Total	$2,154,560	$2,127,190	$1,685,410	$1,876,201	$1,748,014	$1,769,139	$1,817,314	$2,073,375
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	$2,123,927	$2,112,166	$1,828,411	$2,184,526	$2,340,719	$2,378,255	$2,289,479	$2,345,511
Non-Management (union and non-union)	$6,917,324	$6,810,651	$5,798,596	$6,430,864	$6,693,708	$6,748,240	$7,021,871	$7,366,016
Total	$9,041,251	$8,922,818	$7,627,008	$8,615,389	$9,034,427	$9,126,494	$9,311,351	$9,711,527
Total Compensation Capitalized (Salary, Wages, & Benefits)								
Management (including executive)	$ 554,249	$ 554,249	$ 417,633	$ 500,991	$ 587,337	$ 547,171	$ 503,284	$ 563,135
Non-Management (union and non-union)	$ 2,848,623	$ 2,848,623	$ 2,491,748	$ 2,509,334	$ 3,040,717	$ 2,861,287	$ 3,117,340	$ 3,390,909
Total	**$ 3,402,872**	**$ 3,402,872**	**$ 2,909,380**	**$ 3,010,325**	**$3,628,053**	**$ 3,408,458**	**$ 3,620,625**	**$ 3,954,044**

4.4.2.1 VARIANCE ANALYSIS - FTEs

<u>2017 Board Approved (Restated) to 2017 Actual</u>

There was a 10 FTE decrease from 2017 Board Approved (Restated) to 2017 Actual. This was primarily due to a decrease in shared services allocations to CNP distribution by 6.5 FTEs, which was a combination of increased allocation to non CNPI-distribution projects, positional vacancies, and the elimination of IT department staff resulting from restructuring efforts sought to better align resources and more effectively deliver IT services. Additionally, there was a 3 FTE decrease in operational and customer service groups due to attrition and increased time directly charged by CNPI staff to affiliates within the FortisOntario group. The remaining decrease was due to short term vacancies in operational and customer service departments.

<u>2017 Actual to 2018 Actual</u>

There was a seven FTE increase from 2017 Actual to 2018 Actual. This can be attributed to an increase of shared services allocations to CNP distribution by 6.5 FTEs, which was a combination of decreased allocation to non-CNPI distribution projects, positional vacancies in the prior year becoming filled along with some overlap due to succession planning, and staff hired in Finance to enhance processes and controls over financial and regulatory reporting. The remaining 0.5 FTE increase was primarily due to the back-fill of a position for staff on medical leave. Increases from prior year in operational and customer service group FTEs to fill short-term vacancies in prior year, were offset by increased time directly charged by CNPI staff to affiliates within the FortisOntario group.

2018 Actual to 2019 Actual

There was a 3 FTE increase from 2018 Actual to 2019 Actual. This can be attributed to an increase in 4 FTE for the operational group as a result of a combination of the creation of the new Regional Manager position in Niagara, and the decreased time directly charged by CNPI operational staff to affiliates within the FortisOntario group.

This was offset by a decrease of shared services allocations to CNP distribution by 1 FTE, which was a combination of decreased allocation to non-CNPI distribution projects, positional vacancies offset by both an increase due to a contract management position added to shared services in late 2018 to enhance controls and management of contracts throughout the FortisOntario group, and overlap due to succession planning.

2019 Actual to 2020 Actual

There was a 2 FTE decrease from 2019 Actual to 2020 Actual. The primary contributors were due to temporary vacancies in some of the multiple retirements in the operational and customer service departments, increased time that was directly charged by CNPI operational staff to affiliates within the FortisOntario group, and one operational position not replaced due to the consolidation of that role through attrition. Offsetting this was some overlap in both the operational and shared service groups due succession planning.

2020 Actual to 2021 Bridge

There was a 1 FTE decrease between 2020 Actual and 2021 Bridge because the filling of the vacancies in prior year, were offset by the annualized savings of the operational position that was not replaced upon retirement in prior year due to the consolidation of that role.

2021 Bridge to 2022 Test

There was an increase of one FTE between 2021 Bridge and 2022 Test because of a one FTE increase in shared services allocations to CNPI distribution based on updated allocators to better reflect work-effort for 2022 as a result of business requirements for CNP distribution and the other FortisOntario group of companies. The 2022 FTE allocation to CNPI Distribution through shared services remains comparable to 2017 Board Approved.

4.4.2.2 VARIANCE ANALYSIS – TOTAL COMPENSATION

Total compensation indicates a compound annual growth rate (CAGR) of 2.4% per FTE from 2017 Actual Approved to 2022 Test Year. The increase can be explained due to economic and progression adjustments for a salary and wage CAGR of 2.6%, which is was slightly offset by a lower CAGR of 1.7% per FTE in benefit costs.

4.4.2.2.1 TOTAL SALARY AND WAGES

Total salaries and wages demonstrated a CAGR rate of 2.6% per FTE from 2017 Actual Approved to 2022 Test Year. The increase can be explained due to economic and progression adjustments.

Negotiated collective bargaining unit increases and details regarding non-union and management salary increases and incentive payment structure are described in Section 4.4.1 of this Exhibit.

4.4.2.2.2 TOTAL BENEFITS

Total benefits demonstrated a CAGR rate of 1.7% per FTE from 2017 Actual Approved to 2022 Test Year. The main contributors are changes in defined benefit pension plan and post retirement benefit expenses, which are described further in Section 4.4.3 of this Exhibit.

4.4.3 PENSION EXPENSE AND POST-RETIREMENT BENEFITS EXPENSE

4.4.3.1 OVERVIEW

CNPI participates in three pension plans: a defined benefit plan, a defined contribution plan, and the Ontario Municipal Employees Retirement System (“OMERS”).

The FortisOntario Inc. Combined Pension Fund, registered under the Pension Benefits Act (Ontario), 1990, is the asset trust fund for two pension plans sponsored by FortisOntario Inc. The first, the FortisOntario Inc. Employees’ Retirement Plan (“Employees’ Retirement Plan”) is a defined benefit plan to which RBC serves as Trustee. The second is the FortisOntario Supplementary Retirement Plan, a defined contribution plan to which Sun Life Financial serves as Trustee. Mercer’s Human Resource Consulting (“Mercers”) serves as the actuary.

The FortisOntario Inc. Combined Pension Fund includes retired employees of FortisOntario and CNPI, and active employees of CNPI. The allocation of pension costs is determined by Mercers.

4.4.3.2 EMPOLYEES’ RETIREMENT PLAN (DEFINED BENEFIT)

The plan is available to all employees hired prior to July 1, 1999. Funding is based on a tri-annual actuarial valuation. The last valuation was completed on December 31, 2019, and is included as Appendix 4-B to this Exhibit. A member will receive an annual pension determined on a prescribed formula based primarily on the number of years of credited service and earnings.

The defined benefit pension expense amounts are prepared for CNPI by Mercers. In April 2021, Mercers provided updated estimates of the 2021 and 2022 pension expense amounts based on current known market information as of March 31, 2021. Table 4 - 8 summarizes CNPI's defined benefit pension expenses and underlying assumptions from 2017 Board Approved to the 2022 Test Year.

Table 4 - 8: Defined Benefit Pension Expense

Pensions	2017 Actual	2017 Board Approved	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Amounts included in rates							
OM&A	$ 53,009	$ 210,733	$ 36,469	$ 21,581	$ 10,945	$ 9,377	$ 52,483
Allocated out to related parties through shared service agreements	$ 99,917	$ 86,453	$ 69,286	$ 30,921	$ 18,897	$ 15,480	$ 75,892
Capital	$ 42,533	$ 133,338	$ 27,775	$ 13,677	$ 7,595	$ 5,910	$ 30,513
Total	$ 195,459	$ 430,524	$ 133,530	$ 66,179	$ 37,436	$ 30,767	$ 158,888
Paid contribution / benefit amounts (cash)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net excess (deficit) amount included in rates relative to amounts actually paid	$ 195,459	$ 430,524	$ 133,530	$ 66,179	$ 37,436	$ 30,767	$ 158,888
Funded status-surplus	$ 5,824,000	$ 5,607,242	$ 4,488,000	$ 6,671,000	$ 7,574,000	$ 7,725,000	$ 7,880,000
Significant assumptions used:							
Discount rate - beginning of year	**4.75%**	**4.75%**	**4.75%**	**5.05%**	**5.05%**	**4.55%**	**4.55%**
Discount rate - end of year	**4.75%**	**4.75%**	**5.05%**	**5.05%**	**4.55%**	**4.55%**	**4.55%**
Expected long-term rate of return on plan assets	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**4.50%**	**4.00%**	**4.00%**
Rate of compensation increase	**3.50%**	**3.50%**	**3.50%**	**3.50%**	**3.50%**	**3.50%**	**3.50%**
Average remaining service period of active employees [years]	**4**	**3**	**5**	**4**	**4**	**4**	**4**

4.4.3.3 SUPPLEMENTARY RETIREMENT PLAN (DEFINED CONTRIBUTION)

This plan is available to employees who are not currently enrolled in the OMERS plan after completing six months of employment. Members of the Employees' Retirement Plan, as described above, may make contributions to the Supplementary Pension Plan ranging from 2% to 6% of their basic earnings. CNPI matches 50% of the members' contribution.

Eligible employees who are not members of the Employees' Retirement Plan may contribute to the Supplementary Retirement Plan from 1% to a maximum of 6.5% of their annual basic earnings. CNPI matches 100% of the members' contribution. Contributions cannot exceed the overall maximum under the Income Tax Act (Canada).

Table 4 - 9 summarizes CNPI's 2017-2022 expenses for this plan.

Table 4 - 9: Defined Contribution Pension Expense

	2017 Actual	2017 Board Approved	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Pension premiums	$ 274,831	$ 255,132	$ 293,852	$ 329,081	$ 357,643	$ 348,828	$ 355,800

4.4.3.4 OMERS

Employees who were enrolled in OMERS at the time of a lease, merger or an acquisition with CNPI are eligible for the OMERS plan. Table 4 - 10 summarizes CNPI's 2017-2022 OMERS expenses.

Table 4 - 10: OMERS Pension Expense

	2017 Actual	2017 Board Approved	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Pension premiums	$ 176,791	$ 169,848	$ 171,516	$ 172,949	$ 168,569	$ 178,140	$ 181,704

4.4.3.5 POST-RETIREMENT BENEFITS EXPENSE

CNPI provides certain health, dental and life insurance benefits, under unfunded defined benefits plans, on behalf of its retired employees.

The post retirement benefit expense amounts are prepared for CNPI by Mercer. In November 2020, Mercer provided updated estimates of the 2022 post retirement benefit expense amounts based on the current known market information as at October 31, 2020.

Table 4 - 11 outlines Post Retirement Benefits expenses and assumptions used for 2017 Board Approved to the 2022 Test Year.

Table 4 - 11: Post-Retirement Benefits Expense

OPEBs	2017 Actual	2017 Board Approved	2018 Actual	2019 Actual	2020 Actual	2021 Bridge Year	2022 Test Year
Amounts included in rates							
OM&A	$ 155,753	$ 275,578	$ 166,955	$ 138,888	$ 137,670	$ 150,623	$ 159,411
Allocated out to related parties through shared service agreements	$ 293,576	$ 113,055	$ 317,191	$ 198,993	$ 237,697	$ 248,651	$ 230,511
Capital	$ 124,971	$ 174,367	$ 127,153	$ 88,019	$ 95,532	$ 94,927	$ 92,678
Total	$ 574,300	$ 563,000	$ 611,300	$ 425,900	$ 470,900	$ 494,200	$ 482,600
Paid contribution / benefit amounts (cash)	$ 409,200	$ 306,000	$ 414,200	$ 359,600	$ 320,900	$ 309,100	$ 312,000
Net excess amount included in rates relative to amounts actually paid	$ 165,100	$ 257,000	$ 197,100	$ 66,300	$ 150,000	$ 185,100	$ 170,600
Funded status-deficit	$(7,657,000)	$(7,686,400)	$(6,217,000)	$(6,278,000)	$(7,395,000)	$(7,543,000)	$(7,694,000)
Significant assumptions used:							
Discount rate - beginning of year	**4.75%**	**4.75%**	**4.75%**	**5.05%**	**5.05%**	**4.55%**	**4.55%**
Discount rate - end of year	**4.75%**	**4.75%**	**5.05%**	**5.05%**	**4.55%**	**4.55%**	**4.55%**
Assumed ultimate health care trend	**4.50%**	**4.50%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**	**4.00%**
Average remaining service period of active employees [years]	**17**	**14**	**15**	**15**	**15**	**15**	**15**

4.4.3.6 EB-2015-0040 REPORT OF THE ONTARIO ENERGY BOARD: REGULATORY TREATMENT OF PENSION AND OTHER POST-EMPLOYMENT BENEFITS ("OPEB") COSTS

CNPI confirms that all Pension and OPEB expenses outlined in this Exhibit are presented on an accrual basis, consistent with its historical practice as approved in its 2017 cost of service application, and consistent with the default methodology required by the OEB's report in EB-2015-0040. Details of entries for CNPI's Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential variance account are provided in Exhibit 9, along with the associated request for disposition of the calculated interest amounts.

4.5 SHARED SERVICES AND CORPORATE COST ALLOCATION

4.5.1 OVERVIEW

CNPI is a wholly owned subsidiary of FortisOntario Inc. ("FortisOntario"). FortisOntario also owns two other regulated distribution businesses licensed by the OEB; Algoma Power Inc. ("API") and Cornwall Street Railway Light and Power Company Limited ("Cornwall Electric"). FortisOntario owns an unregulated district heating plant in Cornwall (i.e., Cornwall District Heating). Fortis Inc. is a partner in the First Nations-led Wataynikaneyap Power LP transmission partnership (ET-2015-0264) with 24 First

Nations partners and FortisOntario provides project management services to via Wataynikaneyap Power PM Inc.

The business units of the FortisOntario group are as follows:

- FortisOntario (includes Executive and Cornwall District Heating)
- API;
- Cornwall Electric;
- CNPI – Distribution; and
- CNPI – Transmission.

SERVICE AGREEMENTS

Pursuant to a Services Agreement between FortisOntario and its OEB-licensed affiliates, CNPI shares certain services with its affiliates. In addition to shared services, certain assets and employees are also shared. The Services Agreement is attached as Appendix 4-C.

CORPORATE AND ADMINISTRATIVE SERVICES – SHARED SERVICES

In order to maximize efficiencies of scale and avoid duplication, certain administrative and corporate services are shared by the business units. The shared services include executive, regulatory, finance, procurement and contract management, human resources, health, safety and environmental, information technology, and Fort Erie service center rent and maintenance costs.

Cost-based pricing is used for the shared services. Each of the individual functions was reviewed to determine the appropriate allocation to assign costs to each business unit. In its 2017 cost of service application (EB-2016-0061), CNPI presented a cost allocation methodology supported by a third-party review and report from BDR. The results of the 2017 approved methodology were used to allocate costs between the business units for the 5-year period from 2017-2021. In preparing the current Application for 2022 Test Year, CNPI re-examined the 2017 approved methodology to determine:

1) mechanistic updates required to reflect changes in business conditions (e.g. change in FTE's, changes in underlying costs, changes in labour requirements between business units, etc.); and,
2) whether there were any functions where an updated in methodology was warranted for increased accuracy or granularity.

Although the combination of mechanistic and updated methodology resulted in a shift of some costs between business units, the 2022 Test Year dollars that remained in CNPI distribution were not materially impacted by these updates. Given the nature of the changes made, a third party review of the updated model was not completed. A summary of the updates to shared services are noted below.

Executive

The executive services group was allocated based on the estimated time spent on each of the business units. For 2022 Test Year, this time review was updated and a result, an increase of approximately $130,000 of executive services was allocated to remain in the FortisOntario business unit (which includes Executive and Cornwall District Heating), which meant approximately an offset of an $85,000 reduction in allocation to CNPI Distribution, with the remaining offset to the other business units.

Regulatory

The regulatory services group was allocated based on the estimated time spent on each of the business units. For 2022 Test Year, this time review was updated and a result, there was not a material dollar fluctuation in allocations amongst the business units.

Finance

The finance services group is broken down into various functions, and allocation methodologies exist for each of those functions. The range of allocation methodologies within the group from 2017 to 2021 included: the relative split of capital and operating expenditures between business units, the number of FTEs, and then other positions were also subjective.

In reviewing 2022 Test Year allocations and in an effort to streamline the allocation approach as well as gave consideration to the relative amount of effort required among the business units, the methodology for the majority of the group was updated such that a percentage of time was first allocated to the FortisOntario (includes Executive and Cornwall District Heating) unit, and then the remaining allocation was equally distributed between CNPI, CE and API. Within CNPI, the allocation between the distribution and transmission units was based on a five year average of capital spend. For certain positions within the group, this updated methodology was not adopted including:

- Asset Analyst – used an eight year average of capital spend across each of the business units
- Payroll – used FTEs (mechanistic update since last re-base)
- Regulatory Accounting – estimated time spent

Overall, although some of the methodologies were updated for this group to help to both enhance and streamline the allocation approach, there was not a material shift in dollar allocations to CNPI distribution for 2022 Test Year.

Procurement and Contract Management

The procurement and contract management service group was allocated based on the relative amount of the average of capital and operating expenditures across the business units for 2017 to 2021, but had excluded CE and API given that centralization of this function had not been fully realized at the time of CNPI’s previous rate application filing. During the 2017 to 2021 period, direct labour allocations was used to allocate a portion of the costs over to CE and API. For 2022 Test Year, the methodology was updated such that an estimate of time spent on each of CNPI, CE and API was established and then within CNPI, the allocation between the distribution and transmission units was based on a five year average of capital spend. For 2022 Test Year, this methodology update did not result in a material dollar fluctuation in allocations amongst the business units as compared to the approach used pre 2022.

Human Resources

The human resources services group was allocated based on FTEs. For 2022 Test Year, FTEs were updated and a result, there was not a material dollar fluctuation in allocations amongst the business units.

Health, Safety and Environmental

The health, safety, and environmental services group was allocated based on FTEs. For 2022 Test Year, FTEs were updated and a result, there was not a material dollar fluctuation in allocations amongst the business units.

Information Technology

The information technology services group was allocated based on FTEs, weighted by position to reflect usage and reliance on the information systems including the services group.

For 2022 Test Year, FTEs and associated weighting were updated and a result, there was not a material dollar fluctuation in allocations amongst the business units.

Fort Erie Service Center Rent

The Fort Erie service center is owned by FortisOntario and rented by CNPI.

Appropriate total rent for the building was determined previously by an independent appraisal as an estimate of market value. Since the appraisal, the rate has been increased annually by CPI year-over-year, including the rent estimate for 2022 Test Year. The allocation of the rent costs for 2017 to 2021 was based on previously determined allocations (or direct assignment) to business units. For 2022 Test Year, FTEs were updated and a result, there was not a material dollar fluctuation in allocations amongst the business units.

Fort Erie Service Center Materials Management and Maintenance Costs

Given that a significant portion of the materials management and center maintenance costs were incurred to support the activities of the transmission and distribution units based out of Fort Erie, the Fort Erie service center materials management and maintenance costs were allocated based on the relative amount of the average of capital and operating expenditures across the CNPI and FortisOntario (includes Executive and Cornwall District Heating) business units for 2017 to 2021. For 2022 Test Year, the relative amount of the five year average operating expenditures across the CNPI and FortisOntario (includes Executive and Cornwall District Heating) business units methodology was applied, and this slight change did not result in a material dollar fluctuation in allocations amongst the business units.

SHARED ASSETS

In CNPI's 2013 cost of service application, a portion of the cost and accumulated depreciation related to certain IT assets shared between CNPI and its affiliates was removed from the Fixed Asset Continuity schedules to reflect the use of these assets by business units other than CNPI – Distribution.

During API's 2015 cost of service application (EB-2014-0055), despite accepting the revenue requirement impact resulting from API accounting for its portion of these shared assets as capital costs, Board Staff objected to the manner in which API accounted for these costs and identified alternatives for API to align its accounting practices with the APH.[3]

In response to the Board Staff's position CNPI included the entire capital cost and accumulated depreciation associated with these assets in its 2017 cost of service application (EB-2016-0061), while also including revenue from charges to affiliates for the use of these assets in Account 4375 to offset the revenue requirement impact of including the assets in rate base. The charges allocated to affiliates are derived by calculating a return on the shared assets, adding the depreciation expense, and then including a gross up for taxes. This approach was accepted for CNPI in EB-2016-0061, and as a result, API proposed in its 2020 cost of service application (EB-2019-0019) to reflect the shared IT charges as an expense in Account 4380.[4]

Board Staff disagreed with API's use of Account 4380 and API ultimately agreed to reclassify the expense from Account 4380 (Other Revenue) to Account 5675 (OM&A), so that the charge would be appropriately reflected as an actual operating cost to API, which would therefore be included in cost benchmarking results and other OM&A comparisons.

CNPI has similarly reclassified the revenue from Other Revenue (Net of accounts 4375 and 4380) to an OM&A offset Account 5675 (OM&A), effective in 2020. This approach is both consistent with the accounting methodology adopted by API, and results in more accurate cost benchmarking for CNPI.[5]

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[3] EB-2014-0055, Board Staff Submission, October 17, 2014, pp.3-4.

[4] The use of Account 4380 was proposed for consistency with CNPI's use of Account 4375, both of which are included in Other Revenue. CNPI's reflection of revenue in Account 4375 would effectively lower its revenue requirement, while API's reflection of an expense in Account 4380 would effectively include the charge in its own revenue requirement.

[5] The entire cost of the shared assets remains in CNPI's total capital costs for benchmarking purposes, however recording the revenue related to asset use by business units other than CNPI – Distribution as an offset to OM&A reduces the total cost attributable to CNPI for these assets in the overall benchmarking results.

CORPORATE SERVICES – FORTIS INC.

Fortis Inc., FortisOntario's parent company, allocates to the FortisOntario group, and other Fortis-owned companies, costs for strategic planning, finance and administrative services such as costs incurred related to the listing of Fortis shares on the Toronto Stock Exchange and New York Stock Exchange, and charges related to the administration of share purchase plans, and other costs. Consumers benefit from these services by providing CNPI with access to capital, which provides the required capital investment in the CNPI distribution system for a reliable and safe supply of electricity. The charges allocated to FortisOntario are subsequently charged to the five business units within FortisOntario based on relative rate base and/or relative revenues. Cost-based pricing is used for the charges.

BOARD OF DIRECTOR RELATED COSTS

There are no Board of Director-related costs for affiliates included in CNPI's costs.

4.5.2 VARIANCE ANALYSIS

Table 4 - 12 summarizes CNPI's shared service and corporate allocation costs, from 2017 Board Approved through the 2022 Test Year, consistent with OEB Appendix 2-N.

Table 4 - 12: Shared Services and Corporate Cost Allocation (OEB Appendix 2-N)

Year: 2017 Board Approved

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Percentage Allocation
From	To			$	$	%
FortisOntario	CNPI-Distribution	corporate services	cost based	$536,686	$536,686	24%
FortisOntario	CNPI-Distribution	building rent	market based	$342,503	$342,503	62%
CNPI-Distribution	Cornwall Electric	administrative services	cost based	$998,396	$998,396	16%
CNPI-Distribution	FortisOntario	administrative services	cost based	$100,069	$100,069	2%
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	$441,904	$441,904	7%
CNPI-Distribution	Algoma Power	administrative services	cost based	$1,508,302	$1,508,302	25%
Cornwall Electric	CNPI-Distribution	administrative services	cost based	$25,946	$25,946	13%
Fortis Inc.	CNPI-Distribution	administrative services	cost based	$197,140	$197,140	0%
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	$408,746	$408,746	22%
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	$14,987	$14,987	1%
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	$144,083	$144,083	8%
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	$571,402	$571,402	30%

Year: 2017 Actual

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Percentage Allocation
From	To			$	$	%
FortisOntario	CNPI-Distribution	corporate services	cost based	$547,962	$547,962	24%
FortisOntario	CNPI-Distribution	building rent	market based	$342,503	$342,503	62%
CNPI-Distribution	Cornwall Electric	administrative services	cost based	$1,002,886	$1,002,886	16%
CNPI-Distribution	FortisOntario	administrative services	cost based	$100,083	$100,083	2%
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	$442,920	$442,920	7%
CNPI-Distribution	Algoma Power	administrative services	cost based	$1,515,070	$1,515,070	25%
Cornwall Electric	CNPI-Distribution	administrative services	cost based	$21,693	$21,693	13%
Fortis Inc.	CNPI-Distribution	administrative services	cost based	$189,150	$189,150	0%
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	$408,746	$408,746	22%
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	$14,987	$14,987	1%
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	$144,083	$144,083	8%
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	$571,402	$571,402	30%

Year: 2018 Actual

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Percentage Allocation
From	To			$	$	%
FortisOntario	CNPI-Distribution	corporate services	cost based	$531,889	$531,889	24%
FortisOntario	CNPI-Distribution	building rent	market based	$349,353	$349,353	62%
CNPI-Distribution	Cornwall Electric	administrative services	cost based	$864,423	$864,423	16%
CNPI-Distribution	FortisOntario	administrative services	cost based	$81,606	$81,606	2%
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	$386,112	$386,112	7%
CNPI-Distribution	Algoma Power	administrative services	cost based	$1,301,192	$1,301,192	24%
Cornwall Electric	CNPI-Distribution	administrative services	cost based	$26,631	$26,631	13%
Fortis Inc.	CNPI-Distribution	administrative services	cost based	$196,306	$196,306	0%
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	$406,246	$406,246	22%
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	$14,965	$14,965	1%
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	$137,805	$137,805	7%
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	$572,282	$572,282	31%

Year: 2019 Actual

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Percentage Allocation
From	To			$	$	%
FortisOntario	CNPI-Distribution	corporate services	cost based	$639,176	$639,176	24%
FortisOntario	CNPI-Distribution	building rent	market based	$356,340	$356,340	61%
CNPI-Distribution	Cornwall Electric	administrative services	cost based	$971,493	$971,493	16%
CNPI-Distribution	FortisOntario	administrative services	cost based	$97,149	$97,149	2%
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	$450,802	$450,802	7%
CNPI-Distribution	Algoma Power	administrative services	cost based	$1,461,818	$1,461,818	24%
Cornwall Electric	CNPI-Distribution	administrative services	cost based	$18,344	$18,344	13%
Fortis Inc.	CNPI-Distribution	administrative services	cost based	$213,153	$213,153	0%
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	$387,710	$387,710	22%
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	$14,292	$14,292	1%
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	$128,675	$128,675	7%
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	$546,530	$546,530	31%

Year: 2020 Actual

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Percentage Allocation
From	To			$	$	%
FortisOntario	CNPI-Distribution	corporate services	cost based	$615,040	$615,040	24%
FortisOntario	CNPI-Distribution	building rent	market based	$363,466	$363,466	61%
CNPI-Distribution	Cornwall Electric	administrative services	cost based	$1,059,315	$1,059,315	16%
CNPI-Distribution	FortisOntario	administrative services	cost based	$109,677	$109,677	2%
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	$462,868	$462,868	7%
CNPI-Distribution	Algoma Power	administrative services	cost based	$1,600,793	$1,600,793	25%
Cornwall Electric	CNPI-Distribution	administrative services	cost based	$31,492	$31,492	13%
Fortis Inc.	CNPI-Distribution	administrative services	cost based	$225,663	$225,663	0%
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	$381,275	$381,275	22%
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	$14,036	$14,036	1%
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	$132,251	$132,251	8%
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	$536,737	$536,737	31%

Year: 2021 Bridge

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Percentage Allocation
From	To			$	$	%
FortisOntario	CNPI-Distribution	corporate services	cost based	$622,635	$622,635	24%
FortisOntario	CNPI-Distribution	building rent	market based	$370,736	$370,736	62%
CNPI-Distribution	Cornwall Electric	administrative services	cost based	$1,181,607	$1,181,607	17%
CNPI-Distribution	FortisOntario	administrative services	cost based	$111,218	$111,218	2%
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	$470,448	$470,448	7%
CNPI-Distribution	Algoma Power	administrative services	cost based	$1,778,353	$1,778,353	26%
Cornwall Electric	CNPI-Distribution	administrative services	cost based	$31,517	$31,517	13%
Fortis Inc.	CNPI-Distribution	administrative services	cost based	$238,372	$238,372	0%
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	$369,249	$369,249	21%
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	$13,542	$13,542	1%
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	$143,655	$143,655	8%
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	$517,842	$517,842	30%

Year: 2022 Test

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Percentage Allocation
From	To			$	$	%
FortisOntario	CNPI-Distribution	corporate services	cost based	$554,988	$554,988	21%
FortisOntario	CNPI-Distribution	building rent	market based	$410,315	$410,315	65%
CNPI-Distribution	Cornwall Electric	administrative services	cost based	$1,285,749	$1,285,749	19%
CNPI-Distribution	FortisOntario	administrative services	cost based	$148,284	$148,284	2%
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	$343,874	$343,874	5%
CNPI-Distribution	Algoma Power	administrative services	cost based	$1,690,874	$1,690,874	24%
Cornwall Electric	CNPI-Distribution	administrative services	cost based	$20,189	$20,189	13%
Fortis Inc.	CNPI-Distribution	administrative services	cost based	$259,044	$259,044	0%
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	$382,675	$382,675	21%
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	$38,070	$38,070	2%
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	$125,576	$125,576	7%
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	$478,299	$478,299	27%

Note 1: Price for the service is the depreciation cost plus cost of capital based on average NBV.

Table 4 - 13 summarizes the variances included in the Appendix 2-N tables above. Subsequent sub-sections provide explanations of any variance above CNPI's materiality threshold of $100,000 between 2022 Test and 2017 Board Approved, and 2022 Test and 2020 Actual.

Table 4 - 13: Shared Services and Corporate Cost Allocation –Variances

Name of Company		Service Offered	Pricing Methodology	2022 Test	2017 Board Approved	Variance
From	To			$	$	$
FortisOntario	CNPI-Distribution	corporate services	cost based	554,988	536,686	18,302
FortisOntario	CNPI-Distribution	building rent	market based	410,315	342,503	67,812
CNPI-Distribution	Cornwall Electric	administrative services	cost based	1,285,749	998,396	287,353
CNPI-Distribution	FortisOntario	administrative services	cost based	148,284	100,069	48,215
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	343,874	441,904	(98,030)
CNPI-Distribution	Algoma Power	administrative services	cost based	1,690,874	1,508,302	182,572
Cornwall Electric	CNPI-Distribution	administrative services	cost based	20,189	25,946	(5,758)
Fortis Inc.	CNPI-Distribution	administrative services	cost based	259,044	197,140	61,904
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	382,675	408,746	(26,071)
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	38,070	14,987	23,083
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	125,576	144,083	(18,507)
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	478,299	571,402	(93,103)

Name of Company		Service Offered	Pricing Methodology	2022 Test	2020 Actual	Variance
From	To			$	$	$
FortisOntario	CNPI-Distribution	corporate services	cost based	554,988	615,040	(60,052)
FortisOntario	CNPI-Distribution	building rent	market based	410,315	363,466	46,849
CNPI-Distribution	Cornwall Electric	administrative services	cost based	1,285,749	1,059,315	226,434
CNPI-Distribution	FortisOntario	administrative services	cost based	148,284	109,677	38,607
CNPI-Distribution	CNPI-Transmission	administrative services	cost based	343,874	462,868	(118,994)
CNPI-Distribution	Algoma Power	administrative services	cost based	1,690,874	1,600,793	90,081
Cornwall Electric	CNPI-Distribution	administrative services	cost based	20,189	31,492	(11,303)
Fortis Inc.	CNPI-Distribution	administrative services	cost based	259,044	225,663	33,381
CNPI-Distribution	Cornwall Electric	shared IT & equipment	cost based (Note 1)	382,675	381,275	1,400
CNPI-Distribution	FortisOntario	shared IT	cost based (Note 1)	38,070	14,036	24,034
CNPI-Distribution	CNPI-Transmission	shared IT & equipment	cost based (Note 1)	125,576	132,251	(6,675)
CNPI-Distribution	Algoma Power	shared IT	cost based (Note 1)	478,299	536,737	(58,438)

4.5.2.1 ADMINISTRATIVE SERVICES FROM CNPI DISTRIBUTION TO CE

2022 TEST VS 2017 BOARD APPROVED

Increase of $287,000

This increase is a combination of an overall increase in the basis of administrative costs to be shared, and a shift in the overall percentage allocation to CE between 2017 Board Approved and 2022 Test Year. The CNPI Distribution administrative costs to be shared (before allocation) recognized a CAGR of 2.4% between 2017 Board Approved and 2022 Test Year. Both staffing related compensation increases (see 4.4.2 for further discussion on general compensation trending), other known costs such as cybersecurity and shift to cloud based IT solutions, and controls related enhancements were all contributors to the increased administrative costs before allocations. The 3% increase in the allocation percentage from CNPI Distribution to CE from 2017 Board Approved to 2022 Test Year is a result of the mechanistic and methodology updates made to the share service modeling for 2022, with primary contributors of the change in the areas of Finance, and Procurement and Contract Management.

2022 TEST VS 2020 ACTUAL

Increase of $226,000

This increase is a combination of an overall increase in the basis of administrative costs to be shared, and a shift in the overall percentage allocation to CE between 2020 Actual and 2022 Test Year. The CNPI Distribution administrative costs to be shared (before allocation) recognized a CAGR of 3.0% between 2020 Actual and 2022 Test Year. Staffing related compensation increases (see 4.4.2 for further discussion on general compensation trending), other costs including shift to cloud based IT solutions and certain costs deferred (i.e. in person training both on-site and off-site) as a result of the pandemic were all contributors. The 3% increase in the allocation percentage from CNPI Distribution to CE from 2020 Actual to 2022 Test Year is a result of the mechanistic and methodology updates made to the share service modeling for 2022, with primary contributors of the change in the areas of Finance, and Procurement and Contract Management.

4.5.2.2 ADMINISTRATIVE SERVICES FROM CNPI DISTRIBUTION TO API

2022 TEST VS 2017 BOARD APPROVED

Increase of $183,000

This increase is a combination of an overall increase in the basis of administrative costs to be shared, offset by a shift in the overall percentage allocation to API between 2017 Board Approved and 2022 Test Year. The CNPI Distribution administrative costs to be shared (before allocation) recognized a CAGR of 2.4% between 2017 Board Approved and 2022 Test Year. Staffing related compensation increases (see 4.4.2 for further discussion on general compensation trending), other known costs such as cybersecurity and shift to cloud based IT solutions, and controls related enhancements were all contributors. The 1% decrease in the allocation percentage from CNPI Distribution to API from 2017 Board Approved to 2022 Test Year is a result of the mechanistic and methodology updates made to the share service modeling for 2022, with primary contributors of the change in the areas of Finance, and Information Technology.

4.5.2.3 ADMINISTRATIVE SERVICES FROM CNPI DISTRIBUTION TO CNPI TRANSMISSION

2022 TEST VS 2020 ACTUAL

Decrease of $119,000

This decrease is a combination of a shift in the overall percentage allocation to CE between 2020 Actual and 2022 Test Year, offset by an overall increase in the basis of administrative costs to be shared. The CNPI Distribution administrative costs to be shared (before allocation) recognized a CAGR of 3.0% between 2020 Actual and 2022 Test Year. Staffing related compensation increases (see 4.4.2 for further discussion on general compensation trending), other costs including shift to cloud based IT solutions, and certain costs deferred as a result of the pandemic were all contributors. The 2% decrease in the allocation percentage from CNPI Distribution to CNPI Transmission from 2020 Actual to 2022 Test Year is a result of the mechanistic and methodology updates made to the share service modeling for 2022, with primary contributors of the change in the areas of Finance, Information Technology, and Procurement and Contract Management.

4.6 PURCHASES OF NON-AFFILIATE SERVICES

FortisOntario Policy PUR001 is the policy that covers purchases of non-affiliate services. Policy PUR001 replaced Policy MM100 in October 2019. Current Policy PUR-001, along with some of the procedures referenced within it, and the now outdated Policy MM100 are attached as Appendix 4-D to this exhibit. Policy PUR-01, FortisOntario's Purchasing Procedures and Sourcing Methods, sets out the accepted means of sourcing, including the prerequisites required to be met before proceeding with soliciting vendors for information and prices. Policy PUR001-01 allows for outsourcing of service expenses primarily through two means:

1) Competitive Procurement

Policy PUR001-01 states that all efforts shall be made to find more than one source of supply and that three bidders is the ideal number for a competitive bid. Processes such as a Request for Quotations ("RFQ"), Request for Proposals ("RFP") and Request for Tender ("RFT") are to be used for purchases over $15,000 unless the source of supply doesn't allow for competitive bidding.

Previously, Policy MM100 stated that processes such as a RFQ, RFP and Request for Information were to be used for purchases over $10,000. Depending on the nature of the work and estimated expense, this could be a formal or informal process.

In most cases the procurement process is handled directly by CNPI, however in other cases this process might be managed by affiliates, or parent companies in order to leverage economies of scale.

2) Single/Sole Source

Policy PUR001-01 allows for single or sole-sourcing in circumstances where the source for supply does not allow for competitive bidding. Section 4.5 of Policy PUR001-01 outlines the specific requirements were single or sole sourcing is allowed. The policy also allows for purchases with an annual spend under $15,000 to be single-sourced in order to facilitate low dollar-value purchases.

Previously, Policy MM100 allowed for purchases over $10,000 to have a single source of supply provided they meet specific requirements of Section 5.2 of the Policy. CNPI has allowed that purchases with an annual spend under $10,000 can have a single source of supply in order to facilitate low dollar purchases.

Both procurement methods are subject to the rules and controls that CNPI has built into its ERP system. The purpose being to provide visibility on the acquisition and to have an authorized approval for all goods and services purchased. Approval authorizations are tiered to specific positions within CNPI with specific dollar limitations. Purchases over the $75,000 limit become the responsibility of the CNPI Executives to review and approve. High dollar expenses are authorized by one or more of the Executives upon a Purchase over $250,000 as per FIN-001 Authorization Policy.

CNPI also employs a Corporate Buyer. The buyer is responsible to seek the optimal combination of logistics activities and their attributes such as price, quality, speed and security and to manage the resulting information and monetary flows. Additional responsibilities of the buyer include overseeing the acquisition, use and disposition of goods, materials and services to fulfill internal and external customer needs. The specific duties of the buyer include but are not limited to:

1) Administration of the FortisOntario Corporate Purchasing Policy.
2) Prepare and administer competitive bidding documents and processes. This includes but is not limited to; issuing the bid, summarizing submissions, assisting with the review and selection process, finalizing and managing any contractual documents and the ongoing maintenance thereof.
3) Review and evaluate purchase orders submitted through the ERP system to ensure reasonableness, accuracy and policy compliance prior to Management approval.
4) Prepare and submit the forms for Executive signoff.
5) Review and investigate invoices for any price, product or service discrepancies.
6) Develop new supply sources and stay abreast of new trends and innovations in routinely purchased supplies, materials, services and equipment.
7) Maintain price lists on assigned commodities and negotiate prices and terms.
8) Solicit labour and equipment rates for cost comparisons.

Table 14 below lists non-affiliated services that were purchased between 2017 and 2020 inclusive, that were sole-sourced in accordance with one or more of the exception criteria included in Section 5.2 of the purchasing policy; a $100,000 materiality threshold was used. Explanations for the exceptions are provided following the table.

For some of the vendors identified below, the cost notes relates services provided or materials purchased for both CNPI and its affiliates, paid by CNPI. For those types of invoices, although the full amount of the invoice may be paid out of CNPI, the cost is then allocated across CNPI and its applicable affiliates and a corresponding due from affiliates transaction is triggered in CNPI’s accounting system.

For those examples, the annual cost amounts provided below were the gross cost incurred for that vendor in that particular year before allocation to affiliates.

Table 4 - 14: **Sole-Source Exceptions by Year**

2017

Account	Vendor	Nature of Service	Exception Criteria (Policy MM100)	Annual Cost
100460	GROUND AERIAL MAINTENANCE SERV	Line Construction	5.2 (g)	$ 1,292,229
103594	BULLETPROOF SOLUTIONS INC.	Computers	5.2 (d)	$ 386,969
101743	UTILISMART CORPORATION	Metering	5.2 (d)	$ 324,077
102731	ELEMENT FLEET MANAGEMENT	Fleet Management	5.2 (a)	$ 314,834
103642	NPL CANADA LTD.	Underground/Trenching	5.2 (b)	$ 271,890
100046	CANADA POST CORPORATION	Mail	5.2 (b)	$ 252,381
102948	SENSUS CANADA INC	Metering	5.2 (d)	$ 243,720
101633	CLOCKWORK	Consulting	5.2 (d)	$ 203,806

103112	BURMAN ENERGY CONSULTANTS GROUP	Energy Efficiency	5.2 (e)	$ 169,375
102850	PETERS EXCAVATING	Underground/Trenching	5.2 (g)	$ 163,738
101978	MARK ROEST CONSULTING INC.	Consulting	5.2 (d)	$ 160,487
102448	UTIL-ASSIST	Customer Service	5.2 (d)	$ 144,267
100023	BEL VOLT SALES LTD.	Inventory	5.2 (c)	$ 129,664
103667	SUPER SUCKER HYDRO VAC SERVICE	Underground/Trenching	5.2 (g)	$ 113,745
102332	PVS CONTRACTORS INC.	Locates	5.2 (d)	$ 110,498

2018

Account	**Vendor**	**Nature of Service**	**Exception Criteria (Policy MM100)**	**Annual Cost**
100023	BEL VOLT SALES LTD.	Inventory	5.2 (c)	$ 147,452

100129	REXEL CANADA ELECTRICAL INC.	Inventory	5.2 (c)	$ 243,538
100460	GROUND AERIAL MAINTENANCE SERV	Line Construction	5.2 (g)	$ 3,546,951
101350	CDW CANADA	IT software and Hardware	5.2 (c)	$ 435,999
101356	SAM YOUNG ELECTRIC LIMITED	Electrical	5.2 (g)	$ 234,270
101633	CLOCKWORK	Consulting	5.2 (d)	$ 111,056
101743	UTILISMART CORPORATION	Metering	5.2 (d)	$ 329,089
101978	MARK ROEST CONSULTING INC.	Consulting	5.2 (g)	$ 140,940
102332	PVS CONTRACTORS INC.	Locates	5.2 (d)	$ 113,073
102448	UTIL-ASSIST	Customer Service	5.2 (d)	$ 160,001
102731	ELEMENT FLEET MANAGEMENT	Fleet Management	5.2 (a)	$ 391,268
102850	PETERS EXCAVATING	Underground/Trenching	5.2 (g)	$ 189,437
102948	SENSUS CANADA INC	Metering	5.2 (d)	$ 246,461

103642	NPL CANADA LTD.	Underground/Trenching	5.2 (b)	$ 189,353
103667	SUPER SUCKER HYDRO VAC SERVICE	Underground/Trenching	5.2 (g)	$ 103,064
104364	STRATEJM INC	Consulting	5.2 (d)	$ 126,515

2019

Account	**Vendor**	**Nature of Service**	**Exception Criteria (Policy MM100)**	**Annual Cost**
100023	BEL VOLT SALES LTD.	Inventory	5.2 (c)	$ 113,000
100046	CANADA POST CORPORATION	Mail	5.2 (b)	$ 249,652
100129	REXEL CANADA ELECTRICAL INC.	Inventory	5.2 (c)	$ 194,473
100460	GROUND AERIAL MAINTENANCE SERV	Line Construction	5.2 (g)	$ 2,549,632
101350	CDW CANADA	IT Software and Hardware	5.2 (c)	$ 371,331
101356	SAM YOUNG ELECTRIC LIMITED	Electrical	5.2 (g)	$ 111,990
101633	CLOCKWORK	Consulting	5.2 (d)	$ 110,913

101743	UTILISMART CORPORATION	Metering	5.2 (d)	$ 322,269
101978	MARK ROEST CONSULTING INC.	Consulting	5.2 (d)	$ 124,668
102332	PVS CONTRACTORS INC.	Locates	5.2 (d)	$ 103,695
102448	UTIL-ASSIST	Customer Service	[5.2 (d)	$ 148,207
102583	SNC-LAVALIN INC	Engineering Svs	5.2 (e)	$ 275,311
102731	ELEMENT FLEET MANAGEMENT	Fleet Management	5.2 (a)	$ 355,962
102852	PETERS EXCAVATING	Underground/Trenching	5.2 (g)	$ 275,159
102948	SENSUS CANADA INC	Metering	5.2 (d)	$ 245,537
103635	JOHNSON CONTROLS	Security and HVAC	5.2 (g)	$ 172,017
103642	NPL CANADA LTD.	Underground/Trenching	5.2 (g)	$ 328,828
104214	GREENBRAIN INC	Energy Efficiency	4.5 (a)	$ 2,319,463
104364	STRATEJM INC	Consulting	5.2 (d)	$ 138,990

2020

Account	Vendor	Nature of Service	Exception Criteria (Policy PUR-001)	Annual Cost
100023	BEL VOLT SALES LTD.	Inventory	4.5 (c)	$ $ 202,291
100046	CANADA POST CORPORATION	Mail	4.5 (a)	$ 226,518
100129	REXEL CANADA ELECTRICAL INC.	Inventory	4.5 (c)	$ 201,334
100460	GROUND AERIAL MAINTENANCE SERV	Line Construction	4.5 (g)	$ 2,650,780
101350	CDW CANADA	IT software and Hardware	4.5 (d)	$ 352,346
101356	SAM YOUNG ELECTRIC LIMITED	Electrical	4.5 (g)	$ 104,033
101633	CLOCKWORK	Consulting	4.5 (d)	$ 192,967
101743	UTILISMART CORPORATION	Metering	4.5 (d)	$ 211,726
101819	ERNST & YOUNG LLP	Auditing	4.5 (f)	$ 169,076
101978	MARK ROEST CONSULTING INC.	Consulting	4.5 (d)	$ 119,109

102332	PVS CONTRACTORS INC.	Locates	4.5 (d)	$ 201,796
102353	G&W CANADA INC	Reclosers	4.5 ©	$ 619,379
102448	UTIL-ASSIST	Customer Service	4.5 (d)	$ 151,743
102731	ELEMENT FLEET MANAGEMENT	Fleet Management	4.5 (b)	$ 429,595
102850	PETERS EXCAVATING	Underground/Trenching	4.5 (g)	$ 229,364
102948	SENSUS CANADA INC	Metering	4.5 (d)	$ 237,079
103642	NPL CANADA LTD.	Underground/Trenching	4.5 (g)	$ 609,884
103793	THE HYBRID CONSTRUCTION GROUP	Underground/Trenching	4.5 (g)	$ 116,907
104214	GREENBRAIN INC	Energy Efficiency	4.5 (a)	$ 4,434,368
104364	STRATEJM INC	Consulting	4.5 (d)	$ 190,857
104696	K.P.C. POWER ELECTRICAL LTD	Substation Maintenance	4.5 (g)	$ 160,087

Line Construction - Ground Aerial Maintenance Services "GAMS" has been identified as a single source of supply for line construction in the Niagara Regional. Annually, CNPI issues RFQ's to other contractors to validate rates and availability for the continued prudence of using them as a single source. For continued verification, GAMS also participate annually in line construction Competitive bid tenders, with continuous low bid for services and best timelines for completion. GAMS, due to low costs and availability is also single sourced for emergency services.

Metering – it is a OEB requirement to have a settlement manager for Interval and MIST customers. Utilismart is the common provider across CNPI's affiliates (API and EOP) and is an integrated part of operations.

All meters, towers, and communication is brand specific to Sensus. CNPI also shares some communication equipment with neighbouring utilities, and all utilities in the area are using Sensus.

Underground/**Trenching** - there are limited resources in the Niagara/Eastern Ontario Regions to provide competitive costs. CNPI would consider these vendors as single source since competitive bidding is not always possible. CNPI also tries to align contractor resources other utility work in the areas (e.g. gas and internet) to minimize customer costs.

Fleet Management – Element provides fleet card services. The fleet management costs shown are primarily the flowthrough of fuel and maintenance costs.

Mail – Canada Post is required for mailing customer bills and for general mail services.

Energy Efficiency – Limited providers available to provide CDM related services (Burman) or Affordability Fund Trust related work (Greenbrain). In both cases the costs recovered are outside of the revenue requirement. Greenbrain costs are primarily flowthrough costs associated with materials for customers.

Inventory – Inventory purchases are largely sourced from Bel Volt or Rexel Canada as spot purchases, without contracts in place. Some purchases require specific parts to meet technical standards. Where applicable CNPI receives quotes to ensure lowest prices.

Consulting – for IT Consulting, originally there was a tendering process to select these vendors (i.e. Stratejm), or they were selected based on a very specific skillset requirement (i.e. Clockwork/Roest).

Electrical Services - Electrical Services were predominantly awarded to Sam Young Electric. Due to their availability and low cost, Sam Young Electric has performed many FESC upgrades at lower costs that have led to a high aggregate total. CNPI validates these costs comparative to other vendors under agreement for similar services.

Locates – When customers contact Ontario One Call for locates they dispatch PVS Contractors, who subsequently bill CNPI.

Customer Service – Util-Assist provides outage call support and sync-operator services, where there is limited choices.

IT Software and Hardware, and Computers – Bulletproof was used as a provider through to 2017, and in 2018 CDW replaced them as a provider. CNPI was able to secure preferred pricing at significant discounts and also had an ability to supplement IT internal resources for the installation and ongoing support for this hardware. CNP has a strong vendor relationship and consistently get better pricing from CDW than from other vendors or direct from manufacturers (e.g., Dell, Lenovo). For larger purchases, CNPI typically gets multiple quotes.

Reclosers – For three-phase reclosers, CNPI's Engineering group has approved reclosers supplied by G&W Canada for use up to 35 kV. Standardization of this equipment is important to ensure that design clearances are met both during initial installation and replacement, for staff training on associated controls, for stocking of spare parts, and to minimize future SCADA integration issues.

Substation Maintenance - in 2019, KPC Power was invited to competitive substation maintenance tenders. With their low costs comparatively to others, resource availability, they were single sourced for smaller substation maintenance projects in 2020.

4.7 ONE-TIME AND REGULATORY COSTS

4.7.1 ONE-TIME COSTS

In compliance with OEB policy and the Filing Requirements, certain costs associated with this cost of service application are being amortized over the normal five-year rate-setting period, by including one-fifth of the total cost in the 2022 Test Year. These regulatory costs, outlined in Table 4 - 15, include application-specific costs related to consultants, legal representation, and intervenor cost awards, and are based on experience in prior cost of service applications.

In accordance with the Filing Requirements, CNPI commits to updating these forecasted costs in OEB Appendix 2-M at the Draft Rate Order stage of the proceeding. CNPI confirms that its one-time costs related to this Application have been tracked separately and are therefore not included in the historical actual amounts presented elsewhere in this Exhibit 4.

Table 4 - 15: One-Time Application Costs

Category	Cost
Legal Costs	$110,000
Consultant Costs	$125,000
Intervenor Costs	$100,000
Other and Miscellaneous Costs	$25,000
Total	**$360,000**

With the exception of the one-time costs identified above, all other costs presented in the proposed 2022 test year OM&A budget are considered regular year over year expenses.

4.7.2 REGULATORY COSTS

CNPI's regulatory costs are summarized in Table 4 - 16. The major components of these costs include:

1) OEB annual assessment and Section 30 costs, which are budgeted based on historical actuals;
2) Cost of staffing allocated to regulatory matters for CNPI – Distribution through the shared service allocation methodology described in Section 4.5 of this Exhibit; and,
3) One-time costs associated with cost of service applications, where the forecasted cost of $360,000 from the table above is amortized over the 5-year IRM term, resulting in $72,000 added to the 2022 Test Year.

Table 4 - 16: Regulatory Cost Schedule (OEB Appendix 2-M)

Regulatory Cost Category	USoA Account	2017 Approved	2017 Actual	2020 Actual	2021 Bridge	Annual % Change	2022 Test	Annual % Change
Regulatory Costs (Ongoing)								
OEB Annual Assessment	5655	112,068	132,443	123,677	132,361	7.02%	134,352	1.50%
OEB Section 30 Costs (OEB-initiated)	5655	9,834	3,325	4,440	2,252	-49.28%	2,284	1.41%
Expert Witness costs for regulatory matters								
Legal costs for regulatory matters	5655	3,070	750	400	5,701	1325.26%	704	-87.65%
Consultants' costs for regulatory matters	5655	3,457						
Operating expenses associated with staff resources allocated to regulatory matters	Multiple Including 5655	164,490	16,475	113,377	120,268	6.08%	104,507	
Intervenor costs	5655							-100.00%
Amortization of 2017 COS Costs	5655	60,000	72,573	72,573	72,573	0.00%		-100.00%
Regulatory Costs (One-Time)								
Expert Witness costs								
Legal costs	5655						110,000	
Consultants' costs	5655						125,000	
Intervenor costs	5655						100,000	
OEB Section 30 Costs (application-related)								
Sub-total - Ongoing Costs [2]		$354,305	$225,567	$318,572	$343,155	7.72%	$241,847	-29.52%
Sub-total - One-time Costs [3]		$0	$0	$0	$0		$360,000	
Total		$354,305	$225,567	$318,572	$343,155	7.72%	$313,847	-8.54%

Application-Related One-Time Costs	Total
Total One-Time Costs Related to Application to be Amortized over IRM Period	$360,000
1/5 of Total One-Time Costs	$72,000

4.8 LEAP AND DONATIONS

4.8.1 LEAP

As set out in the March 2009, OEB-issued Report of the Board: Low Income Energy Assistance Program (the LEAP Report), CNPI has allocated at least 0.12% of its OEB-approved distribution revenue requirement to provide consumers assistance in response to affordability issues. Based on CNPI's 2017 Board Approved Service Revenue Requirement of $21,388,669, $25,666 was designated as the minimum amount required for LEAP funding for 2017 Actuals to the 2021 Bridge Year. For the 2022 Test Year, CNPI has used $26,000 as a placeholder for LEAP funding in OEB 6205, and will adjust this amount through the interrogatory and draft rate order stages of the Application process.

Table 4 - 17 below outlines the LEAP funding reported within OEB 6205 for historical years.

Table 4 - 17: LEAP Funding 2017-2020

Year	LEAP Funding
2017	27,000
2018	27,442
2019	25,552
2020	26,667

As set out in the Decision and Order (EB-2020-0162) dated June 16, 2020, CNPI started to deliver the COVID-19 Energy Assistance Program (CEAP) to its residential customers in July 2020. The program was designed to support residential customers struggling to pay their energy bills as a result of the COVID-19 emergency order. In August 2020, the Board amended all LDC licences to include a similar program for small business and charitable organization customers (CEAP-SB). On March 3, 2021, the Board made a further amendment to these programs by allowing LDCs to pool the funding available from both the residential (CEAP) and the small business and charitable organizations (CEAP-SB) funds. CNPI marketed the program to customers through social media, company website and customer newsletters.

The chart below outlines the amount of funding provided to our customers through the CEAP and CEAP-SB programs up to June 2021.

Table 4 - 18: CEAP Funding Up to June 2021

Month	Funding Provided
Sep-20	115
Oct-20	687
Nov-20	250
Dec-20	230
Jan-21	8,041
Feb-21	24,767
Mar-21	25,241
Apr-21	24,847
May-21	20,873
Jun-21	9,196

4.8.2 CHARITABLE AND POLITICAL DONATIONS

CNPI confirms that no charitable or political donations have been included in OM&A expenses for 2022 Test other than the LEAP funding noted above.

4.9 DEPRECIATION, AMORTIZATION, DEPLETION

4.9.1 OVERVIEW

In CNPI's 2013 cost of service application (EB-2012-0112), CNPI changed its capitalization policies and depreciation rates effective January 1, 2013. The Board's Kinectrics Report had been used as guideline in updating the depreciation/amortization rates. The rates used in CNPI's most recent cost of service application (EB-2016-0061 for January 1, 2017 rates) and within this Application are the depreciation rates that were approved within the 2013 application.

Appendix 2-BB of the OEB Chapter 2 Filing Requirements spreadsheet filed with this Application compares CNPI's service lives to the ranges recommended in the Kinectrics Report. Explanations are provided in Section 4.9.2 for assets classes where CNPI has adopted useful lives outside of the Kinectrics recommended range. CNPI's depreciable lives and capitalization policy is discussed further in Exhibit 2.

Depreciation/amortization on capital assets is calculated by CNPI as follows:

- The amount is calculated on a straight-line basis over the estimated remaining useful life of the assets at the end of the previous year; plus

- For depreciation/amortization on capital additions during the current year, depreciation commences in the month following the month the asset is capitalized and ends in the month the asset is taken out of service. This methodology ensures an accurate and precise calculation of depreciation in both the beginning and ending year of service. CNPI has historically used this methodology. The fixed asset module within SAP tracks and calculates depreciation.

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

CNPI confirms that it has applied the half-year rule for the purposes of computing the net book value of capital assets to be included in rate base for both 2021 Bridge Year and 2022 Test Year. Under the half-year rule, acquisitions and investments made during the year are amortized assuming they entered service at the mid-point of the year.

Table 4 - 19 below summarizes CNPI's depreciation expenses by year. Detailed depreciation and amortization expense information by OEB account, consistent with OEB Appendix 2-C, is provided in Table 4 - 20 through Table 4 - 25.

Table 4 - 19: Summary of Depreciation Expenses 2017-2022

Year		mIFRS
2017	Actual	4,529,681
2018	Actual	4,467,502
2019	Actual	4,669,110
2020	Actual	4,861,991
2021	Bridge	5,309,907
2022	Test	5,625,717

In preparing Appendix 2-C, CNPI noted that throughout the historical, Bridge and Test years, variances calculated by individual OEB account were generally less than the $100,000 materiality level. One exception was the 1830 Poles, Towers & Fixtures account. CNPI also generally noted that for the majority of the OEB accounts, actual depreciation was less than calculated for the years presented. The driving factor of these variances was likely due to the fact that when CNPI modified asset depreciable lives in 2013 to better align with the Kinectrics report, in most instances the lives were extended. By extending the remaining lives of assets that existed pre January 1, 2013, the annual depreciation expenses for those assets over the new adjusted useful lives of those assets would be less than prior to the change in useful lives, which is likely causing the majority of the variances.

One additional exception noted was in 2022 Test; a variance of $134,000 was noted in 1920 Computer Equipment – Hardware, which has a 5 year depreciable life. Upon further investigation, it was noted that a prior year addition is expected to become fully depreciated in early 2022; hence the overstatement of the estimated depreciation expense in 2022 as compared to the Fixed Asset Continuity.

The remaining variances noted in 2-C tables are likely due to timing of the additions from year-to-year.

Table 4 - 20: Depreciation and Amortization Expense (OEB Appendix 2-C) – 2017

Account	Description	Opening Cost PP&E as at Jan 1, 2017	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2017 Depreciation Expense	2017 Depreciation Expense per Appendix 2-B Fixed Assets	Variance
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) [1]	(f)	(g) = 1 / (f)	(h) = (e) / (f)	(I)	(m) = (h) - (I)
1606	Organization	$0	$0	$0	$0	$0	40.00	2.50%	$0	$0	$0
1608	Franchises & Consents	$156,053	$0	$156,053	$0	$156,053	40.00	2.50%	$3,901	$3,901	$0
1609	Capital Contributions Paid	$0	$0	$0	$0	$0	45.00	2.22%	$0	$0	$0
1610	Miscellaneous Intangible Plant	$40,576	$0	$40,576	$0	$40,576	40.00	2.50%	$1,014	$1,014	$0
1611	Computer Software (Formally known as Account 1925) -	$998,188	$2,373	$995,815	$357,432	$1,174,531	5.00	20.00%	$234,906	$231,167	$3,739
1611A	Computer Software (Formally known as Account 1925) -	$10,113,101	$3,263,765	$6,849,336	$559,032	$7,128,852	10.00	10.00%	$712,885	$695,067	$17,818
1612	Land Rights (Formally known as Account 1906)	$327,227	$49,918	$277,308	$0	$277,308	40.00	2.50%	$6,933	$6,924	$9
1805	Land	$206,654	$0	$206,654	$0	$206,654	-		$0	$0	
1808	Buildings	$3,475,850	$0	$3,475,850	$0	$3,475,850	50.00	2.00%	$69,517	$69,517	$0
1810	Leasehold Improvements	$0	$0	$0	$0	$0			$0	$0	$0
1815	Transformer Station Equipment >50 kV	$0	$0	$0	$0	$0			$0	$0	$0
1820	Distribution Station Equipment <50 kV - Stns	$13,549,945	$100,000	$13,449,945	$723,799	$13,811,844	50.00	2.00%	$276,237	$264,003	$12,234
1820A	Distribution Station Equipment <50 kV - Switches	$2,689,413	$0	$2,689,413	$10,268	$2,694,547	40.00	2.50%	$67,364	$66,702	$661
1825	Storage Battery Equipment	$0	$0	$0	$0	$0			$0	$0	$0
1830	Poles, Towers & Fixtures	$27,485,630	$1,205,034	$26,280,596	$1,294,594	$26,927,892	45.00	2.22%	$598,398	$646,565	-$48,167
1835	Overhead Conductors & Devices	$35,208,389	$1,404,659	$33,803,730	$2,462,093	$35,034,776	45.00	2.22%	$778,551	$810,000	-$31,449
1840	Underground Conduit	$1,197,075	$194,569	$1,002,506	$5,709	$1,005,361	50.00	2.00%	$20,107	$20,129	-$21
1845	Underground Conductors & Devices	$10,034,319	$113,836	$9,920,484	$317,474	$10,079,221	40.00	2.50%	$251,981	$245,568	$6,413
1850	Line Transformers	$15,911,956	$748,355	$15,163,602	$676,460	$15,501,832	40.00	2.50%	$387,546	$379,754	$7,791
1855	Services (Overhead & Underground)	$11,528,967	$357,543	$11,171,425	$766,218	$11,554,534	40.00	2.50%	$288,863	$272,608	$16,256
1860	Meters - Res	$630,404	$82,910	$547,494	$32,222	$563,605	30.00	3.33%	$18,787	$19,301	-$514
1860A	Meters (Smart Meters)	$5,406,969	$0	$5,406,969	$352,833	$5,583,385	15.00	6.67%	$372,226	$458,214	-$85,988
1860B	Meters - PT & CT's	$634,072	$141,120	$492,951	$64,514	$525,208	30.00	3.33%	$17,507	$18,529	-$1,022
1865	D Other Install on Cust Prem	$134,426	$488	$133,938	$0	$133,938	10.00	10.00%	$13,394	$13,394	$0
1905	Land	$0	$0	$0	$0	$0			$0	$0	$0
1908	Buildings & Fixtures-50 Yrs	$912,520	$0	$912,520	$4,856	$914,948	50.00	2.00%	$18,299	$18,250	$49
1908A	Buildings & Fixtures-25Yrs	$0	$0	$0	$0	$0	25.00	4.00%	$0	$0	$0
1910	Leasehold Improvements	$1,031,386	$414,888	$616,498	$159,491	$696,244	5.00	20.00%	$139,249	$125,072	$14,177
1915	Office Furniture & Equipment (10 years)	$1,500,666	$1,278,460	$222,206	$26,534	$235,473	10.00	10.00%	$23,547	$23,194	$353
1915A	Office Furniture & Equipment (5 years)	$0	$0	$0	$0	$0			$0	$0	$0
1920	Computer Equipment - Hardware	$1,777,884	$222,402	$1,555,481	$385,051	$1,748,007	5.00	20.00%	$349,601	$314,904	$34,697
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$0	$0	$0	$0	$0			$0	$0	$0
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$0	$0	$0	$0	$0			$0	$0	$0
1930	Transportation Equipment (5 years)	$605,755	$263,119	$342,637	$74,370	$379,822	5.00	20.00%	$75,964	$66,830	$9,134
1930A	Transportation Equipment (10 years)	$3,737,292	$607,573	$3,129,719	$114,198	$3,186,818	10.00	10.00%	$318,682	$295,528	$23,154
1935	Stores Equipment	$166,638	$166,638	$0	$6,937	$3,469	10.00	10.00%	$347	$694	-$347
1940	Tools, Shop & Garage Equipment	$904,215	$641,133	$263,082	$50,114	$288,139	10.00	10.00%	$28,814	$27,711	$1,103
1945	Measurement & Testing Equipment	$518,929	$447,184	$71,745	$0	$71,745	10.00	10.00%	$7,174	$5,655	$1,519
1950	Power Operated Equipment	$109,339	$85,203	$24,137	$0	$24,137	10.00	10.00%	$2,414	$2,414	$0
1955	Communications Equipment - 10 Yrs	$1,121,743	$495,762	$625,981	$0	$625,981	10.00	10.00%	$62,598	$76,890	-$14,292
1955A	Communications Equipment - 5 Yrs	$0	$0	$0	$3,683	$1,842	5.00	20.00%	$368	$776	-$407
1955B	Communication Equipment (Smart Meters)	$0	$0	$0	$0	$0			$0	$0	$0
1960	Miscellaneous Equipment (10 years)	$89,813	$49,413	$40,399	$0	$40,399	10.00	10.00%	$4,040	$3,566	$474
1960A	Miscellaneous Equipment (5 years)	$91,387	$67,513	$23,874	$0	$23,874	5.00	20.00%	$4,775	$4,797	-$22
1970	Load Management Controls Customer Premises	$0	$0	$0	$0	$0			$0	$0	$0
1975	Load Management Controls Utility Premises	$0	$0	$0	$0	$0			$0	$0	$0
1980	System Supervisor Equipment	$1,056,701	$581,903	$474,798	$0	$474,798	20.00	5.00%	$23,740	$21,838	$1,902
1985	Miscellaneous Fixed Assets	$0	$0	$0	$0	$0			$0	$0	$0
1990	Other Tangible Property	$0	$0	$0	$0	$0			$0	$0	$0
1995	Contributions & Grants	-$15,047,475	$0	-$15,047,475	-$1,327,010	-$15,710,980	39.10	2.56%	-$401,860	-$342,425	-$59,435
2440	Deferred Revenue5	$0	$0	$0	$0	$0			$0	$0	$0
2005	Property Under Finance Lease7	$0	$0	$0	$0	$0			$0	$0	$0
				$0		$0			$0		$0
				$0		$0			$0		$0
				$0		$0			$0		$0
	Total	$138,306,007	$12,985,762	$125,320,246	$7,120,871	$128,880,681			$4,777,868	$4,868,048	-$90,180

Table 4 - 21: Depreciation and Amortization Expense (OEB Appendix 2-C) – 2018

Account	Description	Opening Cost PP&E as at Jan 1, 2018	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2018 Depreciation Expense	2018 Depreciation Expense per Appendix 2-B Fixed Assets	Variance
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) [1]	(f)	(g) = 1 / (f)	(h) = (e) / (f)	(I)	(m) = (h) - (I)
1606	Organization	$0	$0	$0	$0	$0	40.00	2.50%	$0	$0	$0
1608	Franchises & Consents	$156,053	$0	$156,053	$0	$156,053	40.00	2.50%	$3,901	$3,901	$0
1609	Capital Contributions Paid	$0	$0	$0	$155,722	$77,861	45.00	2.22%	$1,730	$288	$1,442
1610	Miscellaneous Intangible Plant	$40,576	$0	$40,576	$0	$40,576	40.00	2.50%	$1,014	$1,014	$0
1611	Computer Software (Formally known as Account 1925) -	$1,355,620	$16,180	$1,339,440	$218,583	$1,448,731	5.00	20.00%	$289,746	$278,220	$11,526
1611A	Computer Software (Formally known as Account 1925) -	$10,672,133	$3,476,949	$7,195,184	$581,691	$7,486,030	10.00	10.00%	$748,603	$742,705	$5,898
1612	Land Rights (Formally known as Account 1906)	$327,227	$49,918	$277,308	$758	$277,688	40.00	2.50%	$6,942	$6,933	$10
1805	Land	$206,654	$0	$206,654	$0	$206,654	-		$0	$0	$0
1808	Buildings	$3,475,850	$0	$3,475,850	$0	$3,475,850	50.00	2.00%	$69,517	$69,517	$0
1810	Leasehold Improvements	$0	$0	$0	$0	$0	-		$0	$0	$0
1815	Transformer Station Equipment >50 kV	$0	$0	$0	$0	$0	-		$0	$0	$0
1820	Distribution Station Equipment <50 kV - Stns	$14,200,191	$50,000	$14,150,191	$522,959	$14,411,670	50.00	2.00%	$288,233	$280,633	$7,601
1820A	Distribution Station Equipment <50 kV - Switches	$2,699,681	$0	$2,699,681	$0	$2,699,681	40.00	2.50%	$67,492	$66,903	$589
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	-		$0	$0	$0
1830	Poles, Towers & Fixtures	$28,748,967	$1,196,218	$27,552,748	$3,479,751	$29,292,624	45.00	2.22%	$650,947	$552,324	$98,624
1835	Overhead Conductors & Devices	$37,636,833	$1,408,133	$36,228,699	$5,066,218	$38,761,809	45.00	2.22%	$861,374	$802,307	$59,066
1840	Underground Conduit	$1,202,785	$194,569	$1,008,216	$20,772	$1,018,601	50.00	2.00%	$20,372	$20,226	$146
1845	Underground Conductors & Devices	$10,350,694	$113,836	$10,236,858	$962,964	$10,718,341	40.00	2.50%	$267,959	$259,037	$8,921
1850	Line Transformers	$15,972,469	$204,768	$15,767,701	$1,736,791	$16,636,096	40.00	2.50%	$415,902	$374,594	$41,309
1855	Services (Overhead & Underground)	$12,295,186	$388,412	$11,906,774	$1,118,598	$12,466,073	40.00	2.50%	$311,652	$290,926	$20,726
1860	Meters - Res	$662,626	$85,966	$576,660	$44,982	$599,151	30.00	3.33%	$19,972	$20,479	-$507
1860A	Meters (Smart Meters)	$5,680,622	$0	$5,680,622	$172,668	$5,766,956	15.00	6.67%	$384,464	$432,078	-$47,615
1860B	Meters - PT & CT's	$698,585	$164,605	$533,980	$79,432	$573,696	30.00	3.33%	$19,123	$20,476	-$1,352
1865	D Other Install on Cust Prem	$134,426	$488	$133,938	$0	$133,938	10.00	10.00%	$13,394	$13,394	$0
1905	Land	$0	$0	$0	$0	$0	-		$0	$0	$0
1908	Buildings & Fixtures-50 Yrs	$917,376	$0	$917,376	$69,517	$952,134	50.00	2.00%	$19,043	$18,535	$508
1908A	Buildings & Fixtures-25Yrs	$0	$0	$0	$0	$0	25.00	4.00%	$0	$0	$0
1910	Leasehold Improvements	$1,190,877	$414,888	$775,989	$160,168	$856,073	5.00	20.00%	$171,215	$153,232	$17,982
1915	Office Furniture & Equipment (10 years)	$1,527,200	$1,292,304	$234,896	$98,987	$284,390	10.00	10.00%	$28,439	$24,390	$4,049
1915A	Office Furniture & Equipment (5 years)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920	Computer Equipment - Hardware	$2,162,935	$779,262	$1,383,673	$298,574	$1,532,960	5.00	20.00%	$306,592	$287,541	$19,051
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$0	$0	$0	$0	$0	-		$0	$0	$0
1930	Transportation Equipment (5 years)	$641,667	$322,280	$319,387	$107,056	$372,915	5.00	20.00%	$74,583	$67,964	$6,619
1930A	Transportation Equipment (10 years)	$3,816,111	$924,459	$2,891,652	$407,021	$3,095,162	10.00	10.00%	$309,516	$265,756	$43,760
1935	Stores Equipment	$173,576	$166,638	$6,937	$0	$6,937	10.00	10.00%	$694	$694	$0
1940	Tools, Shop & Garage Equipment	$954,329	$649,271	$305,058	$51,216	$330,666	10.00	10.00%	$33,067	$32,202	$864
1945	Measurement & Testing Equipment	$518,929	$478,244	$40,685	$28,874	$55,122	10.00	10.00%	$5,512	$5,358	$154
1950	Power Operated Equipment	$109,339	$85,203	$24,137	$0	$24,137	10.00	10.00%	$2,414	$2,293	$120
1955	Communications Equipment - 10 Yrs	$1,121,743	$666,258	$455,485	$0	$455,485	10.00	10.00%	$45,548	$45,385	$164
1955A	Communications Equipment - 5 Yrs	$3,683	$0	$3,683	$0	$3,683	5.00	20.00%	$737	$1,517	-$780
1955B	Communication Equipment (Smart Meters)	$0	$0	$0	$0	$0	-		$0	$0	$0
1960	Miscellaneous Equipment (10 years)	$89,813	$59,693	$30,119	$0	$30,119	10.00	10.00%	$3,012	$3,012	$0
1960A	Miscellaneous Equipment (5 years)	$91,387	$67,513	$23,874	$2,420	$25,084	5.00			$5,119	-$5,119
1970	Load Management Controls Customer Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1975	Load Management Controls Utility Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1980	System Supervisor Equipment	$1,056,701	$581,903	$474,798	$0	$474,798	20.00	5.00%	$23,740	$21,838	$1,902
1985	Miscellaneous Fixed Assets	$0	$0	$0	$0	$0	-		$0	$0	$0
1990	Other Tangible Property	$0	$0	$0	$0	$0	-		$0	$0	$0
1995	Contributions & Grants	-$16,367,396	-$4,453	-$16,362,943	-$1,812,460	-$17,269,173	38.40	2.60%	-$449,770	-$369,569	-$80,201
2440	Deferred Revenue5	$0	$0	$0	$0	$0	-		$0	$0	$0
2005	Property Under Finance Lease7	$0	$0	$0	$0	$0	-		$0	$0	$0
etc.				$0		$0			$0		$0
etc.				$0		$0			$0		$0
etc.				$0		$0			$0		$0
				$0		$0			$0		$0
	Total	$144,525,444	$13,833,505	$130,691,939	$13,573,262	$137,478,571			$5,016,678	$4,801,222	$215,457

Table 4 - 22: Depreciation and Amortization Expense (OEB Appendix 2-C) – 2019

Account	Description	Opening Cost PP&E as at Jan 1, 2019	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2019 Depreciation Expense	2019 Depreciation Expense per Appendix 2-B Fixed Assets	Variance
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) [1]	(f)	(g) = 1 / (f)	(h) = (e) / (f)	(l)	(m) = (h) - (l)
1606	Organization	$0	$0	$0	$0	$0	40.00	2.50%	$0	$0	$0
1608	Franchises & Consents	$156,053	$0	$156,053	$0	$156,053	40.00	2.50%	$3,901	$3,901	$0
1609	Capital Contributions Paid	$155,722	$0	$155,722	$0	$155,722	45.00	2.22%	$3,460	$3,461	$0
1610	Miscellaneous Intangible Plant	$40,576	$0	$40,576	$0	$40,576	40.00	2.50%	$1,014	$1,014	$0
1611	Computer Software (Formally known as Account 1925) -	$1,574,203	$276,015	$1,298,189	$503,524	$1,549,950	5.00	20.00%	$309,990	$283,166	$26,824
1611A	Computer Software (Formally known as Account 1925) -	$11,253,824	$3,678,102	$7,575,723	$310,755	$7,731,100	10.00	10.00%	$773,110	$772,244	$866
1612	Land Rights (Formally known as Account 1906)	$327,985	$49,918	$278,067	$2,175	$279,154	40.00	2.50%	$6,979	$6,975	$4
1805	Land	$206,654	$0	$206,654	$0	$206,654	-		$0	$0	$0
1808	Buildings	$3,475,850	$0	$3,475,850	$0	$3,475,850	50.00	2.00%	$69,517	$69,517	$0
1810	Leasehold Improvements	$0	$0	$0	$0	$0	-		$0	$0	$0
1815	Transformer Station Equipment >50 kV	$0	$0	$0	$0	$0	-		$0	$0	$0
1820	Distribution Station Equipment <50 kV - Stns	$14,723,149	$50,000	$14,673,149	$1,529,234	$15,437,766	50.00	2.00%	$308,755	$298,493	$10,263
1820A	Distribution Station Equipment <50 kV - Switches	$2,699,681	$0	$2,699,681	$649,434	$3,024,398	40.00	2.50%	$75,610	$70,378	$5,232
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	-		$0	$0	$0
1830	Poles, Towers & Fixtures	$32,181,931	$2,294,147	$29,887,784	$1,713,379	$30,744,473	45.00	2.22%	$683,211	$572,349	$110,861
1835	Overhead Conductors & Devices	$42,641,074	$2,047,267	$40,593,807	$3,726,960	$42,457,287	45.00	2.22%	$943,495	$876,877	$66,618
1840	Underground Conduit	$1,223,556	$226,945	$996,611	$815,238	$1,404,230	50.00	2.00%	$28,085	$25,531	$2,554
1845	Underground Conductors & Devices	$11,313,179	$118,077	$11,195,102	$1,051,179	$11,720,691	40.00	2.50%	$293,017	$284,151	$8,866
1850	Line Transformers	$17,428,133	$926,670	$16,501,463	$1,300,892	$17,151,909	40.00	2.50%	$428,798	$389,449	$39,349
1855	Services (Overhead & Underground)	$13,413,784	$451,179	$12,962,604	$886,183	$13,405,696	40.00	2.50%	$335,142	$318,128	$17,014
1860	Meters - Res	$707,608	$85,966	$621,642	$324	$621,804	30.00	3.33%	$20,727	$21,506	-$779
1860A	Meters (Smart Meters)	$5,853,290	$145,179	$5,708,111	$152,291	$5,784,256	15.00	6.67%	$385,617	$434,479	-$48,862
1860B	Meters - PT & CT's	$778,017	$179,741	$598,277	$224,809	$710,681	30.00	3.33%	$23,689	$23,583	$107
1865	D Other Install on Cust Prem	$134,426	$488	$133,938	$0	$133,938	10.00	10.00%	$13,394	$13,394	$0
1905	Land	$0	$0	$0	$0	$0	-		$0	$0	$0
1908	Buildings & Fixtures-50 Yrs	$983,167	$0	$983,167	$0	$983,167	50.00	2.00%	$19,663	$19,680	-$17
1908A	Buildings & Fixtures-25Yrs	$0	$0	$0	$21,722	$10,861	25.00	4.00%	$434	$0	$434
1910	Leasehold Improvements	$1,351,045	$776,285	$574,761	$20,623	$585,072	5.00	20.00%	$117,014	$116,256	$758
1915	Office Furniture & Equipment (10 years)	$1,622,286	$1,309,246	$313,040	$9,535	$317,808	10.00	10.00%	$31,781	$31,589	$192
1915A	Office Furniture & Equipment (5 years)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920	Computer Equipment - Hardware	$2,461,509	$946,623	$1,514,886	$253,663	$1,641,718	5.00	20.00%	$328,344	$315,996	$12,348
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$0	$0	$0	$0	$0	-		$0	$0	$0
1930	Transportation Equipment (5 years)	$688,852	$300,973	$387,879	$123,429	$449,593	5.00	20.00%	$89,919	$68,494	$21,425
1930A	Transportation Equipment (10 years)	$4,223,132	$1,410,733	$2,812,399	$446,777	$3,035,788	10.00	10.00%	$303,579	$247,994	$55,584
1935	Stores Equipment	$173,576	$166,638	$6,937	$0	$6,937	10.00	10.00%	$694	$694	$0
1940	Tools, Shop & Garage Equipment	$1,005,546	$672,497	$333,048	$26,508	$346,302	10.00	10.00%	$34,630	$33,780	$850
1945	Measurement & Testing Equipment	$547,803	$478,244	$69,559	$26,778	$82,948	10.00	10.00%	$8,295	$8,210	$85
1950	Power Operated Equipment	$109,339	$92,734	$16,605	$0	$16,605	10.00	10.00%	$1,660	$1,514	$146
1955	Communications Equipment - 10 Yrs	$1,121,743	$776,888	$344,855	$0	$344,855	10.00	10.00%	$34,485	$35,037	-$552
1955A	Communications Equipment - 5 Yrs	$3,683	$0	$3,683	$117,034	$62,200	5.00	20.00%	$12,440	$15,136	-$2,696
1955B	Communication Equipment (Smart Meters)	$0	$0	$0	$0	$0	-		$0	$0	$0
1960	Miscellaneous Equipment (10 years)	$89,813	$59,693	$30,119	$8,180	$34,209	10.00	10.00%	$3,421	$3,093	$328
1960A	Miscellaneous Equipment (5 years)	$93,807	$67,513	$26,294	$2,420	$27,504	5.00	20.00%	$5,501	$5,482	$19
1970	Load Management Controls Customer Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1975	Load Management Controls Utility Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1980	System Supervisor Equipment	$1,056,701	$581,903	$474,798	$0	$474,798	20.00	5.00%	$23,740	$21,838	$1,902
1985	Miscellaneous Fixed Assets	$0	$0	$0	$0	$0	-		$0	$0	$0
1990	Other Tangible Property	$0	$0	$0	$0	$0	-		$0	$0	$0
1995	Contributions & Grants	-$18,164,899	-$17,062	-$18,147,837	-$772,522	-$18,534,098	39.46	2.53%	-$469,710	-$407,790	-$61,920
2440	Deferred Revenue5	$0	$0	$0	$0	$0	-		$0	$0	$0
2005	Property Under Finance Lease7	$0	$0	$0	$0	$0	-		$0	$0	$0
				$0		$0			$0		$0
				$0		$0			$0		$0
				$0		$0			$0		$0
				$0		$0			$0		$0
	Total	$157,655,796	$18,152,602	$139,503,194	$13,150,522	$146,078,455			$5,253,402	$4,985,599	$267,804

Table 4 - 23: Depreciation and Amortization Expense (OEB Appendix 2-C) – 2020

Account	Description	Opening Cost PP&E as at Jan 1, 2020	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2020 Depreciation Expense	2020 Depreciation Expense per Appendix 2-B Fixed Assets	Variance
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) [1]	(f)	(g) = 1 / (f)	(h) = (e) / (f)	(l)	(m) = (h) - (l)
1606	Organization	$0	$0	$0	$0	$0	40.00	2.50%	$0	$0	$0
1608	Franchises & Consents	$156,053	$0	$156,053	$0	$156,053	40.00	2.50%	$3,901	$3,901	$0
1609	Capital Contributions Paid	$155,722	$0	$155,722	$0	$155,722	45.00	2.22%	$3,460	$3,461	$0
1610	Miscellaneous Intangible Plant	$40,576	$0	$40,576	$0	$40,576	40.00	2.50%	$1,014	$1,014	$0
1611	Computer Software (Formally known as Account 1925) -	$2,077,727	$601,881	$1,475,846	$390,765	$1,671,228	5.00	20.00%	$334,246	$282,619	$51,627
1611A	Computer Software (Formally known as Account 1925) -	$11,564,579	$4,245,220	$7,319,359	$829,633	$7,734,175	10.00	10.00%	$773,418	$727,810	$45,607
1612	Land Rights (Formally known as Account 1906)	$330,160	$49,918	$280,242	$3,483	$281,983	40.00	2.50%	$7,050	$7,005	$44
1805	Land	$206,654	$0	$206,654	$0	$206,654	-		$0	$0	$0
1808	Buildings	$3,475,850	$0	$3,475,850	$0	$3,475,850	50.00	2.00%	$69,517	$69,517	$0
1810	Leasehold Improvements	$0	$0	$0	$0	$0	-		$0	$0	$0
1815	Transformer Station Equipment >50 kV	$0	$0	$0	$0	$0	-		$0	$0	$0
1820	Distribution Station Equipment <50 kV - Stns	$16,252,384	$50,000	$16,202,384	$1,390,562	$16,897,664	50.00	2.00%	$337,953	$324,263	$13,690
1820A	Distribution Station Equipment <50 kV - Switches	$3,349,115	$0	$3,349,115	$1,802	$3,350,016	40.00	2.50%	$83,750	$83,173	$578
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	-		$0	$0	$0
1830	Poles, Towers & Fixtures	$33,733,264	$2,216,452	$31,516,812	$2,180,569	$32,607,096	45.00	2.22%	$724,602	$610,012	$114,590
1835	Overhead Conductors & Devices	$46,297,742	$2,044,118	$44,253,624	$4,246,738	$46,376,993	45.00	2.22%	$1,030,600	$960,366	$70,234
1840	Underground Conduit	$2,038,794	$227,097	$1,811,697	$673,100	$2,148,247	50.00	2.00%	$42,965	$41,639	$1,326
1845	Underground Conductors & Devices	$12,359,910	$140,190	$12,219,721	$709,831	$12,574,636	40.00	2.50%	$314,366	$309,753	$4,613
1850	Line Transformers	$18,566,957	$897,547	$17,669,410	$1,584,853	$18,461,837	40.00	2.50%	$461,546	$419,774	$41,771
1855	Services (Overhead & Underground)	$14,299,967	$490,402	$13,809,565	$1,171,853	$14,395,491	40.00	2.50%	$359,887	$341,221	$18,666
1860	Meters - Res	$521,794	$2,527	$519,267	$2,118	$520,326	30.00	3.33%	$17,344	$17,195	$149
1860A	Meters (Smart Meters)	$5,412,919	$9,086	$5,403,833	$234,180	$5,520,923	15.00	6.67%	$368,062	$412,399	-$44,337
1860B	Meters - PT & CT's	$1,002,826	$179,741	$823,085	$243,427	$944,799	30.00	3.33%	$31,493	$29,256	$2,237
1865	D Other Install on Cust Prem	$134,426	$488	$133,938	$0	$133,938	10.00	10.00%	$13,394	$9,668	$3,725
1905	Land	$0	$0	$0	$0	$0	-		$0	$0	$0
1908	Buildings & Fixtures-50 Yrs	$983,167	$0	$983,167	$0	$983,167	50.00	2.00%	$19,663	$19,680	-$17
1908A	Buildings & Fixtures-25Yrs	$21,722	$0	$21,722	$8,731	$26,088	25.00	4.00%	$1,044	$1,218	-$175
1910	Leasehold Improvements	$1,371,668	$840,372	$531,296	$215,850	$639,221	5.00	20.00%	$127,844	$117,924	$9,920
1915	Office Furniture & Equipment (10 years)	$1,600,064	$1,287,783	$312,281	$7,823	$316,192	10.00	10.00%	$31,619	$30,839	$780
1915A	Office Furniture & Equipment (5 years)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920	Computer Equipment - Hardware	$2,715,172	$1,215,921	$1,499,251	$104,820	$1,551,661	5.00	20.00%	$310,332	$307,052	$3,281
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$0	$0	$0	$0	$0	-		$0	$0	$0
1930	Transportation Equipment (5 years)	$725,445	$342,111	$383,334	$135,100	$450,884	5.00	20.00%	$90,177	$81,643	$8,534
1930A	Transportation Equipment (10 years)	$4,556,481	$1,867,947	$2,688,534	$45,087	$2,711,077	10.00	10.00%	$271,108	$270,532	$576
1935	Stores Equipment	$173,576	$166,638	$6,937	$0	$6,937	10.00	10.00%	$694	$694	$0
1940	Tools, Shop & Garage Equipment	$1,032,054	$682,469	$349,585	$25,778	$362,474	10.00	10.00%	$36,247	$35,799	$448
1945	Measurement & Testing Equipment	$574,580	$478,244	$96,336	$1,749	$97,211	10.00	10.00%	$9,721	$9,721	$0
1950	Power Operated Equipment	$109,339	$98,173	$11,166	$0	$11,166	10.00	10.00%	$1,117	$556	$560
1955	Communications Equipment - 10 Yrs	$455,485	$111,476	$344,009	$321,706	$504,862	10.00	10.00%	$50,486	$67,098	-$16,611
1955A	Communications Equipment - 5 Yrs	$120,717	$3,683	$117,034	$698	$117,383	5.00	20.00%	$23,477	$23,477	$0
1955B	Communication Equipment (Smart Meters)	$0	$0	$0	$0	$0	-		$0	$0	$0
1960	Miscellaneous Equipment (10 years)	$97,992	$75,037	$22,955	$18,281	$32,096	10.00	10.00%	$3,210	$3,135	$75
1960A	Miscellaneous Equipment (5 years)	$96,227	$89,938	$6,289	$0	$6,289	5.00	20.00%	$1,258	$1,185	$72
1970	Load Management Controls Customer Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1975	Load Management Controls Utility Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1980	System Supervisor Equipment	$1,056,701	$581,903	$474,798	$58,835	$504,216	20.00	5.00%	$25,211	$22,818	$2,393
1985	Miscellaneous Fixed Assets	$0	$0	$0	$0	$0	-		$0	$0	$0
1990	Other Tangible Property	$0	$0	$0	$0	$0	-		$0	$0	$0
1995	Contributions & Grants	-$18,893,410	-$24,744	-$18,868,667	-$1,730,496	-$19,733,915	36.59	2.73%	-$539,383	-$433,251	-$106,132
2440	Deferred Revenue5	$0	$0	$0	$0	$0	-		$0	$0	$0
2005	Property Under Finance Lease7	$0	$0	$0	$0	$0	-		$0	$0	$0
etc.				$0		$0			$0		$0
etc.				$0		$0			$0		$0
				$0		$0			$0		$0
	Total	$168,774,398	$18,971,619	$149,802,780	$12,876,874	$156,241,217			$5,442,392	$5,214,166	$228,226

Table 4 - 24: Depreciation and Amortization Expense (OEB Appendix 2-C) – 2021

Account	Description	Opening Cost PP&E as at Jan 1, 2021	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2021 Depreciation Expense	2021 Depreciation Expense per Appendix 2-B Fixed Assets (l)	Variance
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) [1]	(f)	(g) = 1 / (f)	(h) = (e) / (f)		(m) = (h) - (l)
1606	Organization	$0	$0	$0	$0	$0	40.00	2.50%	$0	$0	$0
1608	Franchises & Consents	$156,053	$0	$156,053	$0	$156,053	40.00	2.50%	$3,901	$3,901	$0
1609	Capital Contributions Paid	$155,722	$0	$155,722	$0	$155,722	45.00	2.22%	$3,460	$3,461	$0
1610	Miscellaneous Intangible Plant	$40,576	$0	$40,576	$0	$40,576	40.00	2.50%	$1,014	$1,014	$0
1611	Computer Software (Formally known as Account 1925) -	$2,468,491	$768,373	$1,700,118	$336,577	$1,868,406	5.00	20.00%	$373,681	$362,648	$11,033
1611A	Computer Software (Formally known as Account 1925) -	$12,394,212	$5,858,868	$6,535,343	$1,107,505	$7,089,095	10.00	10.00%	$708,910	$706,072	$2,837
1612	Land Rights (Formally known as Account 1906)	$333,643	$49,918	$283,724	$10,000	$288,724	40.00	2.50%	$7,218	$7,210	$8
1805	Land	$206,654	$0	$206,654	$300,000	$356,654	-		$0	$0	$0
1808	Buildings	$3,475,850	$0	$3,475,850	$0	$3,475,850	50.00	2.00%	$69,517	$69,517	$0
1810	Leasehold Improvements	$0	$0	$0	$0	$0	-		$0	$0	$0
1815	Transformer Station Equipment >50 kV	$0	$0	$0	$0	$0	-		$0	$0	$0
1820	Distribution Station Equipment <50 kV - Stns	$17,642,945	$50,000	$17,592,945	$3,551,000	$19,368,445	50.00	2.00%	$387,369	$366,037	$21,332
1820A	Distribution Station Equipment <50 kV - Switches	$3,350,917	$0	$3,350,917	$2,318,092	$4,509,963	40.00	2.50%	$112,749	$112,160	$589
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	-		$0	$0	$0
1830	Poles, Towers & Fixtures	$35,639,020	$2,053,903	$33,585,117	$4,269,949	$35,720,092	45.00	2.22%	$793,780	$697,549	$96,231
1835	Overhead Conductors & Devices	$50,481,105	$2,015,430	$48,465,675	$4,836,981	$50,884,165	45.00	2.22%	$1,130,759	$1,096,542	$34,217
1840	Underground Conduit	$2,711,894	$228,184	$2,483,710	$174,488	$2,570,954	50.00	2.00%	$51,419	$52,907	-$1,488
1845	Underground Conductors & Devices	$13,046,754	$138,391	$12,908,363	$184,012	$13,000,369	40.00	2.50%	$325,009	$322,533	$2,476
1850	Line Transformers	$20,107,232	$897,547	$19,209,685	$1,891,115	$20,155,242	40.00	2.50%	$503,881	$473,452	$30,429
1855	Services (Overhead & Underground)	$15,471,820	$535,564	$14,936,256	$920,364	$15,396,438	40.00	2.50%	$384,911	$373,879	$11,032
1860	Meters - Res	$521,749	$1,552	$520,197	$0	$520,197	30.00	3.33%	$17,340	$17,193	$147
1860A	Meters (Smart Meters)	$5,600,788	$9,086	$5,591,702	$296,653	$5,740,028	15.00	6.67%	$382,669	$427,945	-$45,276
1860B	Meters - PT & CT's	$1,190,433	$162,273	$1,028,160	$95,842	$1,076,081	30.00	3.33%	$35,869	$37,076	-$1,207
1865	D Other Install on Cust Prem	$134,426	$108,111	$26,315	$0	$26,315	10.00	10.00%	$2,632	$193	$2,439
1905	Land	$0	$0	$0	$0	$0	-		$0	$0	$0
1908	Buildings & Fixtures-50 Yrs	$983,167	$0	$983,167	$165,000	$1,065,667	50.00	2.00%	$21,313	$21,330	-$17
1908A	Buildings & Fixtures-25Yrs	$30,453	$0	$30,453	$0	$30,453	25.00	4.00%	$1,218	$1,264	-$46
1910	Leasehold Improvements	$1,587,517	$885,142	$702,375	$85,861	$745,306	5.00	20.00%	$149,061	$147,213	$1,848
1915	Office Furniture & Equipment (10 years)	$1,607,887	$1,299,362	$308,525	$40,000	$328,525	10.00	10.00%	$32,852	$32,796	$57
1915A	Office Furniture & Equipment (5 years)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920	Computer Equipment - Hardware	$2,819,992	$1,294,118	$1,525,874	$215,103	$1,633,426	5.00	20.00%	$326,685	$271,906	$54,780
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$0	$0	$0	$0	$0	-		$0	$0	$0
1930	Transportation Equipment (5 years)	$819,385	$342,111	$477,274	$305,000	$629,774	5.00	20.00%	$125,955	$121,770	$4,185
1930A	Transportation Equipment (10 years)	$4,325,023	$1,608,249	$2,716,773	$789,000	$3,111,273	10.00	10.00%	$311,127	$305,770	$5,357
1935	Stores Equipment	$173,576	$166,638	$6,937	$0	$6,937	10.00	10.00%	$694	$694	$0
1940	Tools, Shop & Garage Equipment	$1,057,831	$687,379	$370,452	$75,000	$407,952	10.00	10.00%	$40,795	$40,794	$1
1945	Measurement & Testing Equipment	$576,329	$478,244	$98,085	$0	$98,085	10.00	10.00%	$9,809	$9,809	$0
1950	Power Operated Equipment	$109,339	$109,339	$0	$16,000	$8,000	10.00	10.00%	$800	$800	$0
1955	Communications Equipment - 10 Yrs	$777,191	$111,476	$665,715	$0	$665,715	10.00	10.00%	$66,571	$67,104	-$533
1955A	Communications Equipment - 5 Yrs	$121,415	$3,683	$117,732	$54,595	$145,029	5.00	20.00%	$29,006	$29,006	$0
1955B	Communication Equipment (Smart Meters)	$0	$0	$0	$0	$0	-		$0	$0	$0
1960	Miscellaneous Equipment (10 years)	$116,273	$75,037	$41,236	$0	$41,236	10.00	10.00%	$4,124	$4,124	$0
1960A	Miscellaneous Equipment (5 years)	$96,227	$91,387	$4,840	$0	$4,840	5.00	20.00%	$968	$968	$0
1970	Load Management Controls Customer Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1975	Load Management Controls Utility Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1980	System Supervisor Equipment	$1,115,536	$581,903	$533,633	$0	$533,633	20.00	5.00%	$26,682	$24,779	$1,902
1985	Miscellaneous Fixed Assets	$0	$0	$0	$0	$0	-		$0	$0	$0
1990	Other Tangible Property	$0	$0	$0	$0	$0	-		$0	$0	$0
1995	Contributions & Grants	-$20,600,842	-$25,711	-$20,575,131	-$900,000	-$21,025,131	37.39	2.67%	-$562,293	-$473,969	-$88,324
2440	Deferred Revenue5	$0	$0	$0	$0	$0	-		$0	$0	$0
2005	Property Under Finance Lease7	$0	$0	$0	$0	$0	-		$0	$0	$0
etc.				$0		$0			$0		$0
etc.				$0		$0			$0		$0
etc.				$0		$0			$0		$0
				$0		$0			$0		$0
	Total	$180,846,582	$20,585,559	$160,261,024	$21,138,135	$170,830,091			$5,881,456	$5,737,447	$144,009

Table 4 - 25: Depreciation and Amortization Expense (OEB Appendix 2-C) – 2022

Account	Description	Opening Cost PP&E as at Jan 1, 2022 (a)	Less Fully Depreciated (b)	Net for Depreciation (c)	Additions (d)	Total for Depreciation (e) = (c) + ½ x (d) [1]	Years (f)	Depreciation Rate (g) = 1 / (f)	2022 Depreciation Expense (h) = (e) / (f)	2022 Depreciation Expense per Appendix 2-B Fixed Assets (l)	Variance (m) = (h) - (l)
1606	Organization	$0	$0	$0	$0	$0	40.00	2.50%	$0	$0	$0
1608	Franchises & Consents	$156,053	$0	$156,053	$0	$156,053	40.00	2.50%	$3,901	$3,901	$0
1609	Capital Contributions Paid	$155,722	$0	$155,722	$0	$155,722	45.00	2.22%	$3,460	$3,461	$0
1610	Miscellaneous Intangible Plant	$40,576	$0	$40,576	$0	$40,576	40.00	2.50%	$1,014	$1,014	$0
1611	Computer Software (Formally known as Account 1925) -	$2,805,068	$768,373	$2,036,695	$323,702	$2,198,545	5.00	20.00%	$439,709	$368,835	$70,874
1611A	Computer Software (Formally known as Account 1925) -	$13,501,716	$5,858,868	$7,642,848	$690,055	$7,987,875	10.00	10.00%	$798,788	$724,165	$74,622
1612	Land Rights (Formally known as Account 1906)	$343,643	$49,918	$293,724	$10,000	$298,724	40.00	2.50%	$7,468	$7,460	$8
1805	Land	$506,654	$0	$506,654	$5,000	$509,154	-		$0	$0	$0
1808	Buildings	$3,475,850	$0	$3,475,850	$144,152	$3,547,926	50.00	2.00%	$70,959	$70,959	$0
1810	Leasehold Improvements	$0	$0	$0	$0	$0	-		$0	$0	$0
1815	Transformer Station Equipment >50 kV	$0	$0	$0	$0	$0	-		$0	$0	$0
1820	Distribution Station Equipment <50 kV - Stns	$21,193,945	$50,000	$21,143,945	$2,113,526	$22,200,709	50.00	2.00%	$444,014	$414,434	$29,580
1820A	Distribution Station Equipment <50 kV - Switches	$5,669,009	$0	$5,669,009	$405,094	$5,871,556	40.00	2.50%	$146,789	$146,200	$589
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	-		$0	$0	$0
1830	Poles, Towers & Fixtures	$39,908,969	$2,053,903	$37,855,067	$3,393,788	$39,551,960	45.00	2.22%	$878,932	$782,742	$96,190
1835	Overhead Conductors & Devices	$55,318,086	$2,015,430	$53,302,656	$2,854,897	$54,730,105	45.00	2.22%	$1,216,225	$1,181,921	$34,303
1840	Underground Conduit	$2,886,382	$228,184	$2,658,198	$179,474	$2,747,935	50.00	2.00%	$54,959	$56,447	-$1,488
1845	Underground Conductors & Devices	$13,230,766	$138,391	$13,092,375	$189,231	$13,186,991	40.00	2.50%	$329,675	$327,092	$2,582
1850	Line Transformers	$21,998,346	$897,547	$21,100,799	$1,771,673	$21,986,636	40.00	2.50%	$549,666	$519,345	$30,321
1855	Services (Overhead & Underground)	$16,392,183	$535,564	$15,856,620	$730,741	$16,221,990	40.00	2.50%	$405,550	$394,178	$11,372
1860	Meters - Res	$521,749	$1,552	$520,197	$0	$520,197	30.00	3.33%	$17,340	$17,193	$147
1860A	Meters (Smart Meters)	$5,897,441	$9,086	$5,888,354	$300,668	$6,038,689	15.00	6.67%	$402,579	$447,855	-$45,276
1860B	Meters - PT & CT's	$1,286,275	$162,273	$1,124,002	$92,097	$1,170,050	30.00	3.33%	$39,002	$40,057	-$1,056
1865	D Other Install on Cust Prem	$134,426	$134,260	$166	$0	$166	10.00	10.00%	$17	$17	$0
1905	Land	$0	$0	$0	$0	$0	-		$0	$0	$0
1908	Buildings & Fixtures-50 Yrs	$1,148,167	$0	$1,148,167	$130,000	$1,213,167	50.00	2.00%	$24,263	$24,280	-$17
1908A	Buildings & Fixtures-25Yrs	$30,453	$0	$30,453	$0	$30,453	25.00	4.00%	$1,218	$1,264	-$46
1910	Leasehold Improvements	$1,673,379	$885,142	$788,236	$86,106	$831,289	5.00	20.00%	$166,258	$137,123	$29,135
1915	Office Furniture & Equipment (10 years)	$1,647,887	$1,299,362	$348,525	$35,000	$366,025	10.00	10.00%	$36,602	$35,862	$741
1915A	Office Furniture & Equipment (5 years)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920	Computer Equipment - Hardware	$3,035,095	$1,294,118	$1,740,977	$199,478	$1,840,716	5.00	20.00%	$368,143	$234,129	$134,014
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$0	$0	$0	$0	$0	-		$0	$0	$0
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$0	$0	$0	$0	$0	-		$0	$0	$0
1930	Transportation Equipment (5 years)	$1,124,385	$307,857	$816,528	$95,000	$864,028	5.00	20.00%	$172,806	$147,491	$25,314
1930A	Transportation Equipment (10 years)	$5,114,023	$1,608,249	$3,505,773	$450,000	$3,730,773	10.00	10.00%	$373,077	$366,483	$6,595
1935	Stores Equipment	$173,576	$166,638	$6,937	$0	$6,937	10.00	10.00%	$694	$694	$0
1940	Tools, Shop & Garage Equipment	$1,132,831	$687,379	$445,452	$75,000	$482,952	10.00	10.00%	$48,295	$46,013	$2,282
1945	Measurement & Testing Equipment	$576,329	$478,244	$98,085	$0	$98,085	10.00	10.00%	$9,809	$9,809	$0
1950	Power Operated Equipment	$125,339	$109,339	$16,000	$16,000	$24,000	10.00	10.00%	$2,400	$2,400	$0
1955	Communications Equipment - 10 Yrs	$777,191	$111,476	$665,715	$0	$665,715	10.00	10.00%	$66,571	$62,238	$4,333
1955A	Communications Equipment - 5 Yrs	$176,010	$3,683	$172,327	$52,065	$198,359	5.00	20.00%	$39,672	$39,672	$0
1955B	Communication Equipment (Smart Meters)	$0	$0	$0	$0	$0	-		$0	$0	$0
1960	Miscellaneous Equipment (10 years)	$116,273	$75,037	$41,236	$0	$41,236	10.00	10.00%	$4,124	$4,124	$0
1960A	Miscellaneous Equipment (5 years)	$96,227	$91,387	$4,840	$0	$4,840	5.00	20.00%	$968	$968	$0
1970	Load Management Controls Customer Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1975	Load Management Controls Utility Premises	$0	$0	$0	$0	$0	-		$0	$0	$0
1980	System Supervisor Equipment	$1,115,536	$581,903	$533,633	$0	$533,633	20.00	5.00%	$26,682	$20,646	$6,036
1985	Miscellaneous Fixed Assets	$0	$0	$0	$0	$0	-		$0	$0	$0
1990	Other Tangible Property	$0	$0	$0	$0	$0	-		$0	$0	$0
1995	Contributions & Grants	-$21,500,842	-$25,711	-$21,475,131	-$900,000	-$21,925,131	35.08	2.85%	-$625,033	-$500,781	-$124,252
2440	Deferred Revenue5	$0	$0	$0	$0	$0	-		$0	$0	$0
2005	Property Under Finance Lease7	$0	$0	$0	$0	$0			$0	$0	$0
etc.				$0		$0			$0		$0
etc.				$0		$0			$0		$0
etc.				$0		$0			$0		$0
	Total	$201,984,718	$20,577,454	$181,407,264	$13,442,747	$188,128,638			$6,526,595	$6,139,691	$386,904

4.9.2 USEFUL LIVES OUTSIDE OF KINECTRICS RANGE

As noted in Section 4.9.1, the Board's Kinectrics Report was used as a guideline in updating CNPI's depreciation/amortization rates, effective January 1, 2013. These rates have not changed since CNPI's 2013 Cost of Service application. This section provides explanations for components that are outside the ranges contained in the Kinectrics Report. A table comparing CNPI's depreciation rates to the Kinectrics Report is provided at Section 2.2 of Exhibit 2.

A 45-year useful life is used for all types of assets in OEB Account 1835. For overhead primary conductor, this is 5 years less than the Kinectrics minimum of 50 years, matching the useful life of 45 years for poles in recognition that there are often inherent efficiencies in replacing conductor at the same time as the associated poles. Other assets in Account 1835, such as switches and reclosers, are all within the Kinectrics range.

A 40-year useful life is used for all types of substation equipment, other than power transformers, which have a 50-year useful life; for Station DC Systems, this exceeds the Kinectrics maximum of 30 years, however given immaterial relative cost of the DC back-up systems as compared to total sub-station costs, CNPI does not separate this out as its own component from an OEB asset class perspective.

A 40-year useful life is used for underground primary cable, exceeding the Kinectrics maximum of 30 years. Due to technical and feeder back up reasons, underground primary cables are often loaded less than 50% of their rated capacities under normal operating conditions. For example, a substation feeder underground primary exit cable will often be used as a back-up for another feeder. In this case, the cable maximum load during normal operating condition is designed to have less than 50% of the rated capacity. Under emergency situations, this feeder could pick up the other feeder.

A 30-year useful life is used for all industrial, large commercial, and wholesale meters, as well as all associated components. For Current and Potential Transformers, this is 5 years less than the Kinectrics minimum.

4.10 TAXES AND PROPERTY TAXES

4.10.1 INCOME TAXES

CNPI is required to make payments in lieu of income taxes ("taxes") based on its taxable income. CNPI files Federal/Provincial tax returns annually. See Appendix 4-E of this Exhibit for the completed Income Tax/PILs model as well as Table 4 - 26 below for a summary of the tax provision for the 2022 Test Year. The income tax rates and capital cost allowance rates used to calculate the taxes on CNPI's income tax returns are the same rates that have been proposed for the Test Year.

2017-2019 income tax amounts for CNPI are allocated between transmission and distribution, based on the same methodology used and approved in CNPI's 2013 and 2017 cost of service applications. 2017 to 2019 actual amounts are based on actual returns filed, and 2020 amounts are based on the income tax filing which was being completed while the Application was being finalized. Forecasted 2021 Bridge Year and 2022 Test Year distribution earnings are calculated within this Application, and the calculated income tax amounts are grossed up.

Table 4 - 26: Tax Provision for 2022 Test Year

	2022 Test Year
Utility net income before taxes	4,388,005
Adjustments required to arrive at taxable income	-3,194,024
Taxable income	1,193,981
PILs	316,405
Grossed-up PILs	430,483
Effective Federal Tax Rate	15.0%
Effective Ontario Tax Rate	11.5%

There were no adjustments (e.g., Tax credits, CCA adjustments) for the Historical, Bridge and Test Years and as such, no supporting schedules and calculations and explanations for "other additions" and "other deductions" were required. Regulatory assets and liabilities have been excluded from PILs model calculations.

CNPI is not claiming tax credits such as Apprenticeship Training Tax Credits or education tax credits.

CNPI's most recent tax return (2020), which was being completed at the time that this section was being finalized, is presented as Appendix 4-F of this Exhibit.

4.10.1.1 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.

In accordance with the OEB's July 25, 2019 accounting direction, CNPI is recording the impact of CCA rules changes in an Account 1592 sub-account, for the period November 21, 2018 until the effective date of CNPI's next cost-based rate order (i.e. January 1, 2022 as requested in this Application).

CNPI has requested disposal of the 2020 audited 1592 sub-account balance in Exhibit 9 of this Application. CNPI has assumed that 100% of the calculated amount is to be returned to the rate payer. Disposition of amounts recorded in the sub-account for the 2021 Bridge Year will be requested in CNPI's next cost-based application.

As a point of clarification, in calculating the amounts recorded in 1592 for the 2018 to 2020 period, CNPI has calculated these amounts under the assumption that enhanced CCA has been fully taken/utilized based on eligibility in each of these years. The same will be completed for 2021 Bridge. In instances where a taxable loss has been triggered for the CNPI distribution stand-alone utility (as noted in the historical year reported in the PILs model), the full grossed up PILs amount has still been recorded and deferred to OEB 1592. These amounts were deferred to regulatory because CNPI consolidated (transmission plus distribution regulated units) continued to utilize the full enhanced CCA deductions throughout the historical years on a consolidated basis, as the consolidated regulated units have reported taxable income in 2018 and 2019, with a negligible tax loss in 2020.

Based on the above approach, CNPI has noted that although all distribution tax losses triggered by enhanced CCA appear to carry forward through to the 2022 Test year in the PILs model by default, CNPI has not taken any of these loss carryforwards into the 2022 Test year calculation of grossed up PILs; instead, the equivalent value grossed up PILs refund to the rate payer for these historical amounts has already being included for disposition through account 1592 for the 2018 to 2020 period. Below is a summary of what taxable income would have been for 2018 to 2021 had enhanced CCA not been implemented/taken:

Table 4 - 27: Taxable Income Recalculated Excluding Enhanced CCA

	2018	2019	2020	2021
	Actuals	Actuals	Actuals	Bridge
Distribution taxable income	2,094,202	(405,565)	(1,041,102)	(531,094)
Add Back - Diff Between Non-Enhanced and Enhanced CCA	120,699	1,423,379	1,133,878	1,660,670
Add Back - 1592 Balances Pre Gross-Up	31,985	360,883	306,696	440,078
Adjusted Distribution taxable income	2,246,885	1,378,697	399,472	1,569,654

Based on the table above, and given that 1592 historical balances will be fully credited to ratepayers as detailed in Exhibit 9, CNPI has adjusted the 2022 Test Year taxable income to exclude the default loss carry forwards applied by the model. Put more simply, instead of crediting ratepayers the value of enhanced CCA from 2018 to 2020 through a combination of the application of enhanced CCA against CNPI distribution's PILS liability in the 2018 to 2020 period in account 1592 and the use of any unused tax loss carry forward amounts against future PILs liability, ratepayers are being credited the full value of enhanced CCA from 2018 to 2020 through account 1592.

CNPI confirms that the 2022 Test Year revenue requirement proposed in this application includes the enhanced CCA deductions on eligible capital assets in accordance with the rate in effect for the Test year. Given that the enhanced CCA will further change during the rate-setting term (i.e. a reduction to the enhanced deduction amount to be taken starting in 2024), CNPI is proposing that, in an effort to smooth the impact of the change in these rates, an adjustment be made to the 2022 Test Year PILS amount equal to 1/5 of the grossed up PILs impact of the calculated CCA differences for the years 2024 to 2026 under the current enhanced CCA rates in effect for 2022, and the reduced enhanced CCA rates that will be in effect for those same years. CNPI has calculated the estimate based on the 5 year capital program provided in Exhibit 2 of this Application, and a summary of the estimated impact for the years is noted in Table 4 - 28 below:

Table 4 - 28: Smoothing Adjustment to 2022 Test Year re: Enhanced CCA

	2024	2025	2026	Cumulative Total
	Forecast	Forecast	Forecast	Forecast
Planned Capital	12,732,000	11,579,000	11,999,000	36,310,000
CCA Using 2022 Test Year Rates	2,565,070	3,272,983	3,921,695	9,759,749
CCA Using 2024 Rates per Bill C-97	1,983,380	2,843,116	3,528,835	8,355,331
CCA Difference	581,690	429,868	392,860	1,404,418
Take 1/5 of Difference				281,000

CNPI has reflected the $281,000 as an adjustment (increase to taxable income) in the PILs model for 2022 Test Year. By making the above adjustment to Test Year PILs, CNPI also proposes to discontinue accumulating additional variances into the 1592 sub-account, starting the effective date of the Decision and Order of this Application, unless there are further changes to tax policy that the OEB determines should be captured through the use of 1592.

4.10.1.2 DETAILED TAX CALCULATIONS

Table 4 - 29 provides CNPI's outlines detailed income tax calculations for 2017-2022.

Table 4 - 29: Detailed Tax Calculations

CANADIAN NIAGARA POWER INC. TAX CALCULATIONS						
Description	**DISTRIBUTION 2017 Actual**	**DISTRIBUTION 2018 Actual**	**DISTRIBUTION 2019 Actual**	**DISTRIBUTION 2020 Actual**	**DISTRIBUTION 2021 Regulatory BRIDGE**	**DISTRIBUTION 2022 Regulatory TEST**
Net income(loss) per financial statements	4,125,273	3,104,536	2,816,622	2,676,722	-	-
Utility income before taxes	-	-	-	-	4,216,746	4,388,005
Add:						
Provision for income taxes - current	953,118	598,230	21,677	(133,833)	-	-
Provision for income taxes - deferred	58,143	61,504	56,664	51,982	-	-
Interest and penalities	694	18,408	52	-	-	-
Amortization of assets	4,892,039	4,801,222	4,985,599	5,214,166	5,737,447	6,139,691
Loss on disposal of assets	-	33,399	177,073	694	-	-
Donations	27,000	28,355	25,667	1,000	25,702	26,000
Non-deductible meals and entertainment	21,495	22,115	24,374	10,501	21,297	22,502
Reserves from financial statements - EOY	1,360,065	1,641,741	1,756,729	1,910,002	2,017,428	2,428,162
Amortization of deferred financing	24,878	18,068	8,509	8,635	8,771	8,901
Smoothing of Enhanced CCA Impact	-	-	-	-	-	281,000
Total Additions	7,337,432	7,223,042	7,056,343	7,063,147	7,810,645	8,906,256
Deduct:						
Gain on disposal of assets per financial statements	42,942	-	-	-	-	-
Capital cost allowance	6,480,212	6,818,365	8,582,352	8,968,581	10,592,278	10,026,119
Cumulative eligible capital deduction	5,530	5,143	3,416	3,886	3,614	3,361
Reserves from financial statements - BOY	1,034,333	1,360,065	1,641,741	1,756,729	1,910,002	2,017,428
Deferred financing costs	-	49,803	51,020	51,775	52,591	53,372
Total Deductions	7,563,017	8,233,376	10,278,530	10,780,971	12,558,484	12,100,280
Taxable Income	3,899,687	2,094,202	(405,565)	(1,041,102)	(531,094)	1,193,981
Corporate tax rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Income Tax	1,033,417	554,963	(107,475)	(275,892)	(140,740)	316,405
Grossed Up Taxes					(191,483)	430,483
Calculation of total taxes						
Income Tax	1,033,417	554,963	(107,475)	(275,892)	(140,740)	316,405
Total taxes	**1,033,417**	**554,963**	**(107,475)**	**(275,892)**	**(140,740)**	**316,405**
Grossed Up Taxes					(191,483)	430,483
Tax Rates						
Federal Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Provincial Tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Total Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%

4.10.1.3 INTEGRITY CHECKS

CNPI has completed the integrity checks in accordance with PILs model.

4.10.2 OTHER TAXES

In addition to the income taxes discussed above, CNPI's 2022 Test Year revenue requirement includes property taxes. Table 4 - 30 summarizes CNPI's actual and forecasted property tax expense from 2017 to 2022.

Table 4 - 30: Property Taxes (OEB 6105) 2017-2022

Year		Property Taxes
2017	Board Approved	103,000
2017	Actual	85,786
2018	Actual	97,531
2019	Actual	98,976
2020	Actual	99,336
2021	Bridge	103,000
2022	Test	105,100

4.10.3 NON-RECOVERABLE AND DISALLOWED EXPENSES

CNPI confirms that expenses that are deemed non-recoverable in the revenue requirement (e.g. individual charitable donations) have been appropriately excluded from the regulatory tax calculation.

4.11 CONSERVATION AND DEMAND MANAGEMENT

4.11.1 OVERVIEW

CNPI's historical CDM activity was funded through contracts with the IESO and CNPI has therefore not included CDM-related costs in the calculation of its revenue requirement. As a result of 2019 announcements related to the wind-down of the Conservation First Framework and 2020 announcements related to centralized delivery of a 2021-2024 CDM Framework, CNPI no longer has staff dedicated to CDM activity.

4.11.2 DISPOSITION OF LRAMVA

4.11.2.1 OVERVIEW

CNPI most recently requested disposition of its 2016-2019 LRAMVA balance in its 2021 IRM application (EB-2020-0008). In consideration of the wind-down of the Conservation First Framework in 2019, CNPI has not identified any new energy savings from 2020 programs, and its LRAMVA claim in this Application, which relates to 2020 lost revenues, is therefore limited to persisting savings from prior-year programs.

CNPI has completed the OEB's LRAMVA workform to support its LRAMVA claim for 2020 lost revenue. The following sections provide additional detail related to this claim, with references to supporting documentation as required.

4.11.2.2 VERIFICATION OF ENERGY AND DEMAND SAVINGS

The energy and demand savings by program entered in Tab 5 (2015-2020 LRAM) of the LRAMVA workform are supported by CNPI's final verified annual CDM program results (for results up to and including 2017), and by CNPI's April 2019 IESO Participation and Cost Report (for results from January 2018 to March 2019, inclusive).

The Filing Requirements allow detailed project level savings files as supporting documentation when assessing applications for lost revenues in relation to energy and demand savings from programs delivered under the CFF where final verified results from the IESO are not available. Between April 2019 and December 2019, CNPI completed 25 outstanding projects under the Save on Energy Retrofit Program (the "Retrofit Program"), with material energy and demand savings associated with those projects not captured in any reports issued by the IESO. Accordingly, CNPI has included these savings in the LRAMVA workform, with a supporting project list included in Tab 8 of the workform. For ease of reconciling the 2019 Retrofit Program energy and demand savings between the Tab 5 of the LRAMVA workform, the April 2019 participation and cost report, and the April to December 2019 project list included in Tab 8 of the workform, the 2019 savings related to this program were entered as follows:

- January to March 2019 energy and demand savings, from the April 2019 participation and cost report, were entered in the "Verified" savings row (Row 853 on Tab 5 of the LRAMVA workform)
- April to December 2019 energy and demand savings, from the project list included in Tab 8 of the workform, were entered in the "True-Up" savings row (Row 854 on Tab 5 of the LRAMVA workform)[6]

While energy savings related to Street Lighting projects were included in the Save on Energy Retrofit Program, CNPI took a number of steps in its interrogatory responses in EB-2020-0008 to make changes to the LRAMVA model to better account for lost revenue resulting from these projects:[7]

i. Net energy savings for 3 Street Lighting projects under the Retrofit program were included in a new Table 8-c on Tab 8
ii. Tables 8-d and 8-e were added to Tab 8 to confirm the actual reduction in billed Street Light demand by month resulting from these same 3 Street Lighting Projects
iii. The 'High Performance New Construction' program rows on Tab 5 (previously unused as CNP had no savings related to this program) were replaced with the Retrofit Street Lighting energy savings from the new Table 8-c and demand savings from new Tables 8-d and 8-e

[6] CNPI's 2021 IRM Application (EB-2020-0008) makes multiple references to January 2019 to April 2019 savings being included in the April 2019 participation and cost report and May 2019 to December 2019 savings from 24 projects being included in a supporting project list in Tab 8 of the LRAMVA workform. During interrogatories, CNPI clarified that a single project completed in April 2019 was not in fact included in the participation and cost report, and this project was therefore added to the supporting project list. See "CNP_IRR_Staff-10.xlsx" for details.
[7] See EB-2020-0008, IRR Staff-13.

iv. The Retrofit Program savings rows on Tab 5 were adjusted to exclude Street Lighting by subtracting the net energy savings associated with Street Lighting Projects (note that no similar adjustments were made for demand since the IESO-reported results for the Retrofit program indicated 0 demand reduction for the three Street Lighting projects)

v. The remaining Retrofit energy and demand savings (i.e. reported program savings less reported Street Lighting savings) are allocated 25.71% to the GS < 50 kW and 74.29% to the GS > 50 kW rate classes, based on the calculations provided in Tab 3-a of the LRAMVA Workform

vi. Since the demand savings related to Street Lighting projects on Tab 5 of the LRAMVA Workform are linked to the annual demand reductions as calculated on Tab 8, the demand multipliers on Tab 5 were changed from 12 to 1 to reflect the use of annual rather than monthly reductions in billed demand.

CNPI confirms that the program and persisting savings included in Tab 5 (2015-2020 LRAM) of the LRAMVA workform submitted with this Application are consistent with the values updated through interrogatory responses in EB-2020-0008, based on the supporting documents and interrogatory response references discussed above. CNPI has filed the most recent versions of the IESO Final Verified Savings Report (2017) and the IESO Participation and Cost Report (April 2019). Additionally, CNPI has filed a copy of the LRAMVA workform and other spreadsheets from EB-2020-0008:

- CNPI_2021 IRM_IRR_2021_LRAMVA_Workform_20201015.xlsx
- CNPI_2021_IRM_IRR_Staff-10.xlsx
- CNPI_2021 IRM_IRR_Staff-12a.xlsx

4.11.2.3 ALLOCATION OF ENERGY AND DEMAND SAVINGS BY RATE CLASS

Many CFF "Save on Energy" programs, such as the Coupon Program, the Heating and Cooling Program, the Energy Home Assistance Program, were designed solely for residential customers. As such, 100% of CNPI's verified energy and demand savings associated with these programs are allocated to the residential rate class.

Similarly, other "Save on Energy" programs, such as Small Business Lighting and Business Refrigeration, were designed specifically for small businesses. CNPI's verified energy and demand savings associated with these programs are allocated 98% to the GS<50 rate class, and 2% to the GS>50 rate class, based on analysis of account eligibility.[8]

Consistent with the methodology approved in EB-2020-0008, the allocation of energy and demand savings by rate class achieved though the Save on Energy Retrofit program are based on CNPI's comprehensive review of the associated rate class for each individual CFF project completed in 2016-

[8] A small number of GS>50 accounts met the eligibility criteria for Save on Energy "Small Business" programs, whereas all GS<50 accounts were eligible.

2019 to identify the associated rate class. The relevant calculations are provided in the first tab (LRAMVA) of the CNPI_2021_IRM_IRR_Staff-10.xlsx spreadsheet submitted with this Application.

Tab 3-a of the LRAMVA workform contains a summary of these allocations.

4.11.2.4 LRAMVA CLAIM

The following table summarizes CNPI's LRAMVA claim for 2020 lost revenue related to the difference in persisting savings from Conservation First Framework programs and CNPI's OEB-approved LRAMVA threshold. The Residential customer class claim is $0, due to fully fixed distribution rates being in effect for the 2020 rate year.

Customer Class	Billing Unit	Principal ($)	Carrying Charges ($)	Total LRAMVA ($)	Rate Rider
Residential	kWh	$0	$0	$0	$0
GS<50 kW	kWh	$81,209	$811	$82,020	$0.0015
GS>50 kW	kW	-$49,581	-$495	-$50,076	-$0.1009
Street Light	kW	$22,203	$222	$22,425	$5.1569
Total		**$53,831**	**$538**	**$54,369**	

APPENDIX 4-A:
KORN FERRY 2022 SALARY PROJECTION

KORN FERRY®

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January 25, 2021

Ms. Kristine Carmichael
Director of Corporate and Customer Services
FortisOntario Inc.
1130 Bertie Street
P. O. Box 1218
Fort Erie, Ontario
L2A 5Y2

Re: 2022 Salary Projection

Korn Ferry ("KF") has been asked by FortisOntario Inc. ("FortisOntario") to provide an estimate of base salary increases for 2022.

Methodology

Annually, KF provides salary increase forecasts based on survey responses from our database participants collated in August / September (the "Compensation Planning Update") each year, and our most recent Compensation Planning Update (September 2020) only provides forecasts on 2021 salary increases.

As 2022 projections from this source will not be available until September 2021, we have conducted various scenario analyses on historical base salary movement as compared to key Canadian economic indicators, including:

1) The relationship between historical industrial base salary movements in the KF database and movements in the Canadian Headline Consumer Price Index ("Headline CPI");
2) The historical spread between industrial base salary movements in the KF database and the Headline CPI; and
3) The relationship between historical industrial base salary movements in the KF database and Canadian Real Gross Domestic Product ("Real GDP") growth.

Based on the resulting arithmetic differentials and regression analyses, we have applied our findings to the latest 2022 forecasts for Canadian Headline CPI and Real GDP growth, as published by the Bank of Canada and large Canadian financial institutions. A range of projected base salary increases were calculated in consideration of these analyses as well as the historic salary increase pattern among utilities organizations in the KF database.

2022 Salary Forecast

Based on currently available information, our model projects base salary increases to range between 1.97% and 2.68%, with a median of 2.51%, for 2022, provided that there is a solid and sustainable recovery in the economy in 2021.

Our estimates are based on the projected growth of the Canadian economy, using a compilation of available economic forecast data. We caution that the global economy is currently going through an unprecedented time with great uncertainty, as a result of the pandemic and geopolitics. As Canada is not immune to these international developments, we would recommend taking a more conservative position in respect of salary administration.

Kristine, we trust this is of assistance to you. Please feel free to contact me to discuss the contents of this letter or the underlying analyses supporting our opinion.

Best Regards,

KORN FERRY (CA) LTD.

Kennedy

Kennedy Lee
Executive Pay and Governance

CANADIAN NIAGARA POWER INC.
A FORTIS ONTARIO Company

APPENDIX 4-B:
CNP PENSION VALUATION REPORT
[DECEMBER 31, 2019]

MERCER

FortisOntario Inc. Employees' Retirement and Supplementary Pension Plan

Report on the Actuarial Valuation for Funding Purposes as at December 31, 2019

November 2020

Financial Services Regulatory Authority of Ontario Registration Number: 0271247

Canada Revenue Agency Registration Number: 0271247

Note to reader regarding actuarial valuations:

This valuation report may not be relied upon for any purpose other than those explicitly noted in the Introduction, nor may it be relied upon by any party other than the parties noted in the Introduction. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future. If maintained indefinitely, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date. The content of the report may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's permission. All parts of this report, including any documents incorporated by reference, are integral to understanding and explaining its contents; no part may be taken out of context, used, or relied upon without reference to the report as a whole.

To prepare the results in this report, actuarial assumptions are used to model a single scenario from a range of possibilities for each valuation basis. The results based on that single scenario are included in this report. However, the future is uncertain and the Plan's actual experience will differ from those assumptions; these differences may be significant or material. Different assumptions or scenarios within the range of possibilities may also be reasonable, and results based on those assumptions would be different. Furthermore, actuarial assumptions may be changed from one valuation to the next because of changes in regulatory and professional requirements, developments in case law, plan experience, changes in expectations about the future, and other factors.

The valuation results shown in this report also illustrate the sensitivity to one of the three key actuarial assumptions, the discount rate, and the sensitivity to three adverse scenarios. We note that the results presented herein rely on many assumptions, all of which are subject to uncertainty, with a broad range of possible outcomes, and the results are sensitive to all the assumptions used in the valuation.

Should the Plan be wound up, the going concern funded status and solvency financial position, if different from the wind-up financial position, become irrelevant. The hypothetical wind-up financial position estimates the financial position of the Plan assuming it is wound up on the valuation date. Emerging experience will affect the wind-up financial position of the Plan assuming it is wound up in the future. In fact, even if the Plan were wound up on the valuation date, the financial position would continue to fluctuate until the benefits are fully settled.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security, and/or benefit-related issues should not be made solely on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic, and societal factors, including financial scenarios that assume future sustained investment losses.

Funding calculations reflect our understanding of the requirements of Pension Benefits Act (Ontario), the Income Tax Act, and related regulations that are effective as of the valuation date. Mercer is not a law firm, and the analysis presented in this report is not intended to be a legal opinion. You should consider securing the advice of legal counsel with respect to any legal matters related to this report.

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1 Summary of Results – excluding DC Component

	31.12.2019	31.12.2017
Going Concern Financial Status		
Market value of assets	$33,565,800	$32,141,600
Going concern funding liabilities	$23,091,900	$22,142,300
Provision for adverse deviations in respect of the going concern liabilities	$2,078,300	$1,992,800
Funding excess (shortfall)	$8,395,600	$8,006,500
Hypothetical Wind-up Financial Position		
Wind-up assets	$33,475,800	$32,051,600
Wind-up liability	$28,116,200	$27,745,200
Wind-up excess (shortfall)	$5,359,600	$4,306,400
Wind-up ratio	119%	116%

	31.12.2019	31.12.2017
Funding Requirements in the Year Following the Valuation [1]		
Total current service cost	$291,900	$250,900
Expense allowance	$175, 000	$175,000
Provision for adverse deviations in respect of current service cost and expense allowance	$42,000	$22,600
Total	$508,900	$448,500
Employer's current service cost and provision for adverse deviations in respect of the current service cost expressed as a percentage of members' pensionable earnings	21.8%	19.2%
Minimum special payments	$0	$0
Estimated minimum employer contribution	$0	$0
Estimated maximum eligible employer contribution	$0	$0
Next required valuation date	12.31.2022	12.31.2020

[1] Provided for reference purposes only. Contributions must be remitted to the Plan in accordance with the Minimum Funding Requirements and Maximum Eligible Contributions sections of this report.

2

Introduction

To FortisOntario Inc.

At the request of FortisOntario Inc., we have conducted an actuarial valuation of the FortisOntario Inc. Employees' Retirement and Supplementary Pension Plan (the "Plan"), sponsored by Fortis Ontario Inc. (the "Company"), as at the valuation date, December 31, 2019. We are pleased to present the results of the valuation.

Purpose

The purpose of this valuation is to determine:

- The funded status of the Plan as at December 31, 2019 on going concern, hypothetical wind-up, and solvency bases;
- The minimum required funding contributions from 2020, in accordance with the *Pension Benefits Act (Ontario)* (the "Act"); and
- The maximum permissible funding contributions from 2020, in accordance with the *Income Tax Act.*

The information contained in this report was prepared for the internal use of the Company, and for filing with the Financial Services Regulatory Authority of Ontario and with the Canada Revenue Agency, in connection with our actuarial valuation of the Plan. This report will be filed with the Financial Services Regulatory Authority of Ontario and with the Canada Revenue Agency. This report is not intended or suitable for any other purpose.

In accordance with pension benefits legislation, the next actuarial valuation of the Plan will be required as at a date not later than December 31, 2022, or as at the date of an earlier amendment to the Plan depending on any funding implications.

Terms of Engagement

In accordance with our terms of engagement with the Fortis Ontario Inc., our actuarial valuation of the Plan is based on the following material terms:

- It has been prepared in accordance with applicable pension legislation and actuarial standards of practice in Canada.

- As instructed by the FortisOntario Inc., we have not reflected a margin for adverse deviations in the going concern valuation in excess of the provision for adverse deviation prescribed by the Act
- We have reflected FortisOntario Inc.'s decisions for determining the solvency funding requirements, summarized as follows:
  - The same plan wind-up scenario was hypothesized for both hypothetical wind-up and solvency valuations.
  - The solvency financial position was determined on a market value basis.

See the Valuation Results – Solvency section of the report for more information.

Events since the Last Valuation at December 31, 2017

Pension Plan

There have been no special events since the last valuation date.

This valuation reflects the provisions of the Plan as at December 31, 2019. The Plan has been amended since the date of the previous valuation to add a new class of employees and to reflect certain amendments to the Ontario Pension Benefits Act. These changes have been reflected in this valuation, as necessary. The Plan provisions are summarized in Appendix F.

Assumptions

We have used the same going concern valuation assumptions and methods as were used for the previous valuation, except for the following:

	Current valuation	Previous valuation
Discount rate:	4.55%	5.05%

A summary of the going concern methods and assumptions is provided in Appendix C.

The hypothetical wind-up and solvency assumptions have been updated to reflect market conditions at the valuation date. A summary of the hypothetical wind-up and solvency methods and assumptions is provided in Appendix D.

Regulatory Environment and Actuarial Standards

There have been a number of changes to the Act and the relevant regulations that impact the funding of the Plan.

On May 21, 2019, amendments to the Regulations to the Ontario Pension Benefits Act were released. These amendments were intended to provide additional clarity to the operation of the new funding rules. On May 29, 2019, Bill 100 received Royal Assent. Bill 100 included several amendments to the Pension Benefits Act, including adjustments to permit the use of the Prior Year Credit Balances to pay for employer's current service cost.

Subsequent Events

On January 24, 2020, the Canadian Institute of Actuaries released the final standards for pension commuted values ("CIA CV Standard"). The new CIA CV Standard was scheduled to be effective August 1, 2020 with early adoption permitted for target pension arrangements. The CIA has since announced that the new CIA CV Standard will be effective December 1, 2020.

From the effective date, the new CIA CV Standard will affect the assumptions used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer. The financial impact of those changes has not been reflected in this actuarial valuation and will be considered in a future actuarial valuation, after their effective date.

After checking with representatives of the Company, to the best of our knowledge there have been no events subsequent to the valuation date that, in our opinion, would have a material impact on the results of the valuation as at December 31, 2019. However, since the valuation date, there have been significant fluctuations in the financial markets, which may have led to a deterioration of the funded position of the Plan after the valuation date. Our valuation reflects the financial position of the Plan as of the valuation date and does not take into account any experience after the valuation date.

Impact of Case Law

This report has been prepared on the assumption that all claims on the Plan after the valuation date will be in respect of benefits payable to members of the Plan determined in accordance with the Plan terms and that all Plan assets are available to provide for these benefits. It is possible that court and regulatory decisions and changes in legislation could give rise to additional entitlements to benefits under the Plan and cause the results in this report to change. By way of example, we bring your attention to the following decisions:

- The Ontario Court of Appeal's 2003 decision in *Aegon Canada Inc. and Transamerica Life Canada versus ING Canada Inc.* restricted the use of original plan surplus where two or more pension plans were merged.

- The Supreme Court of Canada's 2004 decision in *Monsanto Canada Inc. versus Superintendent of Financial Services* upheld the requirement, with retroactive effect, to distribute surplus on partial plan wind-up under the *Pension Benefits Act (Ontario).*

We are not in a position to assess the impact that such decisions or changes could have on the assumption that all plan assets on the valuation date are available to provide for benefits determined in accordance with the Plan terms. If such a claim arises subsequent to the date of this report, the consequences will be dealt with in a subsequent report. We are making no representation as to likelihood of such a claim.

3 Defined Contribution Component of the Plan

The Plan is made up of defined contribution ("DC") and defined benefit ("DB") components. The DC component is considered in this Section. The remainder of the report relates to the DB component of the Plan, unless otherwise noted.

Reconciliation of DC Assets

The DC assets are held by Sun Life Financial. In preparing this report, we have relied upon the auditors' report signed by report signed by Ernst & Young LLP for 2018 and 2019 and the auditors' report signed by Deloitte for 2019. A reconciliation of the DC assets from the date of the previous valuation is as follows:

	2018	2019
January 1st	$4,890,189	$5,008,682
PLUS		
Contributions	$440,933	$478,129
Investment returns from all sources, net of expenses	($107,278)	$803,668
	$333,655	$1,281,797
LESS		
Benefits paid to members	$215,162	$34,887
	$215,162	$34,887
December 31st	$5,008,682	$6,255,592

Current Service Cost

We have estimated the members' DC required contributions and employer DC current service cost based on 2019 contributions increased by the going concern salary increase assumption. The projection until the next actuarial valuation as follows as follows:

	2020	2021	2022
Employer DC current service cost	$494,900	$512,200	$530,100

For reference, the Plan terms are summarized in Appendix F.

4

Valuation Results – Going Concern

Financial Status

A going concern valuation compares the relationship between the value of Plan assets and the present value of expected future benefit cash flows in respect of accrued service, assuming the Plan will be maintained indefinitely.

The results of the current valuation, compared with those from the previous valuation, are summarized as follows:

	31.12.2019	31.12.2017
Assets		
Market value of assets	$33,565,800	$32,141,600
Going concern funding target		
Going concern liabilities:		
Active members	$8,806,400	$7,268,800
Pensioners and survivors	$14,259,100	$14,784,600
Deferred pensioners	$26,400	$88,900
Subtotal	$23,091,900	$22,142,300
Provision for adverse deviations in respect of going concern liabilities as prescribed by the Act	$2,078,300	$1,992,800
Total	$25,170,200	$24,135,100
Funding excess (shortfall)[2]	$8,395,600	$8,006,500

[2] Funding excess (shortfall) may or may not be equal to the going concern excess (unfunded liability) as described in the Act. Details of the going concern excess (unfunded liability) are provided in Appendix A.

The going concern liabilities at December 31, 2019 do not include an additional margin for adverse deviations beyond the provision for adverse deviations prescribed by the Act.

Reconciliation of Financial Status

Funding excess (shortfall) as at previous valuation		$8,006,800
Provision for Adverse Deviations (PfAD) at previous valuation		$1,992,800
Funding excess (shortfall) before PfAD		$9,999,600
Interest on funding excess (shortfall) before PfAD at 5.05% per year		$1,035,400
Employer's special payments, with interest		$0,00
Employer's contributions drawn from previous funding excess with interest		(937,000)
Expected funding excess (shortfall)		$10,098,000
Net experience gains (losses)		
• Investment return	$1,174,600	
• Expenses different than assumed	$93,000	
• Increases in pensionable earnings	$134,800	
• Mortality	($46,900)	
• Retirement	$243,700	
Total experience gains (losses)		$1,599,200
Impact of changes in assumptions		($1,196,800)
Net impact of other elements of gains and losses		($26,500)
Funding excess (shortfall) before PfAD		$10,473,900
Provision for Adverse Deviations at current valuation		($2,078,300)
Funding excess (shortfall) as at current valuation		$8,395,600

Current Service Cost

The current service cost is an estimate of the present value of the additional expected future benefit cash flows in respect of pensionable service that will accrue after the valuation date, assuming the Plan will be maintained indefinitely. A provision for adverse deviations in respect of the current service cost is determined in accordance with the Act.

The current service cost and the provision for adverse deviations in respect of the current service cost, during the year following the valuation date, compared with the corresponding values determined in the previous valuation, is as follows:

	2020	2018
Estimated members' pensionable earnings[3]	$1,457,800	$1,426,100
Total current service cost, excluding the expense allowance and excluding provision for adverse deviations	$291,900	$250,900
Expense allowance	$175,000	$175,000
Provision for adverse deviations in respect of the expense allowance	$15,700	$0
Provision for adverse deviations in respect of the current service cost (based on the percentage defined in Appendix A)		
• As a dollar amount per year	$26,300	$22,600
• As a percentage of members' pensionable earnings	1.80%	1.60%
Total estimated employer's current service cost (excluding expense allowance and provision for adverse deviation in respect of expense allowance)		
• As a dollar amount per year	$318,200	$273,500
• As a percentage of members' pensionable earnings excluding the expense allowance	21.80%	19.20%

[3] For those members assumed to accrue benefits

The key factors that have caused a change in the employer's current service cost, excluding the provision for adverse deviations, and excluding the expense allowance, since the previous valuation are summarized in the following table:

Employer's current service cost as at previous valuation	17.6%
Demographic changes	1.3%
Changes in assumptions	1.1%
Employer's current service cost as at current valuation	20.00%

Discount Rate Sensitivity

The following table summarizes the effect on the going concern liabilities and current service cost shown in this report of using a discount rate that is 1% lower than that used in the valuation. For the purposes of the illustration, we have reduced the interest rate used to determine commuted values upon termination of employment by 1%. The effect of a change in the discount rate on the provision for adverse deviations is not reflected.

Scenario	Valuation Basis	Reduce Discount Rate by 1%
Going concern funding liabilities	$23,091,900	$25,845,800
Current service cost		
• Total current service cost	$291,900	$338,100
• Expense allowance	$175,000	$175,000
Total	$466,900	$513,100

Plausible Adverse Scenarios

The financial impact on the going concern results of plausible adverse scenarios that would pose threats to the Plan's future financial condition is presented in Appendix G.

5

Valuation Results – Hypothetical Wind-up

Financial Position

When conducting a hypothetical wind-up valuation, we determine the relationship between the respective values of the Plan's assets and its liabilities assuming the Plan is wound up and settled on the valuation date, assuming benefits are settled in accordance with the Act and under circumstances consistent with the hypothesized scenario on the valuation date. More details on such scenario are provided in Appendix D.

The hypothetical wind-up financial position as of the valuation date, compared with that at the previous valuation, is as follows:

	31.12.2019	31.12.2017
Assets		
Market value of assets	$33,565,800	$32,141,600
Termination expense provision	($90,000)	($90,000)
Wind-up assets	$33,475,800	$32,051,600
Present value of accrued benefits for:		
• Active members	$11,184,900	$9,372,800
• Pensioners and survivors	$16,899,400	$18,259,700
• Deferred pensioners	$31,900	$112,700
Total wind-up liability	$28,116,200	$27,745,200
Wind-up excess (shortfall)	$5,359,600	$4,306,400
Transfer Ratio	119%	116%

Wind-up Incremental Cost

The wind-up incremental cost is an estimate of the present value of the projected change in the hypothetical wind-up liabilities from the valuation date until the next scheduled valuation date, adjusted for the benefit payments expected to be made in that period.

The hypothetical wind-up incremental cost determined in this valuation, compared with the corresponding value determined in the previous valuation, is as follows:

	31.12.2019	31.12.2017
Number of years covered by report	3 years	3 years
Total hypothetical wind-up liabilities at the valuation date (A)	$28,116,200	$27,745,200
Present value at the valuation date of projected hypothetical wind-up liability at the next required valuation (including expected new entrants) plus expected benefit payments until the next required valuation (B)	$29,628,800	$28,712,700
Hypothetical wind-up incremental cost (B – A)	$1,512,600	$967,500

The incremental cost is not an appropriate measure of the contributions that would be required to maintain the windup position of the Plan even if actual experience is exactly in accordance with the going concern valuation assumptions. For example, the expected return on plan assets (based on the going concern assumptions) is greater than the discount rate used to determine the hypothetical wind-up liabilities.

Discount Rate Sensitivity

The following table summarizes the effect on the hypothetical wind-up liabilities shown in this report of using a discount rate that is 1% lower than that used in the valuation:

Scenario	Valuation Basis	Reduce Discount Rate by 1%
Total hypothetical wind-up liability	$28,116,200	$31,813,300

Plausible Adverse Scenarios

The financial impact on the hypothetical wind-up financial position of plausible adverse scenarios that would pose threats to the Plan's future financial condition is presented in Appendix G.

6
Valuation Results – Solvency

Overview

The Act also requires the financial position of the Plan to be determined on a solvency basis. The financial position on a solvency basis is determined in a similar manner to the Hypothetical Wind-up Basis, except for the following:

Exceptions	Reflected in valuation based on the terms of engagement
The circumstance under which the Plan is assumed to be wound up could differ for the solvency and hypothetical wind-up valuations.	The same circumstances were assumed for the solvency valuation as were assumed for the hypothetical wind-up valuation.
Certain benefits can be excluded from the solvency financial position. These include: (a) any escalated adjustment (e.g. indexing), (b) certain plant closure benefits, (c) certain permanent layoff benefits, (d) special allowances other than funded special allowances, (e) consent benefits other than funded consent benefits, (f) prospective benefit increases, (g) potential early retirement window benefit values, and (h) pension benefits and ancillary benefits payable under a qualifying annuity contract.	No benefits were excluded from the solvency liabilities shown in this valuation.
The financial position on the solvency basis needs to be adjusted for any Prior Year Credit Balance.	Not applicable.

Exceptions	Reflected in valuation based on the terms of engagement
The solvency financial position can be determined by smoothing assets and the solvency discount rate over a period of up to 5 years.	Smoothing was not used.
The benefit rate increases coming into effect after the valuation date can be reflected in the solvency valuation.	Not applicable.

Financial Position

The financial position on a solvency basis, compared with the corresponding figures from the previous valuation, is as follows:

	31.12.2019	31.12.2017
Assets		
Market value of assets	$33,565,200	$32,141,600
Termination expense provision	($90,000)	($90,000)
Net assets	$33,475,800	$32,051,600
Liabilities		
Total hypothetical wind-up liabilities	$28,116,200	$27,745,200
Difference in circumstances of assumed wind-up	$0	$0
Value of excluded benefits	($0)	($0)
Liabilities on a solvency basis	$28,116,200	$27,745,200
Surplus (shortfall) on a market value basis	$5,359,600	$4,306,400
Solvency liability adjustment	$0	$0
Asset smoothing adjustment	$0	$0

	31.12.2019	31.12.2017
Surplus (shortfall) on a solvency basis	$5,359,600	$4,306,400
Transfer Ratio	119%	116%
Solvency Ratio	119%	116%

Plausible Adverse Scenarios

The financial impact on the solvency financial position of plausible adverse scenarios that would pose threats to the Plan's future financial condition is presented in Appendix G.

7 Minimum Funding Requirements

The Act prescribes the minimum contributions that Fortis Ontario Inc. must make to the Plan. The minimum contributions in respect of a defined benefit component of a pension plan are comprised of going concern current service cost, the provision for adverse deviations in respect of the current service cost, and special payments to fund any funding shortfall or solvency shortfall that exceeds the level as set out under the Act.

On the basis of the assumptions and methods described in this report, the Plan has a funding excess on a going concern basis inclusive of the provision for adverse deviations, and the transfer ratio is greater than 105%. Under these circumstances, the Act does not require the employer to contribute to the Plan until the available actuarial surplus has been applied towards the employer's current service cost and the provision for adverse deviations in respect of the current service cost, provided that the required application has been made to regulator. Details on the determination of the provision for adverse deviations and on the available actuarial surplus are shown in Appendix A.

Once the available actuarial surplus has been so applied, monthly employer contributions must resume. On the basis of the assumptions and methods described in this report, the rule for determining the minimum required employer monthly contributions, as well as an estimate of the employee and employer contributions, from the valuation date until the next required valuation are as follows:

	Employer's contribution rule		
Period beginning	**Monthly current service cost[4]**	**Provision for adverse deviations**	**Explicit monthly expense allowance including provision for adverse deviations**
January 1, 2019	20.0%	1.8%	$15,892
January 1, 2020	20.0%	1.8%	$15,892
January 1, 2021	20.0%	1.8%	$15,892

[4] Expressed as a percentage of members' pensionable earnings for those members assumed to accrue benefits

Period beginning	Monthly current service cost	Estimated employer's contributions				
		Monthly provision for adverse deviations in respect of Current service cost	Explicit monthly expense allowance including the provision for adverse deviations	Monthly current service cost and provision for adverse deviations and expense allowance	Available actuarial surplus applied[5]	Minimum monthly contributions
January 1 ,2020	$24,325	$2,189	$15,896	$42,410	$42,410	$0
January 1 ,2021	$25,176	$2,266	$15,896	$43,338	$43,338	$0
January 1 ,2022	$26,058	$2,345	$15,896	$44,299	$44,299	$0

The estimated contribution amounts above are based on projected members' pensionable earnings. Therefore, the actual employer's current service cost and provision for adverse deviations in respect of the current service cost may be different from the above estimates and, as such, the contribution requirements should be monitored closely to ensure contributions resume in accordance with the Act.

Appendix A includes details on the determination of the provision for adverse deviations.

Other Considerations

Differences between Valuation Bases

There is no provision in the minimum funding requirements to fund the difference between the hypothetical wind-up and reduced solvency shortfalls, if any.

In addition, although minimum funding requirements do include a requirement to fund the going concern current service cost and a provision for adverse deviations in respect of the current service cost, there is no

[5] Notwithstanding the available actuarial surplus in the Plan, the terms of the Plan may require the Company to make current service cost contributions.

requirement to fund the expected growth in the hypothetical wind-up or solvency liability after the valuation date, which could be greater.

Timing of Contributions

Funding contributions are due on a monthly basis. Contributions for current service cost and the provision for adverse deviations including the expense allowance must be made within 30 days following the month to which they apply. Special payment contributions must be made in the month to which they apply.

Retroactive Contributions

The Company must contribute the excess, if any, of the minimum contribution recommended in this report over contributions actually made in respect of the period following the valuation date. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

Payment of Benefits

The Act imposes certain restrictions on the payment of lump sums from the Plan when the transfer ratio revealed in an actuarial valuation is less than one. If the transfer ratio shown in this report is less than one, the plan administrator should ensure that the monthly special payments are sufficient to meet the requirements of the Act to allow for the full payment of benefits, and otherwise should take the prescribed actions.

Additional restrictions are imposed when:

- The transfer ratio revealed in the most recently filed actuarial valuation is less than one and the administrator knows or 'ought to know' that the transfer ratio of the Plan has declined by 10% or more since the date the last valuation was filed.

- The transfer ratio revealed in the most recently filed actuarial valuation is greater than or equal to one and the administrator knows or 'ought to know' that the transfer ratio of the Plan has declined to less than 0.9 since the date the last valuation was filed.

As such, the administrator should monitor the transfer ratio of the Plan and, if necessary, take the prescribed actions.

Letters of Credit

Minimum funding requirements in respect of required solvency special payments that otherwise require monthly contributions to the pension fund may be met, in the alternative, by establishing an irrevocable letter of credit subject to the conditions established by the Act. Required solvency special payments in excess of those met by a letter of credit must be met by monthly contributions to the pension fund.

Contributions to the DC Component

In addition to any contribution requirements in respect of the DB component of the Plan and notwithstanding any prohibition to fund the DB component of the Plan, contributions to the individual member DC accounts should be made in accordance with the Plan terms.

If the DB component of the Plan has any available surplus then, subject to the Act, the Plan terms, and any collective or employment agreement, it may be possible for the Company to apply DB assets in satisfaction of its contribution requirements for the DC component of the Plan.

8
Maximum Eligible Contributions

The *Income Tax Act* (the "ITA") limits the amount of employer contributions that can be remitted to the defined benefit component of a registered pension plan. For purposes of this section on maximum eligible contributions only, any reference to the current service cost includes the provision for adverse deviations in respect of the current service cost.

In accordance with Section 147.2 of the ITA and *Income Tax Regulation* 8516, for a plan that is underfunded on either a going concern or on a hypothetical wind-up basis, the maximum permitted contributions are equal to the employer's current service cost, including the explicit expense allowance if applicable, plus the greater of the going concern funding shortfall and hypothetical wind-up shortfall.

For a plan that is fully funded on both going concern and hypothetical wind-up bases, the employer can remit a contribution equal to the employer's current service cost, including the explicit expense allowance if applicable, as long as the surplus in the plan does not exceed a prescribed threshold. Specifically, in accordance with Section 147.2 of the ITA, for a plan that is fully funded on both going concern and hypothetical wind-up bases, the plan may not retain its registered status if the employer makes a contribution while the going concern funding excess exceeds 25% of the going concern funding target.

Notwithstanding the above, any contributions that are required to be made in accordance with pension benefits legislation are eligible contributions in accordance with Section 147.2 of the ITA and can be remitted.

Schedule of Maximum Contributions

Since the surplus exceeds 25% of the going concern funding target, no contributions are permitted until the funding excess has been reduced to less than $6,292,600 (i.e. 25% of the going concern funding target of $25,170,200); otherwise, the Plan's registered status may be revoked.

Contributions to the DC Component

In addition to any contribution requirements in respect of the DB component of the Plan and notwithstanding any prohibition to fund the DB component of the Plan, contributions to the individual member DC accounts can be made in accordance with the Plan terms.

9

Actuarial Opinion

In our opinion, for the purposes of the valuations,

- The membership data on which the valuation is based are sufficient and reliable.
- The assumptions are appropriate.
- The methods employed in the valuation are appropriate.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. It has also been prepared in accordance with the funding and solvency standards set by the *Ontario Pension Benefits Act*

Armando Fernandes
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

25 November 2020
Date

M. Scott Cushing
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

25 November 2020
Date

Appendix A
Prescribed Disclosure

Definitions

The Act defines a number of terms as follows:

Defined Term	Description			Result
Going concern assets	Total value of assets plus the sum of the following:			$33,565,800
	(a)	the present value of special payments in respect of any past service unfunded liability identified in a previously filed report	$0	
	(b)	the present value of special payments in respect of any plan amendment that increases going concern liabilities	$0	
	(c)	present value of special payments in respect of going concern unfunded liabilities identified in a previously filed report that are scheduled for payment within one year of the date of this report	$0	
Going concern excess / (unfunded liability)	The Going Concern Assets minus the sum of the following:			$8,395,600
	a.	the going concern liabilities		
		(i) liabilities excluding the value of escalated adjustments	$23,091,900	
		(ii) liabilities in respect of escalated adjustments	$0	
	b.	the provision for adverse deviations in respect of the going concern liabilities excluding the value of escalated adjustments	$2,078,300	
	c.	Prior Year Credit Balance	$0	

Defined Term	Description	Result
Going concern funded ratio	The ratio of: (a) Total value of assets (excluding letters of credit) less the Prior Year Credit Balance; to (b) going concern liabilities	1.45
Transfer Ratio	The ratio of: (a) Solvency Assets minus the lesser of the Prior Year Credit Balance and the minimum required employer contributions including the provision for adverse deviations until the next required valuation; to (b) the sum of the Solvency Liabilities and liabilities for benefits, other than benefits payable under qualifying annuity contracts that were excluded in calculating the Solvency Liabilities.	1.19
Solvency Ratio	The ratio of: (a) Solvency Assets related to defined benefits and ancillary benefits plus the total amount of any letters of credit minus the Prior Year Credit Balance (b) the sum of the Solvency Liabilities related to defined benefits and ancillary benefits	1.19
Prior Year Credit Balance	Accumulated sum of contributions made to the pension plan in excess of the minimum required contributions (note: only applies if the Company chooses to treat the excess contributions as a Prior Year Credit Balance).	$0
Solvency Assets	Market value of assets including accrued or receivable income and excluding the value of any qualifying annuity contracts.	$33,565,800

Defined Term	Description	Result
Solvency Asset Adjustment	The sum of:	
	(a) the difference between smoothed value of assets and the market value of assets	$0
	(b) the present value of going concern special payments required to liquidate any past service unfunded liability	$0
	(c) the present value of going concern special payments identified in December 31, 2017 valuation and scheduled for 2020	$0
	(d) the present value of going concern special payments (identified in this report) that are scheduled for payment within 6 years following the valuation date	$0
	(e) the present value of any previously scheduled solvency special payments (excluding those identified in this report)	$0
	(f) the total value of all letters of credit in respect of the special payments due before the valuation date, subject to the limit of 15% of solvency liabilities	$0
		$0
Solvency Liabilities	Liabilities determined as if the plan had been wound up on the valuation date, including liabilities for plant closure benefits or permanent layoff benefits that would be immediately payable if the employer's business were discontinued on the valuation date of the report, but, if elected by the plan sponsor, excluding liabilities for,	$28,116,200
	(a) any escalated adjustment,	
	(b) excluded plant closure benefits,	
	(c) excluded permanent layoff benefits,	
	(d) special allowances other than funded special allowances,	
	(e) consent benefits other than funded consent benefits,	
	(f) prospective benefit increases,	
	(g) potential early retirement window benefit values, and	
	(h) pension benefits and ancillary benefits payable under a qualifying annuity contract.	
Solvency Liability Adjustment	The amount by which Solvency Liabilities are adjusted as a result of using a solvency valuation interest rate that is the average of market interest rates	$0

Defined Term	Description	Result
	calculated over the period of time used in the determination of the smoothed value of assets.	
Solvency Deficiency	The amount, if any, by which the sum of:	
	(a) the Solvency Liabilities	$28,116,200
	(b) the Solvency Liability Adjustment	$0
	(c) the Prior Year Credit Balance	$0
		$28,116,200
	Exceeds the sum of	
	(d) the Solvency Assets net of estimated termination expenses[6]	$33,475,800
	(e) the Solvency Asset Adjustment	$0
		$33,475,800
		$0
Reduced Solvency Deficiency / (Solvency Excess)	The sum of:	
	(a) 85% of the Solvency Liabilities	$23,898,800
	(b) 85% of the Solvency Liability Adjustment	$0
	(c) the Prior Year Credit Balance	$0
		$23,898,800
	minus the sum of:	
	(d) the Solvency Assets net of estimated termination expenses[8]	$33,475,800
	(e) the Solvency Asset Adjustment	$0
		$33,475,800
		($9,577,000)

[6] In accordance with accepted actuarial practice, for purposes of determining the financial position, the market value of plan assets was reduced by a provision for estimated termination expenses payable from the Plan's assets that may reasonably be expected to be incurred in terminating the Plan and to be charged to the Plan.

Provision for Adverse Deviations

The provision for adverse deviations has been established in accordance with regulations taking into account the following parameters:

Defined Amount		Results
Fixed Income Component (L)	The sum of the Plan's target allocation of assets (excluding those allocated to annuity contracts and meeting the minimum rating requirement) as described in the regulations according to the investment policy applicable at the valuation date:	0.0%
Alternative Investment Component (M)	The sum of the Plan's target allocation of assets (excluding those allocated to annuity contracts) meeting requirements as described in the regulations according to the investment policy applicable at the valuation date:	
Investment Component (N)	Plan's target asset allocation for mutual, pooled or segregated funds	100.0%
Investment Component Fixed Income % (P)	Portion of Investment Component (N) that is allocated to investment categories accounted for in Fixed Income Component (L)	60.0%
Investment Component Alternative Investment % (Q)	Portion of Investment Component (N) that is allocated to investment categories accounted for in Alternative Income Component (M)	0.0%
Annuity Contract Allocation (R)	Annuity contracts that have been purchased from an insurance company and excluded from the Fixed Income Component (L) and Alternative Investment Component (M)	0.0%

Combined Target Asset Allocation for Fixed Income Assets (J)		
Sum of		
• Fixed Income Component (L)	0.00%	

• 0.5 × Alternative Investment Component (0.5 × M)	0.00%		
• Investment Component × Investment Component Fixed Income % (N × P)	60.00%		
• 0.5 × Investment Component × Investment Component Alternative Investment % (0.5 x N × Q)	0.00%		
		60.00%	
Divided by			
• 100% - Annuity Contract Allocation (100% - R)		100.00%	
Combined Target Asset Allocation for Fixed Income Assets			**60.00%**

Combined Target Asset Allocation for Non-Fixed Income Assets (K)	
100% – Combined **Target** Asset Allocation for Fixed Income Assets (100% - J)	**40.00%**

Duration of going concern liabilities at valuation date	
= (F - G) / (G × 0.01)	**11.93**
where,	
G = going concern liabilities at valuation date established using the discount rate determined for this valuation	$23,091,900
F = going concern liabilities established using the discount rate minus 1%	$25,845,800

Benchmark Discount Rate (E)	
Base rate	0.50%
Effective yield from CANSIM Series V39056 (H)	1.76%
1.5% x Combined **Target** Asset Allocation for Fixed Income Assets (1.5% × J)	0.90%
5.0% x Combined **Target** Asset Allocation for Non-Fixed Income Assets (5.0% × K)	2.00%
Benchmark Discount Rate	5.16%

Provision for Adverse Deviations			
i.	5.0% for a closed plan and 4.0% for a Plan that is not a closed plan		5.00%
i.	Provision based on Combined Target Asset Allocation for Non-Fixed Income Assets		4.00%
i.	Greater of zero and the		
	• Duration of going concern liabilities at valuation date	11.93	
	Multiplied by:		
	– Going concern valuation gross discount rate net of active investment management fees (D), less	4.55%	
	– Benchmark Discount Rate (E)	5.16%	0.00%
Provision for Adverse Deviations (A + B + C)			9.00%

The available actuarial surplus that may be used according to the Act is established as follows:

Available actuarial surplus			
Excess of			
• Assets determined on basis of going concern valuation including accrued and receivable income but excluding the value of any letters of credit		$33,565,800	
Over			
• Going concern liabilities	$23,091,900		
• Provision for adverse deviations in respect of the going concern liabilities	$2,078,300		
• Prior Year Credit Balance	$0		
		$25,170,200	
		$8,395,600	(a)
Excess of			
• Solvency assets excluding the value of any letters of credits and lesser of Prior Year Credit Balance and minimum required employer contributions, including the provision for adverse deviations until the next required valuation		$33,565,800	
Over			

• Wind-up liabilities × 105%	$29,522,000	
	$4,043,800	(b)
The available actuarial surplus = the lesser of a) and b) above	$4,043,800	

Timing of Next Required Valuation

In accordance with the Act the next valuation of the Plan would be required at an effective date within one year of the current valuation date if:

- The ratio of solvency assets to solvency liabilities is less than 85%.
- The employer elected to exclude plant closure or permanent lay-off benefits under Section 5(18) of the regulations, and has not rescinded that election.

Otherwise, the next valuation of the Plan would be required at an effective date no later than three years after the current valuation date. Accordingly, the next valuation of the Plan will be required as of December 31, 2022.

Special Payments

As the Plan does not have a funding shortall and there is a solvency excess, no special payments are required.

Pension Benefits Guarantee Fund (PBGF) Assessment

A PBGF assessment is required to be paid under Section 37 of the Act. The PBGF assessment base is derived as follows:

Solvency assets	$33,565,800	(a)
PBGF liabilities	$28,116,200	(b)
Solvency liabilities	$28,116,200	(c)
Ontario asset ratio	100%	(d) = (b) ÷ (c)
Ontario portion of the fund	$33,565,800	(e) = (a) × (d)
PBGF assessment base	$0	(f) = max(0, (b) – (e))
Amount of additional liability for plant closure and/or permanent layoff benefits which is not funded and subject to the 2% (3% for years after 2018) assessment pursuant to s.37(4)	$0	(g)

Appendix B
Plan Assets

The pension fund is held by RBC Investor and Treasury Services. In preparing this report, we have relied upon fund statements prepared by RBC Investor and Treasury Services without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

Reconciliation of Market Value of Plan Assets

The pension fund transactions since the last valuation are summarized in the following table:

	2018	2019
January 1	$32,152,925	$30,450,482
PLUS		
Members' contributions	$0	$0
Company's contributions	$0	$0
Investment income	1,527,884	$1,021,124
Realized gains (losses)	$196,895	$234,281
Unrealized appreciation (depreciation)	($1,878,686)	$3,249,477
	($153,907)	$4,504,882
LESS		
Pensions paid	($1,341,366)	($1,285,983)
Lump-sums paid	$0	$0
Administration and investment fees	($189,521)	($68,919)
Other disbursements	($17,649)	($21,006)
	($1,548,536)	($1,375,908)
December 31	$30,450,482	$33,579,456

	2018	2019
Gross rate of return[7]	(0.49%)	15.14%
Rate of return net of expenses[8]	(1.09%)	14.89%

The market value of assets shown in the above table is adjusted to reflect in-transit amounts as follows:

	Current Valuation	Previous Valuation
Market value of invested assets	$33,579,456	$32,152,925
In-transit amounts		
• Members' contributions	$0	$0
• Company's contributions	$0	$0
• Expenses	($13,671)	($11,282)
• Benefit payments	($0)	($0)
Market value of assets adjusted for in-transit amounts	$33,565,785	$32,141,643

We have tested the pensions paid, the lump-sums paid, and the contributions for consistency with the membership data for the Plan members who have received benefits or made contributions. The results of these tests were satisfactory.

Investment Policy

The plan administrator has adopted a statement of investment policy and procedures. This policy is intended to provide guidelines for the manager(s) as to the level of risk that is consistent with the Plan's investment objectives. A significant component of this investment policy is the asset mix.

The plan administrator is solely responsible for selecting the Plan's investment policies, asset allocations, and individual investments.

[7] Assuming mid-period cash flows.

[8] Assuming mid-period cash flows.

The constraints on the asset mix and the actual asset mix at the valuation date are provided for information purposes:

	Investment Policy			Actual asset Mix as at December 31, 2019
	Minimum	Target	Maximum	
Equities	30%	40%	50%	40.0%
Fixed Income	50%	60%	70%	57.7%
Cash and cash equivalents	0%	0%	3%	2.3%
		100%		100%

Because the Plan's assets (which are invested in accordance with the above investment policy) are not matched to the Plan's liabilities (which tend to behave like long bonds), the Plan's financial position will fluctuate over time. These fluctuations could be significant and could cause the Plan to become underfunded or overfunded even if the Company contributes to the Plan based on the funding requirements presented in this report.

Appendix C
Methods and Assumptions – Going Concern

Valuation of Assets

For this valuation, we have used the market value of assets.

Going Concern Funding Target

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going concern valuation, we have continued to use the projected unit credit actuarial cost method. Under this method, we determine the present value of benefit cash flows expected to be paid in respect of service accrued prior to the valuation date, based on projected final average earnings. This is referred to as the funding target.

The funding excess or funding shortfall, as the case may be, is the difference between the market or smoothed value of assets and the funding target. A funding excess on a market value basis indicates that the current market value of assets and expected investment earnings are expected to be sufficient to meet the cash flows in respect of benefits accrued to the valuation date as well as expected expenses – assuming the plan is maintained indefinitely. A funding shortfall on a market value basis indicates the opposite – that the current market value of the assets is not expected to be sufficient to meet the plan's cash flow requirements in respect of accrued benefits, absent additional contributions.

As required under the Act, a funding shortfall (including the prior year credit balance)> and the provision for adverse deviations must be amortized over no more than 10 years through special payments beginning one year after the valuation date. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

The actuarial cost method used for the purposes of this valuation produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial cost method provides an effective funding target for a plan that is maintained indefinitely.

Current Service Cost

The current service cost is the present value of projected benefits to be paid under the plan with respect to service expected to accrue during the period until the next valuation.

The employer's current service cost has been expressed as a percentage of the members' pensionable earnings to provide an automatic adjustment in the event of fluctuations in membership and/or pensionable earnings.

Under the projected unit credit actuarial cost method, the current service cost for an individual member will increase each year as the member approaches retirement. However, the current service cost of the entire group, expressed as a percentage of the members' pensionable earnings, can be expected to remain stable as long as the average age distribution of the group remains constant.

Actuarial Assumptions – Going Concern Basis

The present value of future benefit payment cash flows is based on economic and demographic assumptions. At each valuation we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them, if necessary. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations.

The table below shows the various assumptions used in the current valuation in comparison with those used in the previous valuation.

Assumption	Current valuation	Previous valuation
Discount rate:	4.55%	5.05%
Explicit expenses:	$175,000	$175,000
Inflation:	2.00%	2.00%
ITA limit / YMPE increases:	3.00%	3.00%
Pensionable earnings increases:	3.50%	3.50%
Retirement rates:	All members retire at age 60	All members retire at age 60
Termination rates:	None	None

Assumption	Current valuation	Previous valuation
Mortality rates:	100% of the rates of the 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv)	100% of the rates of the 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv)
Mortality improvements:	Fully generational using CPM Improvement Scale B (CPM-B)	Fully generational using CPM Improvement Scale B (CPM-B)
Disability rates:	None	None

The assumptions are best-estimates and do not include a margin for adverse deviations.

Pensionable Earnings

The benefits ultimately paid will depend on each member's final average earnings. To calculate the pension benefits payable upon retirement, death, or termination of employment, we have taken 2019 earnings and assumed that such pensionable earnings will increase at the assumed rate.

Rationale for Assumptions

A rationale for each of the assumptions used in the current valuation is provided below.

Discount Rate

We have discounted the expected benefit payment cash flows using the expected investment return on the market value of the fund. Other bases for discounting the expected benefit payment cash flows may be appropriate, particularly for purposes other than those specifically identified in this valuation report.

The discount rate is comprised of the estimated returns for each major asset class consistent with market conditions on the valuation date, the expected time horizon over which benefits are expected to be paid, and the target asset mix specified in the Plan's investment policy.

The discount rate was developed as follows:

Assumed investment return	4.55%
Margin for adverse deviation	N/A
Net discount rate	4.55%

Expenses

The assumption is based on the average amount of investment and administrative expenses over the last 3 years.

Inflation

The inflation assumption is based on market expectations of long-term inflation implied by the yields on nominal and real return bonds at the valuation date of, taking into account the mid-point of the Bank of Canada's inflation target range of between 1% and 3%.

Income Tax Act Pension Limit and Year's Maximum Pensionable Earnings

The assumption is based on historical real economic growth and the underlying inflation assumption.

Pensionable Earnings

The assumption is based on general wage growth assumptions increased by our best estimate of future merit and promotional increases over general wage growth considering current economic and financial market conditions.

Post-Retirement Pension Increases

The Plan does not provide automatic indexing.

Retirement Rates

Due to the size of the Plan, there is no meaningful retirement experience. The assumption is based on the Plan provisions and our experience with similar plans and employee groups.

Termination Rates

Use of a different assumption would not have a material impact on the valuation.

Mortality Rates

The assumption for the mortality rates is based on the Canadian Pensioners' Mortality (CPM) study published by the Canadian Institute of Actuaries in February 2014.

Due to the size of the Plan, specific data on plan mortality experience is insufficient to determine the mortality rates. It was determined to use the CPM mortality rates from the private sector after considering plan-specific characteristics, such as the type of employment, the industry experience, the pension and employment income for the plan members, and data in the CPM study.

There is broad consensus among actuaries and other longevity experts that mortality improvement will continue in the future, but the degree of future mortality improvement is uncertain. Two mortality improvement scales were recently published by the Canadian Institute of Actuaries (CIA) and may apply to Canadian pension valuations:

- The Canadian Pensioners Mortality (CPM) study published in February 2014 included CPM Improvement Scale B (CPM-B).
- A report released by the Task Force on Mortality Improvement on September 20, 2017 includes an analysis of the rate of mortality improvement for the Canadian population and provides for mortality improvement scale MI-2017 to be considered for the purpose of reflecting future mortality improvement in Canadian actuarial work, while acknowledging that it might be appropriate to use alternative mortality improvement assumptions to reflect the nature of the work.

The CIA Committee on Pension Plan Financial Reporting published a revised version of the Educational Note on the Selection of Mortality Assumptions for Pension Plan Valuations on December 21, 2017. The Educational Note indicates that given the recent publication of the CPM-B and MI-2017 improvement scales and the similar data sets used in their development, it may be appropriate to use either scale in the absence of credible information to the contrary, such as the publication of a successor scale by the CIA.

For the present valuation, we have continued to use the CPM-B scale, which is a reasonable outlook for future mortality improvement.

Based on the assumption used, the life expectancy of a member age 65 at the valuation date is 21.8 years for males and 24.2 years for females.

Appendix D
Methods and Assumptions – Hypothetical Wind-Up and Solvency

Hypothetical Wind-up Basis

The Canadian Institute of Actuaries requires actuaries to report the financial position of a pension plan on the assumption that the plan is wound up on the effective date of the valuation, with benefits determined on the assumption that the pension plan has neither a surplus nor a deficit.

To determine the actuarial liability on the hypothetical wind-up basis, we have valued those benefits that would have been paid had the Plan been wound up on the valuation date, with all members fully vested in their accrued benefits.

The Standards of Practice of the Canadian Institute of Actuaries require that the scenario upon which the hypothetical wind-up valuation is based be postulated. However, there are no benefits under the Plan contingent upon the circumstances of the plan wind-up or contingent upon other factors. Therefore, it was not necessary to postulate a scenario upon which the hypothetical wind-up valuation is made. No benefits payable on plan wind-up were excluded from our calculations. The plan wind-up is assumed to occur in circumstances that maximize the actuarial liability.

Upon plan wind-up, members are given options for the method of settling their benefit entitlements. The options vary by eligibility and by province of employment, but in general, involve either a lump sum transfer or an immediate or deferred pension.

The value of benefits assumed to be settled through a lump sum transfer is based on the assumptions described in Section 3500 – *Pension Commuted Values* of the Canadian Institute of Actuaries' Standards of Practice applicable for December 31, 2019.

Benefits provided as an immediate or deferred pension are assumed to be settled through the purchase of annuities based on an estimate of the cost of purchasing annuities.

We have estimated the cost of settlement through purchase of annuities in accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2019 and December 30, 2020 (the "Educational Note").*

The Educational Note provides guidance on estimating the cost of annuity purchases assuming a typical group of annuitants. That is, no adjustments for sub- or super-standard mortality are considered. However, it is expected that insurers will consider plan experience and certain plan-specific characteristics when determining the mortality basis for a particular group. The Educational Note states that the actuary would be expected to make an adjustment to the regular annuity purchase assumptions where there is demonstrated substandard or super-standard mortality or where an insurer might be expected to assume so. In such cases, the actuary would be expected to make an adjustment to the mortality assumption in a manner consistent with the underlying annuity purchase basis. Given the uncertainty surrounding the actual mortality basis that would be typical of a group annuity purchase, it is reasonable to assume that there is a range of bases that can be expected not to be materially different from the actual mortality basis. Therefore, an adjustment to the regular annuity purchase assumptions would be warranted when the plan's assumed basis falls outside that range.

In this context, we have determined that no adjustment to the mortality rates used in the regular annuity purchase assumptions is required.

We have not included a margin for adverse deviations in the solvency and hypothetical wind-up valuations.

The assumptions are as follows:

Form of Benefit Settlement Elected by Member	
Lump sum:	70% of active members under age 55, and 50% of active members over age 55, elect to receive their benefit entitlement in a lump sum
Annuity purchase:	All remaining members are assumed to elect to receive their benefit entitlement in the form of a deferred or immediate pension. These benefits are assumed to be settled through the purchase of deferred or immediate annuities from a life insurance company.
Basis for Benefits Assumed to be Settled through a Lump Sum	
Mortality rates:	100% of the rates of the 2014 Canadian Pensioners Mortality Table (CPM2014) with fully generational improvements using CPM Scale B
Interest rate:	2.40% per year for 10 years, 2.50% per year thereafter

Basis for Benefits Assumed to be Settled through the Purchase of an Annuity	
Mortality rates:	100% of the rates of the 2014 Canadian Pensioners Mortality Table (CPM2014) with fully generational improvements using CPM Scale B
Interest rate:	2.94% per year based on a duration of 10.8 years determined for the liabilities assumed to be settled through the purchase of an annuity.
Retirement Age	
Maximum value:	Members are assumed to retire at the age that maximizes the value of their entitlement from the Plan, based on the eligibility requirements that have been met at the valuation date
Grow-in:	The benefit entitlement and assumed retirement age of Ontario members whose age plus service equals at least 55 at the valuation date reflect their entitlement to grow into early retirement subsidies
Other Assumptions	
Final average earnings:	Based on actual pensionable earnings over the averaging period
Maximum pension limit:	$3,092.22
Termination expenses:	$90,000

To determine the hypothetical wind-up position of the Plan, a provision has been made for estimated termination expenses payable from the Plan's assets in respect of actuarial and administration expenses that may reasonably be expected to be incurred in terminating the Plan and to be charged to the Plan.

Because the settlement of all benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting, and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of a wind-up being contested.

Expenses associated with the distribution of any surplus assets that might arise on an actual wind-up are also not included in the estimated termination expense provisions.

The provision for termination expenses payable from the Plan's assets determined is not dependent upon the plan sponsor being solvent or not on the wind-up date. We have also assumed, without analysis, that the Plan's terms as well as applicable legislation and court decisions would permit the relevant expenses to be paid from the Plan.

Although the termination expense assumption is a best estimate, actual fees incurred on an actual plan wind-up may differ materially from the estimates disclosed in this report.

Incremental Cost

In order to determine the incremental cost, we estimate the solvency liabilities at the next valuation date. We have assumed that the cost of settling benefits by way of a lump sum or purchasing annuities remains consistent with the assumptions described above. Since the projected solvency liabilities will depend on the membership in the Plan at the next valuation date, we must make assumptions about how the Plan membership will evolve over the period until the next valuation.

We have assumed that the Plan membership will evolve in a manner consistent with the going concern assumptions as follows:

- Members terminate, retire, and die consistent with the termination, retirement, and mortality rates used for the going concern valuation.
- Pensionable earnings, the Income Tax Act pension limit, and the Year's Maximum Pensionable Earnings increase in accordance with the related going concern assumptions.
- Active members accrue pensionable service in accordance with the terms of the Plan.

Solvency Basis

In determining the financial position of the Plan on the solvency basis, we have used the same assumptions and methodology as were used for determining the financial position of the Plan on the hypothetical wind-up basis.

The solvency position is determined in accordance with the requirements of the Act.

Appendix E
Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at December 31, 2019, provided by FortisOntario Inc.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments, and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

If the data supplied are not sufficient and reliable for its intended purpose, the results of our calculation may differ significantly from the results that would be obtained with such data. Although Mercer has reviewed the suitability of the data for its intended use in accordance with accepted actuarial practice in Canada, Mercer has not verified or audited any of the data or information provided.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

	31.12.2019	31.12.2017
Active Members		
Number	15	15
Total pensionable earnings for the following year	$1,508,785	$1,426,097
Average pensionable earnings for the following year	$100,586	$95,073
Average years of pensionable service	30.6	28.5
Average age	57.5	55.5

	31.12.2019	31.12.2017
Deferred Pensioners		
Number	1	3
Total annual pension	*	$7,729
Average annual pension	*	$2,576
Average age	*	68.7
Pensioners and Survivors		
Number	58	62
Total annual lifetime pension	$1,203,395	$1,263,875
Total annual temporary pension	$58,414	$106,996
Average annual lifetime pension	$20,748	$20,385
Average annual bridge pension (for those receiving a bridge)	$14,604	$15,285
Average age	74.5 years	74.0 years

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

	Actives	Deferred Pensioners	Pensioners and survivors	Total
Total at 31.12.2017	15	3	62	80
New entrants				
Terminations:				
• Not vested		(1)		(1)
• Transfers/lump sums				
• Deferred pensions				
Deaths			(6)	(6)
Retirements		(1)	1	0
Beneficiaries			1	1
Total at 31.12.2019	15	1	58	74

The distribution of the active members by age and pensionable service as at the valuation date is summarized as follows:

Age	Years of Pensionable Service					
	0-19	20-24	25-29	30-34	35+	Total
0 to 39						
40 to 44						
45 to 49			3			3
50 to 54			3	1		4
55 to 59			1			1
60 to 64			1	1	1	3
65 +			1	1	2	4
Total			9	3	3	15

The distribution of the inactive members by age as at the valuation date is summarized as follows:

	Deferred Pensioners		Pensioners and Survivors		Pensioners an Survivors
Age	Number	Average Lifetime Pension	Number	Average Lifetime Pension	Average Bridge
55 – 59			1	***	
60 – 64			8	35,001	14,604
65 – 69	1	***	9	22,485	
70 – 74			19	18,878	
75 – 79			6	19,947	
80 – 84			5	14,705	
85 – 89			6	14,613	
90 – 94			3	13,289	
95 – 99			1	***	
Total	1	***	58	20,748	14,60

Appendix F
Summary of Plan Provisions

Mercer has used and relied on the plan documents, including amendments and interpretations of plan provisions, supplied by FortisOntario Inc.. If any plan provisions supplied are not accurate and complete, the results of any calculation may differ significantly from the results that would be obtained with accurate and complete information. Moreover, plan documents may be susceptible to different interpretations, each of which could be reasonable, and the results of estimates under each of the different interpretations could vary.

This valuation is based on the plan provisions in effect on December 21, 2019. Since the previous valuation, the Plan has been amended to add a new class of employees and to reflect certain amendments to the Ontario Pension Benefits Act.

DB Component

The following is a summary of the main provisions of the DB component of the Plan in effect on December 31, 2019. This summary is not intended as a complete description of the Plan.

Background	Retirement incomes are provided for employees of FortisOntario Inc. (the "Company") under the Company Sponsored Combined Plan comprised of the Employees' Retirement Plan (the "Retirement Plan") and the Supplementary Pension Plan (the "Supplementary Plan"). The Retirement Plan is a non-contributory defined benefit plan. Membership in the Retirement Plan is compulsory. On the other hand, membership in the Supplementary Plan, which is a non-contributory money purchase plan, is contingent upon employees electing membership in the Company's Group Registered Retirement Savings Plan[9]. Plan members classified as a "Tax-Exempt Employee" make contributions to the registered pension plan as opposed to the Registered Retirement Savings Plan. The Plan became effective December 31, 1964.

[9] Plan members classified as a "Tax-Exempt Employee" make contributions to the registered pension plan as opposed to the Registered Retirement Savings Plan.

Eligibility for Membership	Membership in the Retirement Plan is mandatory. A full-time employee shall enrol as a member of the Plan on the first day of the month next following the date of hire. A part-time employee who satisfies certain minimum hours worked or an earnings test must enrol as a member of the Plan on the first day of any month next following the date the employee has completed 2 years of continuous service. • The Retirement Plan is closed to new entrants as at July 1, 1999.
Employee Contributions	No employee contributions are required.
Retirement Dates	Normal Retirement Date: The first day of the month coincident with or next following the member's attainment of the age of 65 years. • Early Retirement Date: Early retirement is permitted from age 55.
Normal Retirement Pension	A member who retires on normal retirement date will receive an annual pension equal to 1.50% of member's highest 3-year average Earnings, multiplied by years of credited service.
Pensionable Earnings	Base pay excluding overtime and bonus.
Early Retirement Pension	Early retirement benefits are reduced by 0.5% for each full month by which the early retirement date precedes age 60. Early retirement benefits are unreduced if the member has attained the age of 60 years, or if age and credited service add up to at least 90.
Normal Form of Retirement Pension	The normal form of pension is a pension payable for the lifetime of the member. If the member has a spouse at his retirement date, then the member must take an actuarially reduced pension payable to him for his lifetime, with a 60% continuance to his spouse on his death. The spouse may waive this requirement by completing and signing the appropriate form.

Maximum Pension	The total annual pension payable from the Plan upon retirement, death or termination of employment cannot exceed the lesser of: • 2% of the average of the best three consecutive years of total compensation paid to the member by the Company, multiplied by total credited service; and • $3,092.22 or such other maximum permitted under the Income Tax Act, multiplied by the member's total credited service. The maximum pension is determined at the date of pension commencement.
Death Benefits	Pre-retirement: • If a member dies before the normal retirement date and before any pension payments have begun, the member's spouse, or beneficiary if there is no spouse, will receive a lump sum settlement equal to the value of the benefits to which the member would have been entitled had employment terminated on the date of death. Post retirement: • The normal form of payment is a lifetime pension. However, the member may elect to receive an optional form of pension on an actuarial equivalent basis.
Termination Benefits	If the member terminates employment by reason other than death or retirement, he shall be entitled to a deferred pension, payable from his normal retirement date, equal to his accrued vested pension at his date of termination. Notwithstanding the above, a member who is required to or who elects a deferred pension may, in lieu of this deferred pension, elect to: • transfer the commuted value of the deferred pension to another registered pension plan, if the other pension plan permits; • transfer the commuted value to a Locked-In Retirement Account; or • apply the commuted value to purchase an immediate or deferred annuity.
Vesting	Benefits are fully vested immediately.

DC Component

The following is a summary of the main provisions of the DC component of the Plan in effect on December 31, 2019. This summary is not intended as a complete description of the Plan.

Background	Any Employee of the Company may enrol as a participant of the Supplementary Plan on the first day of the month next following the completion of six months of continuous service. Participation in the Supplementary Plan is voluntary.
Cost	The Employer contributes the entire cost to fund the benefits. For an employee who also participates in the Retirement Plan, each year the Company contributes to the Plan an amount equal to 50% of the participant's basic contribution to the Group Registered Retirement Savings Plan (RRSP), to the extent permitted by Canada Customs and Revenue Agency in accordance with the maximum allowable contribution limits. • For an employee who only participates in the Supplementary Plan, each year the Company contributes to the Plan an amount equal to 100% of the participants' basic contribution to the Group RRSP[10], to a maximum of 6.5% of Earnings.
Normal Retirement Date	The first day of the month coincident with or next following the participant's attainment of the age of 65 years.

[10] Plan members classified as a "Tax-Exempt Employee" make contributions to the registered pension plan as opposed to the Registered Retirement Savings Plan.

Retirement Pension

(a) Pension Commencement Date

The first of any month following the participant's retirement date under the Retirement Plan but before the end of the year in which the participant attains the age of 71 years.

(b) Pension Account Balance

The value of a participant's pension account as determined on the valuation date immediately preceding the allocations of the share.

(c) Valuation Date

The last day of March, June, September or December of each year, with respect to the common share account or the normal valuation date for a mutual fund, with respect to the mutual fund account.

(d) Amount of Pension

The amount of pension provided by applying the participant's pension account balance to purchase a pension from a life insurance company licensed to transact business in Canada.

(e) Normal Pension Form

If the participant does not have a spouse, the pension is payable for the lifetime of the participant. If the participant has a spouse, pension is payable in a joint and survivor form that pays a pension for the participant's lifetime, continuing to the participant's spouse at a rate of 60% of pension payable prior to the participant's death.

(f) Payer of the Pension

The life insurance company from which the pension has been purchased.

(g) Small Account Balance

If the account balance is small, it may be transferred to the participant's non-locked RRSP.

	(h) Canada Revenue Agency Limits The total pension from the Retirement Plan and the Supplementary Plan does not exceed the Canada Revenue Agency maximum allowable pension limits.
Optional Pensions	Any other forms elected by the participant and his eligible spouse, provided it is consistent with the requirement of any governmental authority having jurisdiction over the Supplementary Plan.
Death Benefits	The account balance on the valuation date next following the date of death is payable to a participant's designated beneficiary, or if there is no beneficiary, to the participant's estate.
Vesting	Benefits are fully vested immediately

Appendix G

Plausible Adverse Scenarios

In this Appendix, the financial impact on the Plan's going concern results (i.e., going concern financial position at the valuation date and current service cost from the valuation date to the next valuation date), on the Plan's hypothetical wind-up and solvency financial positions at the valuation date and on the special payments of plausible adverse scenarios that would pose threats to the Plan's future financial condition is illustrated for the following risks:

- Interest rate risk, the potential that interest rates will be lower than expected;
- Deterioration of asset values; and
- Longevity risk, the potential that pension plan members will live longer than expected.

The following tables summarizes the results, where we assumed for:

- Interest rate risk, an immediate parallel decrease in market interest rates of 87 basis points
- Deterioration of asset values, an immediate decrease of 13.62% in the market value of non-fixed income assets; and
- Longevity risk, that life expectancy from the valuation date at age 65 for a male and a female would increase by 1.5 years and 1.3 years, respectively.

	GOING CONCERN VALUATION RESULTS AS AT 31.12.2019	PLAUSIBLE ADVERSE SCENARIO RESULTS AS AT 31.12.2019		
		INTEREST RATE RISK	DETERIORATION OF ASSET VALUES	LONGEVITY RISK
Going Concern Financial Status				
Market value of assets	$33,565,800	$36,286,900	$31,737,100	$33,565,800
Going concern funding target	$23,091,900	$24,459,000	$23,091,900	$23,906,000
Provision for Adverse Deviation	$2,078,300	$2,201,300	$2,078,300	$2,151,600
Funding excess (shortfall)	$8,395,600	$9,626,600	$6,566,900	$7,507,500

	GOING CONCERN VALUATION RESULTS AS AT 31.12.2019	PLAUSIBLE ADVERSE SCENARIO RESULTS AS AT 31.12.2019		
		INTEREST RATE RISK	DETERIORATION OF ASSET VALUES	LONGEVITY RISK
Estimated Employer's Current Service Cost including expense allowance and Provision for Adverse Deviation				
January 1, 2020	$508,900	$533,700	$508,900	$522,900
January 1, 2021	$520,100	$545,700	$520,100	$534,498
January 1,2022	$531,600	$558,100	$531,600	$546,528

	HYPOTHETICAL WIND-UP AND SOLVENCY POSITION AS AT 12.31.2019	PLAUSIBLE ADVERSE SCENARIO RESULTS AS AT 12.31.2019		
		INTEREST RATE RISK	DETERIORATION OF ASSET VALUES	LONGEVITY RISK
Hypothetical Wind-up and Solvency Financial Position				
Market value of assets	$33,565,800	$36,286,900	$31,737,100	$33,565,800
Termination expense provision	($90,000)	($90,000)	($90,000)	($90,000)
Wind-up assets	$33,475,800	$36,196,900	$31,647,100	$33,475,800
Wind-up liabilities	$28,116,200	$31,289,100	$28,116,200	$29,286,300
Wind-up excess (shortfall)	$5,359,600	$4,907,800	$3,530,900	$4,189,500
Solvency ratio	119%	116%	113%	114%
Transfer ratio	119%	116%	113%	114%

	MINIMUM ANNUAL SPECIAL PAYMENTS AS AT 12.31.2019	PLAUSIBLE ADVERSE SCENARIO RESULTS AS AT 12.31.2019		
		INTEREST RATE RISK	DETERIORATION OF ASSET VALUES	LONGEVITY RISK
January 1, 2020	$0	$0	$0	$0
January 1, 2021	$0	$0	$0	$0
January 1,2022	$0	$0	$0	$0

If the employer sponsoring the Plan became insolvent and unable to continue making contributions to meet the minimum funding requirements described in the report, the Plan would likely be wound up. The impact of this adverse scenario, as measured at December 31, 2019 would be a surplus in the Plan of $5,359,600.

The balance of this Appendix provides details of the plausible adverse scenarios selected and the determination of their impact on valuation results.

Interest Rate Risk

The purpose of this scenario is to illustrate the sensitivity of the Plan's valuation results to the potential that interest rates will be lower than expected. For this purpose, we have assumed an immediate parallel decrease in market interest rates underlying fixed income investments, where fixed income investments include the following categories as shown in the investment policy summarized in Appendix B.

Using a methodology consistent with the one used to determine the going concern discount rate, we have determined that a parallel decrease in market interest rates of 87 basis points would have a non-trivial probability (between 1 in 10 and 1 in 20) of occurring within the year following the valuation date. For purpose of this scenario, we have assumed that such a decrease in market interest rates would occur immediately on the valuation date and would have the following impact on the value of assets and going concern assumptions:

Defined Term	Description
Market value of assets	The decrease in market interest rates has been assumed to affect only the market value of the fixed income investments. The decrease is assumed to have occurred immediately on the valuation date.

Defined Term	Description
Discount rate assumption	Going concern: It was assumed that the decrease in market interest rates affects only the expected return on assets for the fixed income portion of assets. The same margin for adverse deviations was used. The discount rate assumption was therefore decreased from 4.55% to 4.03%. Hypothetical wind-up and solvency: The interest rates used in the valuation were reduced by 87 basis points.
Other assumptions	Except as mentioned above, all assumptions used were the same as those used for this valuation. In particular, the discount rate used to value benefits assumed to be settled through a lump sum was not changed.
Provision for Adverse Deviations	The above changes would not affect the calculation of the Provision for Adverse Deviations

Deterioration of Asset Values

The purpose of this scenario is to illustrate the sensitivity of the Plan's valuation results to a deterioration of asset values. For this purpose, we assumed an immediate reduction in the market value of the Plan's non-fixed income assets, where non-fixed income investments include the following categories as shown in the investment policy summarized in Appendix B.

Using a methodology consistent with the one used to determine the going concern discount rate, we have determined that a decrease of 13.62% in the market value of value of non-fixed income assets would have a non-trivial probability (between 1 in 10 and 1 in 20) of occurring within the year following the valuation date. For purpose of this scenario, we have assumed that such a decrease would occur immediately on the valuation date and would have the following impact on the value of assets and valuation assumptions:

Market value of assets	The decrease in the market value of the non-fixed income portion of assets is assumed to have occurred immediately on the valuation date.
Going concern assumptions	This scenario is assumed to have no impact on the assumptions used for this valuation.

Wind-up & solvency assumptions	This scenario is assumed to have no impact on the assumptions used for this valuation.

Longevity Risk

The purpose of this scenario is to illustrate the sensitivity of the Plan's valuation results to the potential that pension plan members will live longer than expected. For this purpose, we have determined that a plausible adverse scenario would be to assume that future mortality improvements[11] will be in line with the average improvements experienced by the Canadian population over the most recent 15-year period available, with uniform improvement rates for all future years but varying by age[12] and gender.

The table below summarizes the improvement rates under the plausible adverse scenario compared to those currently assumed under the CPM-B scale and is based on Canadian population experience from the Human Mortality Database (HMD) from 2002 to 2016.

	Males				Females			
	CPM-B			Adverse Scenario	CPM-B			Adverse Scenario
Age	2020	2025	2030+		2020	2025	2030+	
20	1.59%	1.20%	0.80%	1.68%	0.98%	0.89%	0.80%	1.47%
30	1.88%	1.34%	0.80%	1.68%	0.98%	0.89%	0.80%	1.47%
40	1.80%	1.30%	0.80%	1.68%	1.17%	0.98%	0.80%	1.47%
50	1.17%	0.98%	0.80%	1.76%	0.98%	0.89%	0.80%	1.34%
55	1.47%	1.13%	0.80%	1.67%	1.11%	0.96%	0.80%	1.14%
60	1.77%	1.28%	0.80%	1.75%	1.24%	1.02%	0.80%	1.34%
65	2.06%	1.43%	0.80%	2.11%	1.36%	1.08%	0.80%	1.65%

[11] i.e. starting one year after the valuation in this context

[12] improvement rates below age 45 are set to those at age 45

	Males				Females			
	CPM-B			Adverse Scenario	CPM-B			Adverse Scenario
Age	2020	2025	2030+		2020	2025	2030+	
70	2.06%	1.43%	0.80%	2.48%	1.36%	1.08%	0.80%	1.77%
75	2.01%	1.41%	0.80%	2.66%	1.36%	1.08%	0.80%	1.93%
80	1.96%	1.38%	0.80%	2.63%	1.36%	1.08%	0.80%	2.03%
85	1.38%	1.03%	0.68%	2.32%	1.31%	0.99%	0.68%	1.98%
90	0.75%	0.62%	0.48%	1.68%	0.75%	0.62%	0.48%	1.60%
95	0.16%	0.25%	0.34%	1.04%	0.16%	0.25%	0.34%	1.12%
100	0.14%	0.22%	0.30%	0.64%	0.14%	0.22%	0.30%	0.80%
105	0.14%	0.22%	0.30%	0.38%	0.14%	0.22%	0.30%	0.55%

Appendix H
Employer Certification

With respect to the Report on the Actuarial Valuation for Funding Purposes as at December 31, 2019 of FortisOntario Inc. Employees' Retirement and Supplementary Pension Plan, I hereby certify that, to the best of my knowledge and belief:

- The valuation reflects the terms of the FortisOntario Inc.'s engagement with the actuary described in Section 2 of this report, particularly the requirement to not reflect a margin for adverse deviations in the going concern valuation.
- A copy of the official plan documents and of all amendments made up to December 31, 2019 was provided to the actuary and is reflected appropriately in the summary of plan provisions contained herein.
- The determination of the fixed income component for purposes of establishing the provision for adverse deviations reflects the Plan's asset mix.
- The asset information summarized in Appendix B is reflective of the Plan's assets.
- The membership data provided to the actuary included a complete and accurate description of every person who is entitled to benefits under the terms of the Plan for service up to December 31, 2019.
- All events subsequent to December 31, 2019 that may have an impact on the Plan have been communicated to the actuary.

November 24, 2020
Date

Signed

Glen King
Name

Mercer (Canada) Limited

120 Bremner Boulevard, Suite 800
Toronto, ON M5J 0A8
+1 416 868 2000
www.mercer.ca

MARSH & McLENNAN COMPANIES

CANADIAN NIAGARA POWER INC.

A FORTIS ONTARIO Company

APPENDIX 4-C:
SERVICES AGREEMENT

SERVICES AGREEMENT

CANADIAN NIAGARA POWER INC.,

- and -

CORNWALL STREET RAILWAY, LIGHT AND POWER COMPANY LIMITED,

- and -

ALGOMA POWER INC.,

- and -

FORTISONTARIO INC.

September 15, 2020

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SCHEDULE “A”

SERVICES AGREEMENT

THIS AGREEMENT is made as of September 15, 2020,

B E T W E E N:

CANADIAN NIAGARA POWER INC.,
a corporation incorporated under the laws of the Province of Ontario,

("CNPI"),

- and -

CORNWALL STREET RAILWAY, LIGHT AND POWER COMPANY LIMITED,
a corporation incorporated under the laws of the Province of Ontario

("Cornwall"),

- and -

ALGOMA POWER INC.,
a corporation incorporated under the laws of the Province of Ontario,

("Algoma"),

- and -

FORTISONTARIO INC.,
a corporation incorporated under the laws of the Province of Ontario,

("FortisOntario" and together with CNPI, Cornwall, and Algoma, the "Fortis Entities" and each a "Fortis Entity").

THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1 – GENERAL

1.01 Services

"Services" means and includes, without limitation:

a) building maintenance including security, janitorial services, snow plowing, lawn care, major and minor repairs;

b) purchasing including procurements, order tracking, delivery of operating and capital items, payment processing and vendor management;

c) stores management including maintaining stock levels, issuing and receiving, maintenance of SAP inventory management system and disposition of excess assets;

d) customer service and customer care services, including meter reading, (including verification, testing, approval, installation and removal systems) billing and collection services and related SAP systems;

e) health and safety monitoring including the development of policies and procedures, training (awareness and procedures), site inspections and field audits;

f) environmental compliance monitoring including the development of policies and procedures, training (awareness and procedures), regulatory reporting, government liaison and site inspections;

g) human resources administration including development of policies and procedures, union relations and negotiations, personnel file management, wholesale settlement services and management of employee benefit plans;

h) regulatory reporting and compliance services;

i) bookkeeping including the provision of statutory financial and regulatory reporting, management reporting and financial systems administration;

j) payroll including the maintenance of payroll records and payroll system, calculation of pay and payroll deductions, and facilitation of payroll payments;

k) financial management including cash administration, investments and debt management, treasury services, internal audit services, and development of financial and account policies and procedures;

l) executive, legal and secretarial services;

m) tax administration, filing and payment, including compliance, regulatory reporting and filing, planning, audit reviews, transfer of tax liabilities and the payments, filing of tax reports, and exposure management;

n) information technology including the provision and management of systems, system and hardware support services, major and minor repairs, development and policies and procedures, and monitoring of information technology developments;

o) monitoring the status of generating facilities using supervisory control and data acquisition (SCADA) technology;

p) operation services including any construction, maintenance, installation, inspection, testing, commissioning, repairs, engineering, and design; and

q) such other services as may from time to time be agreed upon between the parties.

1.02 Capacities of Parties

Pursuant to the terms of this Agreement, each of the Fortis Entities shall both provide Services to the other Fortis Entities, as requested, and receive Services that they have requested from one or more of the other Fortis Entities. A Fortis Entity in the capacity as a provider of Services is referred to as a “Service Provider”. A Fortis Entity in the capacity as a receiver of Services is referred to as a “Service Recipient”. When reference is made to the provision of Services by “the Service Providers” or “each Service Provider” to “each Service Recipient” or “the Service Recipients”, it shall be interpreted to exclude any provision of Services by any Fortis Entity to itself.

1.03 Services

Subject to the terms and conditions hereof, each Service Recipient will, from time to time, request that one or more of the Service Providers carry out one or more of the Services and each Service Provider will render the Services requested by the Service Recipient as requested.

1.04 Term of Agreement

The provision of Services by the Service Providers to the Service Recipients hereunder shall commence on September 15, 2020, and shall continue until September 15, 2025, or earlier if terminated by the parties hereto as set forth in Article 5 hereof.

ARTICLE 2 – REMUNERATION OF SERVICE PROVIDERS

2.01 Fee for Services and Cost Mechanism

In respect of fee for services, the Service Recipients shall each pay their respective Service Providers for the Services provided under the Agreement a fee reflecting cost plus a reasonable rate of return and shall be reviewed at the option of either the respective Service Recipient or Service Provider. For the purpose of this Agreement, reasonable rate of return shall mean a return on invested capital that is the higher of the utility’s approved rate of return or the bank prime rate.

Where a utility provides a Service, resource or product to a generating affiliate, the utility shall ensure that the sale price is no less than the utility’s fully loaded cost of the Service, resource or product. Where a utility receives Services from a generating affiliate, the utility shall ensure that the sale price for such Services is no more than the generator’s fully loaded cost of the Service. The fully loaded cost of an internal resource includes all attributable costs in accordance with mIFRS accounting.

For greater certainty (i) each Service Recipient shall only be liable to pay for Services provided to it, and shall not be liable to pay for any Services provided to any other Service Recipient; and (ii) each Service Provider shall only be liable for its own acts or omissions and shall not be liable for the acts or omissions of any other Service Provider.

2.02 Expenses

The Service Provider shall be responsible for all day to day expenses incurred in connection with the Services provided pursuant to Section 1.03. However, each Service Recipient shall reimburse its respective Service Provider for all extraordinary expenses actually and properly incurred by the Service Provider in the performance of the Services to such Service Recipient hereunder provided that such expenses shall be paid in accordance with the normal practices of the Service Recipient in force from time to time.

2.03 Invoices

Payment shall be made to the Service Provider with respect to the fees and expenses referred to in Sections 2.01 and 2.02. Upon request from the Service Recipient, the

Service Provider shall provide a report to the Service Recipient to which it has provided Services, outlining all expenses incurred in connection with the provision of Services pursuant to Section 1.03 hereof.

2.04 Cost Allocation Methodology

In respect of shared costs, costs shall be allocated based upon an appropriate cost allocation methodology to be determined by the respective Service Provider and Service Recipient. The cost allocation methodology, and the allocation factors that comprise the methodology, shall be reviewed by the respective Service Provider and Service Recipient at the option of either party, or at least every five years.

ARTICLE 3 – COVENANTS OF SERVICE PROVIDERS

3.01 Services

Each Service Provider shall render performance of the Services hereunder to the best of the Service Provider's ability and in a competent and professional manner.

3.02 Time of Services

Each Service Provider shall devote such of its time and attention to the business of its respective Service Recipients as may be agreed to by the Service Provider and its respective Service Recipient. The time of Services to be provided hereunder by the Service Providers shall be as agreed to from time to time by negotiations between each Service Recipient and its respective Service Provider. Subject to the obligations of the Service Providers hereunder, the Service Providers shall be free to offer such services to any other person.

3.03 Licences and Permits

The Service Provider shall be responsible for obtaining all necessary licences and permits and for complying with all applicable federal, provincial and municipal laws, codes and regulations in connection with its provision of the Services hereunder and the Service Provider shall, when requested, provide their respective Service Recipients with adequate evidence of its compliance with this Section 3.03.

3.04 Rules and Regulations

Each Service Provider shall (subject to applicable exemptions) comply, while on the premises used by the Service Recipients, with all the rules and regulations of the Service Recipients from time to time in force which are brought to its notice or of which it could reasonably be aware, and the applicable provision of the *Electricity Act, 1998* (Ontario) and the regulations thereunder, the *Ontario Energy Board Act*, 1998 (Ontario) and the regulations thereunder, applicable licences from the Ontario Energy Board, IESO market rules, the Affiliate Relationships Code, the Distribution System Code, the Transmission System Code, the Retail Settlement Code, and the Standard Service Supply Code and such other applicable codes, rules and regulations, which from time to time shall come into force.

3.05 Regulatory Compliance

Each Service Provider shall ensure that any order or measure made or taken by the Ontario Energy Board:

(i) that is brought to its attention or of which it becomes aware;

(ii) that is directed at or affects its respective Service Recipients; and

(iii) that, in order to be implemented or complied with, is dependent in whole or in part upon any Service or task that the Service Provider is obligated to perform hereunder;

shall be fully implemented or complied with to the extent of obligations hereunder. In connection with this section, each Service Recipient agrees that it will promptly notify its respective Service Providers of any order or measure of the Ontario Energy Board directed at or affecting such Service Recipient.

Nothing in this Agreement will prevent the Service Recipient(s) from taking any steps, including without limitation using the Service Recipient(s) own resources or those of a third party, that are necessary to implement or comply with the applicable Ontario Energy Board licence, or any other applicable provisions of the applicable legislation, regulations and market rules, or any order or measure made or taken by the Ontario Energy Board.

3.06 Insurance

Each Service Provider shall pay for and maintain for the benefit of the Service Provider and its respective Service Recipients, with insurers or through the appropriate government department and in an amount and in a form acceptable to the Service Recipients, appropriate insurance concerning the operations and liabilities of the Service Provider relevant to this Agreement including, without limiting the generality of the foregoing, workers' compensation and employment insurance in conformity with applicable statutory requirements in respect of any remuneration payable by the Service Provider to any employees of the Service Provider and public liability and property damage insurance.

3.07 Indemnity

The Service Provider shall indemnify and save its respective Service Recipients harmless from and against all claims, actions, losses, expenses, costs or damages of every nature and kind whatsoever which the Service Recipients or its officers, employees or agents may suffer as a result of the negligence of the Service Provider in the performance or non-performance of this Agreement.

3.08 Non-disclosure and Confidentiality

The Service Provider shall not (either during the term of this Agreement or at any time thereafter) disclose any information relating to the private or confidential affairs of any Service Recipient or relating to any secrets of any Service Recipient to any person other than with the consent of such Service Recipient. In the case of information supplied by a distribution facility to a generation facility, the information will be used solely for the purposes of efficiently operating the generation facility and shall not be shared with any other affiliate or any other party to which it may offer a competitive advantage.

3.09 Access to Confidential Information

All confidential information must be protected. Access to a utility's information services shall include appropriate computer data management and data access protocols. In the event that a utility shares employees with a generating affiliate, such employees shall be bound to maintain the confidentiality of information provided for herein, except as otherwise required by applicable law.

3.10 Monitoring Services

Each Service Provider shall provide to its respective Service Recipients all information that such Service Recipients require so that the Service Recipients can monitor the provision of its applicable licensed Services provided by the Service Provider. Each Service Provider will also provide information as requested by its respective Service Recipients which is required for such Service Recipients fulfillment of its applicable Ontario Energy Board licence.

ARTICLE 4 – TERMINATION

4.01 Termination by Service Recipients or Service Providers for Cause

Any Fortis Entity may terminate its relationship to provide or receive Services from any other Fortis Entity (the "Non-Compliant Entity") in the event of the failure of the Non-Compliant Entity to comply with any of the provisions hereunder upon such Non-Compliant Entity being notified in writing by the Fortis Entity alleging such failure and failing to remedy such failure within 30 days of receiving such notice.

4.02 Termination by Service Recipients or Service Providers on Notice

Any Fortis Entity may terminate any agreement to receive Services from, or provide Services to, any other Fortis Entity upon the giving of 60 days written notice to the other party. Notwithstanding the foregoing, any Service Recipient may terminate its obligations to receive Services from any Service Provider immediately upon paying to the Service Provider 60 days' fee for Services in lieu of such notice. Any termination effective between two Fortis Entities shall not effect any other obligation of such Fortis Entities to each other or to any other Fortis Entity.

4.03 Provisions which Operate Following Termination

Notwithstanding any termination of this Agreement for any reason whatsoever and with or without cause, the provisions of Sections 3.06, 3.07 and 3.08 and any other provisions of this Agreement necessary to give efficacy thereto shall continue in full force and effect following any such termination. Any termination effective between two Fortis Entities shall not effect any other obligation of such Fortis Entities to each other or to any other Fortis Entity.

4.04 Change of Control

To the extent that a Fortis Entity sells all or substantially all of its assets or there is a change of control of any Fortis Entity, either by way of change of the ownership structure of any of the Fortis Entities or otherwise, all obligations of any Fortis Entity to provide Services to, or receive Service from such changed Fortis Entity, pursuant to the terms of this Agreement, shall cease effective the date of such change of control. For greater certainty the immediately preceding sentence shall not effect Section 4.03.

ARTICLE 5 – ARBITRATION

5.01 Arbitration of Disputes

Any disputes arising between the parties relating to the interpretation of any provision of this Agreement or other matters which under the provisions of this Agreement are to be referred to arbitration shall be settled by arbitration in accordance with the provisions of Section 5.02.

5.02 Appointment of Arbitrator and Arbitration Procedures

a) In the event of disagreement, litigation or dispute with respect to the interpretation, application or execution of one or the other of the provisions of this Agreement the parties hereto renounce their right to institute legal proceedings and undertake to submit such disagreement, litigation or dispute to the final decision pursuant to Arbitration in accordance with Schedule “A” hereto.

b) The fees and disbursements of the arbitrator shall be shared equally by the Fortis Entities that are engaged in such dispute.

c) The arbitration provided for in this Agreement is subject to the provisions of the *Arbitration Act* (Ontario), to the extent that such provisions are not incompatible herewith.

ARTICLE 6 – INTERPRETATION AND ENFORCEMENT

6.01 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

6.02 Extended Meanings

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and *vice versa*.

6.03 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon successors and assigns of the Fortis Entities.

6.04 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express implied or statutory between the parties other than as expressly set forth in this Agreement.

6.05 Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the parties hereto. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

6.06 Assignment

Except as may be expressly provided in this Agreement, no Fortis Entity may assign his or its rights or obligations under this Agreement without the prior written consent of each other Fortis Entity.

6.07 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

6.08 Notices

Any demand, notice or other communication to be made or given in connection with this Agreement shall be made or given in writing and may be made or given by personal delivery or by registered mail addressed to the recipient as follows:

To CNPI:

Canadian Niagara Power Inc.
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario L2A 5Y2

Attention: Tim Lavoie (VP, Corporate Services and Indigenous Relations, Secretary)
Email: Tim.Lavoie@FortisOntario.com

And to:

Attention: Craig David (Legal Counsel)
Email: Craig.David@FortisOntario.com

To Cornwall:

Cornwall Street Railway, Light and Power Company Limited
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario L2A 5Y2

Attention: Tim Lavoie (VP, Corporate Services and Indigenous Relations, Secretary)
Email: Tim.Lavoie@FortisOntario.com

And to:

Attention: Craig David (Legal Counsel)
Email: Craig.David@FortisOntario.com

<u>To Algoma</u>:

Algoma Power Inc.
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario L2A 5Y2

Attention: Tim Lavoie (VP, Corporate Services and Indigenous Relations, Secretary)
Email: Tim.Lavoie@FortisOntario.com

And to:

Attention: Craig David (Legal Counsel)
Email: Craig.David@FortisOntario.com

<u>To FortisOntario</u>:

FortisOntario Inc.
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario L2A 5Y2

Attention: Tim Lavoie (VP, Corporate Services and Indigenous Relations, Secretary)
Email: Tim.Lavoie@FortisOntario.com

And to:

Attention: Craig David (Legal Counsel)
Email: Craig.David@FortisOntario.com

or such other address or individual as may be designated by notice by either party to the other. Any demand, notice or other communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if made or given by registered mail, on the 5^{th} day, other than a Saturday, Sunday or statutory holiday in the province of the recipient Fortis Entity, following the deposit thereof in the mail. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of the mail, any such demand, notice or other communication shall not be mailed but shall be made or given by personal delivery.

6.09 Further Assurances

Each party must from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

6.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario, and the laws of Canada applicable therein.

6.11 Attornment

For the purpose of all legal proceedings this Agreement shall be deemed to have been performed in the Province of Ontario and, subject to Article 5 of this Agreement, the courts of the Province of Ontario shall have jurisdiction to entertain any action arising under this Agreement.

[*remainder left intentionally blank*]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

CANADIAN NIAGARA POWER INC.

Per: ______________________

Name: Tim Lavoie
Title: VP, Corporate Services and Indigenous Relations, Secretary

CORNWALL STREET RAILWAY, LIGHT AND POWER COMPANY LIMITED

Per: ______________________

Name: Tim Lavoie
Title: VP, Corporate Services and Indigenous Relations, Secretary

ALGOMA POWER INC.

Per: ______________________

Name: Tim Lavoie
Title: VP, Corporate Services and Indigenous Relations, Secretary

FORTISONTARIO INC.

Per: ______________________

Name: Tim Lavoie
Title: VP, Corporate Services and Indigenous Relations, Secretary

SCHEDULE "A"

ARBITRATION

Any dispute between the parties hereto, or any matter to be submitted to arbitration hereunder, whether arising during the period of this Agreement or at any time thereafter which touches upon the validity, construction, meaning, performance or effect of this Agreement or the rights and liabilities of the parties hereto or any matter arising out of or connected with this Agreement shall be subject to arbitration pursuant to the *Arbitration Act* (Ontario) and as provided in this Schedule A and the decision shall be final and binding as between the parties hereto and shall not be subject to appeal.

Any arbitration to be carried out under this Schedule A shall be subject to the following provisions, namely:

The party desiring arbitration shall nominate one (1) arbitrator and shall notify the other party hereto of such nomination. Such notice shall set forth a brief description of the matter submitted for arbitration and, if appropriate, the paragraph hereof pursuant to which such matter is so submitted. Such other party shall within thirty (30) days after receiving such notice nominate an arbitrator and the two (2) arbitrators shall select a chairman of the arbitral tribunal to act jointly with them. If the said arbitrators shall be unable to agree in the selection of such chairman, the chairman shall be designated by a Judge of the Superior Court of Justice or any successor thereto upon an application. The arbitration shall take place in the Town of Fort Erie, Regional Municipality of Niagara, and the chairman shall fix the time and place in the Town of Fort Erie for the purpose of hearing such evidence and representations as either of the parties may present and, subject to provisions hereto, the decision of the arbitrators and chairman or any of two (2) of them in writing shall be binding upon the parties both in respect of procedure and the conduct of the parties during the proceedings and the final determination of the issues herein. Said arbitrators and chairman shall, after hearing any evidence and representations that the parties may submit, make their decision and reduce the same to writing and deliver one (1) copy thereof to each of the parties hereto. The majority of the chairman and arbitrators may determine any matters of procedure for the arbitration not specified herein.

If the party hereto receiving the notice of the nomination of an arbitrator by the party desiring arbitration fails within the thirty (30) days to nominate an arbitrator, then the arbitrator nominated by the party desiring arbitration may proceed alone to determine the dispute in such manner and at such time as he shall think fit and his decision shall, subject to the provisions hereof, be binding upon the parties.

Notwithstanding the foregoing, any arbitration may be carried out by a single arbitrator if the parties hereto so agree, in which event the provisions of this paragraph shall apply, *mutatis mutandis*.

APPENDIX 4-D:
PURCHASING POLICY

Purchasing
Policies & Procedures

MM100

FORTISONTARIO

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PROCEDURE

1. Requisitions (REQ)

1.1 What is a Requisition?

Requisitions are a list of required materials or services needed by a department to complete their duties, tasks, assignments or projects.

1.2 Purchase Orders without Requisitions

Under no circumstances will a Purchase Order be created without an approved requisition.

1.3 Access of SAP Requisitioning System

The requisitioning system will be accessed through the company's SAP system.

1.4 Requisition Approval Process in SAP

If the total value of the requisition is >$10,000, the approver will be his Supervisor.

If the total value of the requisition is between $10,000 and $30,000, the approver will be his Manager. For Algoma Power Inc., this will be the Regional Manager. FTSO Supervisor Procurement and Facilities will also have rights to approve requisitions up to $30,000 for approved items.

If the total value of the requisition is over $30,000, the approver will be the Vice-President of Operations in most cases.

1.5 Required Material and Service Requisition Information

The following is a check list of the required information needed by the Procurement Department to properly source and process Material or Service requisitions:

- Full Description (Material Number or Short Text)
- Quantity
- Unit Measurement
- Account Assignment GL and Cost Centre or Order number
- Delivery Date
- Net Price

- Vendor
- Purchasing Group Code – ex – FLS (FE Line Services)

1.6 Requisition Flow

Once the requisition has been created and saved in SAP, the requester shall notify the next level of approval by way of e-mail.

1) < $10,000– Approver - Supervisor cc: Buyer for that plant
2) > $10,000 and < $30,000 – Approver Manager cc: Supervisor cc: Buyer for that plant.
3) > $30,000 – Approver – VP cc: Manager cc: Supervisor cc: Buyer for that plant. VP1A and affiliated documents to be completed and forwarded. See Section 6.3.5 below.

1.7 Purchasing Requisition Approver

The approver verifies the validity of the request and ensures cost center, internal order, GL account, etc. for correctness. He/she selects the line items to approve and releases the requisition for processing to the Procurement Department. The approver replies to the requester that the requisition is now approved cc buyer.

2. Request for Quotations (RFQ)

2.1 When RFQ's are Required

Request for Quotations are required for any purchases where the anticipated amount will be over $10,000, the scope and specifications are clearly identified and stated, and it does not meet the sole sourcing criteria.

2.2 How many quotations are Required?

It is desirable to have a minimum of three quotations, but no less than two.

2.3 Record of Quotations

All quotations will be filed in the Purchasing Department along with supporting documentation.

2.4 Analyzing Quotations

Quotations shall be analyzed by Materials Management and the requesting department. The lowest price quote shall be selected unless there are extenuating circumstances upon which this should not occur. e.g. –delivery date, quality factor, warranties, etc.

3. Request for Information (RFI)

3.1 What is a Request for Information (RFI)

Unlike a Request for Quotation (RFQ) or Request for Proposal (RFP), the Request for Information (RFI) does not bind the vendor to any information price given. The request is for informational purposes only.

3.2 When to use a RFI

A Request for Information could be used during the budgetary process or during job planning where estimated cost figures are required only. It should be clearly stated to the vendor that this is a Request for Information Only and any pricing supplied will not be binding or commit the company to this purchase or this vendor.

4. Request for Proposal (RFP)

4.1 When RFP's are Required

A Request for Proposal is required for any purchases where the anticipated amount will be over $10,000, you wish the vendor to supply the scope and specifications, and it does not meet the sole sourcing criteria.

4.2 How many Proposals are Required?

It is desirable to have a minimum of three proposals, but no less than two.

4.3 Record of Proposals

All proposals must be entered into the SAP system by the Materials Management personnel. Once entered, the vendor proposals will be filed in the Purchasing Department Open File along with the Requisition.

4.4 Analyzing Proposals

Proposals shall be analyzed by the Materials Management and the requesting department. The lowest price proposal shall be selected unless there is extenuating circumstances upon which this should not occur.
e.g. delivery date, quality factor, warranties, etc.

5. Sole Sourcing

Sole sourcing is where only one vendor is chosen to supply a quotation for goods or services. Sole sourcing should only be used where obtaining three quotations is not viable or reasonable. Therefore sole sourcing shall be looked upon as a "method of exception" rather than the "normal method" of procurement.

5.1 Limitations under $10,000

Sole Source Purchasing may be used for purchases where the anticipated price will be under $10,000. The quote from the sole source vendor maybe written or verbal.

Any approved method of procurement may be used for Sole Sourcing Purchasing.

5.2 Limitations over $10,000

The following is the criteria to be used when justifying a single source for procurement purposes:

a) The estimated amount of the requested materials, equipment or services total less than $10,000. This amount shall be considered a limit on an annual basis where the Requesting Department or Purchasing Department can reasonably approximate needs on an annual basis.

b) Only one source of supply has been identified for the requesting materials, equipment or services, and attempts to either identify additional sources or to modify the request to allow for alternate sources has not been successful.

c) The requested materials or equipment must be purchased from the original equipment manufacturer, in order to match or replace existing equipment.

d) The requested material, equipment, or services provide unique qualifications or technology.

e) The requested material and equipment has been approved as sole source by the Engineering Standards Group.

f) There is an urgent delivery requirement for the requested materials or service, and there is not sufficient time to solicit competitive bids.

g) Price quotations for the requested goods or services which definitely indicate a low cost provider are on file. Such quotations must be less than one year old, and in the professional judgment of the Buyer, reflect the current market for the requested materials.

6. Purchase Orders

6.1 Purchase Orders

The Purchase order is the most common method of procurement used in the company and can be used to procure both materials and services. The Purchase Order, in its entirety, is a binding contract between two parties.

When the company issues a Purchase Order to a vendor, the company is agreeing to purchase materials or services for the stipulated quantity, price, delivery, and any other terms specified in the document.

The company also agrees to pay to the vendor, in a time agreed to by both parties, the full amount owed to the vendor for delivery of the materials or services.

The vendor, in acknowledging the purchase order, also agrees to the quantity, price, delivery and all other terms within the document. The vendor has an obligation to the company to meet all these conditions. Failure to meet any or all conditions could result in the contract (the Purchase Order) to be terminated.

6.1.1 Who can create Purchase Orders?

The only employees in FortisOntario who can create Purchase Orders are the Supervisor, Procurement & Property/Facilities and the Buyer who belong to the Materials Management Department. All other employees shall be blocked within SAP from producing Purchase Orders.

6.1.2 Limitations of Storekeepers

Storekeepers within FortisOntario can only create Purchase Requisitions for Inventory materials.

6.2 Types of Purchase Orders

6.2.1 Standard Purchase Order for Material or Service

Standard Purchase Orders for material or Service are the most common of all Purchase Orders. Creating a Standard Purchase Order within the SAP system heavily supports the “three-way match”. A “three-way match” occurs when all three documents, the Purchase Order, the Receiving, and the Invoice concur with one another. If at least one document does not agree with any of the other two, the invoice will be blocked for payment.

It is essential, if possible, to indicate on the Purchase Order that all materials be delivered to the Stores Department in Fort Erie, Sault Ste. Marie or Cornwall so that proper receiving procedures can be done. If materials are delivered to a different site, all packing slips must immediately be forwarded on to the respective Stores Department for processing.

6.2.2 Contracts

Formal contracts, with a minimum value of $50,000.00 can be made for materials only, external labour & materials, or external labour only.

All contracts must be processed through the Procurement Department.

All multi-year contracts must be approved by the Vice President and President during the requisitioning stage regardless of any one singular annual amount i.e. VP1A approval

6.2.3 <u>Blanket Purchase Orders</u>

Blanket Orders are created for frequently used, minimal cost, materials and services with vendors who do not accept the company's procurement card.

Blanket Orders should never be used to purchase assets.

Blanket Orders are created with valid "from" and "to" dates.
Each Blanket Order is created with a maximum expected value within the valid time period. Blanket Orders exceeding the maximum expected value before the time period expires, shall be re-assessed for future competitive bidding avenues.

6.3 Purchasing Authorization

6.3.1 Purchasing Groups

All departments within FortisOntario shall be identified by means of a Purchasing Group designation.

ACS	Customer Svs API	CMS	CE Metering Servic
AEL	Electrical API	COR	Corporate
AEN	Eng/Planning API	CPE	CE Planning & Engi
AFF	Fleet & Facility	CPP	CE Prop & Proc
AFN	Finance API	CRM	CE Regional Mgmt
AFS	Forestry Svs API	ECS	EOP Customer Servi
AHE	HSE API	ELS	EOP Line Services
AHR	HR API	FCR	FE Control Room
AIT	IT API	FCS	Fort Erie Customer
ALD	Desbarats Line Svs	FES	FE Electrical Serv
ALS	Sault Line Svs	FHR	Fort Erie Human Re
ALW	Wawa Line Svs	FIN	FE Finance
AMS	Metering Svs API	FIT	IT Fort Erie
APP	Purchasing API	FLS	FE Line Services
ARM	Regional Mgmnt API	FMS	FE Metering Servic
CCS	CE Customer Servic	FPE	FE Planning & Engi
CDV	Corp Devlopment	FPP	FE Prop & Proc
CLS	CE Line Services	REG	Regulatory Affairs

Alterations or changes to Purchasing Groups within SAP shall not be made unless authorized in writing at the executive level.

6.3.2 Purchasing Authorization Limits

All Purchasing Groups shall have the same Purchasing Authorization limits.
Supervisors will approve all direct report employee requisitions and their own, up to $10,000
Managers – up to $30,000
VP’s – over $30,000

Alterations or changes to Purchasing Authorization Limits within SAP shall not be made unless authorized in writing by the Vice President and President.

6.3.3 Purchase Order Creation (see 1.7 under Requisition)

The buyer lists the approved requisitions for his plant and uses the copy function in SAP to create the purchase order.
The buyer will also verify that the vendor, GL account, cost center, internal order etc. are appropriate.

6.3.4 Purchase Order Approver (Finance)

The final purchase order approval will be in the Finance Department, where a Finance employee will verify the validity of the cost center, internal order, GL account etc, select line items to approve and save.
Only then, will the hard copy of the purchase order be printed to the Buyer for processing to the vendor.

6.3.5 Executive Purchasing Authorization-Form VP1A

All Purchase Requisitions created with a value over $30,000 require Executive Purchasing Authorization.

Purchase Requisitions created within the Operations Division, greater than $30,000 but less than $150,000 shall be authorized in writing and released by the VP of Operations before the final release of the Purchase Department.

Purchase Requisitions created outside the Operations Division, greater than $30,000 but less than $150,000 shall be authorized and released by the VP of Operations only after being authorized writing by the responsible VP through the means of a completed Form VP1A .The Purchasing Department will not release the Purchase Order until the VP of Operations has completed his release procedure, and, they are in receipt of the completed Form VP1A .

Purchase Requisitions created for any area, greater than $150,000 but less than $250,000 shall be authorized and released by the VP of Operations only after being authorized in writing by the responsible area VP and one additional VP through the means of a completed Form VP1A .The Purchasing Department will not release the Purchase Order until the VP of Operations has completed his release procedure, and, they are in receipt of the completed Form VP1A.

Purchase Orders created for any area, greater than $250,000 shall be authorized and released by the VP of Operations only after being authorized in writing by the responsible area VP and the CEO through the means of a completed Form VP1A .The Purchasing Department will not release the Purchase Order until the VP of Operations has completed his release procedure, and, they are in receipt of the completed Form VP1A .

The completed VP1A shall be filed along with the Requisition and Quotes in the Purchasing Department.

6.4 Distribution of Purchase Order

6.4.1 File Copy

Upon release and printing of the Purchase Order, Materials Management shall distribute a copy of the Purchase Order to the Purchasing Department which will be attached to the Requisition, Quotes and VP1A (if req'd).

6.4.2 Supplier Signed Original

Upon release and printing of the Purchase Order, Materials Management shall sign the original Purchase Order.

The signed original Purchase Order shall be emailed and/or faxed to the Supplier.

7. Receiving of Goods and Services

7.1 Receiving of Goods

7.1.1 Receiving of Goods by Stores

The preferred method of receiving goods ordered for the company is through the Regional Stores Department.

The Storekeeping shall inspect the shipment prior to unloading to assure that the shipment was not damaged during transit.

The storekeeper should then match the “Bill of Lading” or “Packing Slip” with what is being unloaded.

The Storekeeping shall, as soon as possible, create a goods receipt document in SAP against the Purchase Order.

7.1.2 Receiving of Goods by Others

At times goods are received by others in another site or location other than the Stores Department.

The same receiving procedure as for the storekeeper shall also hold true for other receiving goods.

The Receiver shall inspect the shipment prior to unloading to assure that the shipment was not damaged during transit.

The Receiver should then match the “Bill of Lading” or “Packing Slip” with what is being unloaded.

The Receiver shall sign the “Bill of Lading” or “Packing Slip” and forward it on to the Stores Department.

The Storekeeper shall, a.s.a.p. create goods receipts document in SAP against the Purchase Order

7.1.3 Receiving of Damaged Goods

Whenever possible, the Storekeeper or the Receiver should not receive or take possession of damaged goods.

The Storekeeper or Receiver shall indicate on the “Bill of Lading” why the goods were being rejected, sign it and keep a copy of it in the Stores Department.

If possible, a digital photograph of the damaged goods should be taken for future reference.

7.1.4 Bill of Lading or Packing Slips

All Bill of Ladings or Packing Slips shall be filed in the Purchasing Department along with the requisition, Quotes, VP1A (if req’d),and Purchase Order.

7.2 Receiving of Services

7.2.1 Receiving of Goods by Project Coordinator

The preferred method of receiving goods ordered for the company is by the Project Coordinator responsible for the contractor providing the services.

The Project Coordinator shall inspect and assure that the services provided by the contractor satisfy both the term and conditions of the contract, and quality of service provided.

The Project Coordinator should then match the Service Statement provided by the contractor with his own field records.

The Project Coordinator shall notify the Stores Department in writing that it is appropriate to receive said services against the exiting Purchase Order in SAP for processing.

7.2.2 Non-Receipt of Services or Sub-Standard Work

It is the responsibility of the Project Coordinator to ensure that the Services received match the Service Statement provided by the contractor. If there is a discrepancy, then it is the responsibility of the Project Coordinator to rectify it with the contractor.

The Project Coordinator is also responsible to ensure that the contractor remedies all sub-standard work provided.

7.2.3 Service Statements

All Service Statements shall be filed in the Operations Department's File for review if necessary.

8. Procurement Cards

8.1 Procurement Cards

8.1.1 Contacts

Financial Analyst
Manager of Financial Reporting
Manager of Customer Service
Manager of T&D
Manager of Engineering
Supervisor Procurement and Facilities
Manager of Cornwall Region
Regional Manager of Algoma Power

Scotia Bank Card Administration:

Scotia Bank VISA Purchasing Card Program
Scotia Plaza
40 King St.
Toronto, ON M5H 1H1

Scotia Bank Customer Service:

1-888-823-9657
(8:00 a.m. - 8:00 p.m., Mon. to Fri.)

8.1.2 Purpose

The purpose of the Scotia Bank Visa Purchasing Card is to establish a more efficient, cost-effective method for purchasing and processing small dollar transactions.

The program is NOT intended to avoid or bypass appropriate purchasing or pay procedures. Rather, the program complements the existing processes. The card can be used for in-store purchases as well as telephone, mail, or fax orders.

The Scotia Bank Visa Purchasing Card should be used whenever possible within the prescribed limits set for each cardholder.

8.1.3 Duties & Responsibilities

Plan Administrator Duties & Responsibilities

- Establish and maintain company-wide communication
- Assist in normal card usage procedures
- Serve as primary contact for cardholders and liaison between cardholders and Scotia Bank
- Assist in problem resolution
- Audit program compliance and receipt retention
- Distribute training, Purchasing Cards and policy manuals
- Set credit limits, single dollar transaction limits and SIC/MCC code blocking changes.
- Generate reports to monitor performance of the program
- Co-ordinate reconciled data to A/P

Site Coordinator Duties & Responsibilities:

- Initiate and approve card requests for the Purchasing Cards within their areas of the organization
- Ensure the cards issued under their authority are properly utilized.
- Review and sign reconciled Monthly Reconciliation statements to ensure that receipts and documentation are attached and appropriate accounting codes are indicated
- Ensure that reconciled monthly transactions are received and forwarded to the Program Administrator.
- Co-ordinate any changes between cardholders and Program Administrator

<u>Cardholder Duties & Responsibilities</u>:

- Maintain card security to prevent unauthorized charges against the account.
- Use it only for purchasing of items in accordance with company policies.
- Obtain a receipt at the point of purchase and verify it for accuracy. Retain receipts and Visa charge slips, and keep a monthly transaction log of card purchases.
- Reconcile receipts and monthly transaction log and forward to your Site Coordinator for review.
- Notify Program Administrator/Site Coordinator of name, telephone, address and division/department changes.
- Report any lost or stolen cards immediately to Program Administrator

8.1.4 <u>Controls</u>

Authorization controls are set by The Manager responsible for Materials Management and the Vice President of Operations only. Modifications shall not be done unless written authorization is provided to the Site Co-Coordinator in advance. The controls include:

- Monthly credit limits for cardholders
- Dollar limits per transaction
- Types of purchases that will be allowed (some vendors have been blocked from usage in the program)

For control purposes, the following transactions will be denied:

- Stock items available from stores or through approved ordering systems
- Prescription drugs
- Health care and medical services
- Capital Purchases exceeding $500.00
- Gas Purchases & Vehicle Maintenance (Canada Only) or any other services which fall under Fleet Services Card Program
- Any product or service considered to be inappropriate use of Company funds

Use of this card for personal purposes is prohibited.

All transaction details will be transmitted from the Scotia Bank and stored in a database on the computer system. Managers, supervisors and cardholders will be able to view or print various reports from their computers. Contact the Program Administrators or Site Coordinators for details on available reports.

8.1.5 Reconciliation, Payment and Merchandise Returns

Each cardholder will receive a monthly statement identifying each transaction made against the card during the previous billing period. The statement will be sent through e-mail.

Reconciliation:

1. The cardholder reconciles the credit card receipts to the transactions listed on their statement.
2. The cardholder verifies that the transactions are correct.
3. The cardholder must enter in the appropriate charge account numbers into the system.
4. Any discrepancies must be identified and the appropriate action taken to resolve the problem (see Dispute Process on next page).
5. Cardholder signs reconciled statement and forwards it with receipts attached to the next level of management for their review and approval.
6. Completed statements are forwarded to Program Administrator.

Payment:

1. All non-disputed transactions in the billing period are paid by the Company.
2. Disputed transactions remain outstanding and remain on the statement until they are resolved.

Merchandise Returns:

The merchandise returns process will depend on the suppliers policy, reason for the return, how the purchase was made, i.e. pick up or mail order. In any case, the cardholder contacts the supplier for return policy information. Credit transactions are applied against the cardholder's Visa card and should be reported in the same manner as stated in the Purchase Procedures.

8.1.7 <u>Dispute Process</u>

The following steps should be taken for any transactions in dispute:

1. Cardholder contacts supplier directly.
2. Supplier reviews information and either demonstrates the charge is legitimate, credits the account or continues the dispute.
3. If the dispute continues, contact the Site Co-ordinator with the details.
4. If dispute cannot be resolved at the Site Co-ordinator level, contact the Program Administrator who will work with the Scotia Bank to resolve the dispute.

8.1.8 <u>Lost or Stolen Cards</u>

The following steps must be taken if a card is lost or stolen:

1. The cardholder must notify the Scotia Bank immediately at 1-888-823-9657.
2. The cardholder notifies the Program Administrator.
3. The card will be cancelled and a replacement issued.

8.1.9 <u>Allocation of Accounts for Meals</u>

A Company can only claim 2.5% of the HST as a business meal as an expense. The remainder is classified as a non-deductible expense.

How to calculate: example: total HST is $7.21, multiply
$7.21 **x** (2.5/13) =$1.39

All meals are coded to Cost Element 7802.

8.2 Fleet Cards

8.2.1 Assignment of Fleet Cards

Each transportation unit or licensed equipment will be issued its own fleet card.

The Fleet Supervisor (Cornwall and Fort Erie) or the Supervisor Procurement and Facilities (Algoma Power) shall be responsible for issuing new, lost or stolen fleet cards.

Fleet cards are only to be used for the transportation unit or licensed equipment for which they were assigned.

The cost centre under which the transportation unit or licensed equipment is assigned shall be responsible for all costs associated with the use of the fleet card.

8.2.2 Fleet Card Goods & Services

Fleet cards are used to purchase either fuel and/or maintenance for the assigned transportation unit or licensed equipment at all participating fuel dispensing or auto and equipment maintenance shops in Canada Only.

The card shall not be used for any personal or sundry type items.

8.2.3 Lost or Stolen Fleet Cards

Lost or Stolen Fleet Cards shall be reported immediately to the respective Fleet Supervisor.

8.2.4 Fuel Receipts

Fuel Receipts must be retained and produced upon request for a period of one year by the responsible cost centre or individual.

9. Disposition of Scrap Metals

9.1.1 Disposition of Scrap Metals

FortisOntario has two types of metal materials that are sold to scrap dealers:

1. Mixed Metals
2. Copper (bare and jacketed)

9.1.2 Mixed Metals Disposition Procedure

- Metals collected and stored in large bin provided by vendor.
- Vendor picks up the bin when full.
- Vendor sorts and weighs metals.
- Bill of Lading is given to storekeeper at pickup by the vendor.
- Record of pickup is filed in the Stores Department.
- When payment is made to FortisOntario, record of payment is attached to the appropriate Bill of Lading.
- Purchasing Department follows up if payment is not made in a reasonable time frame.

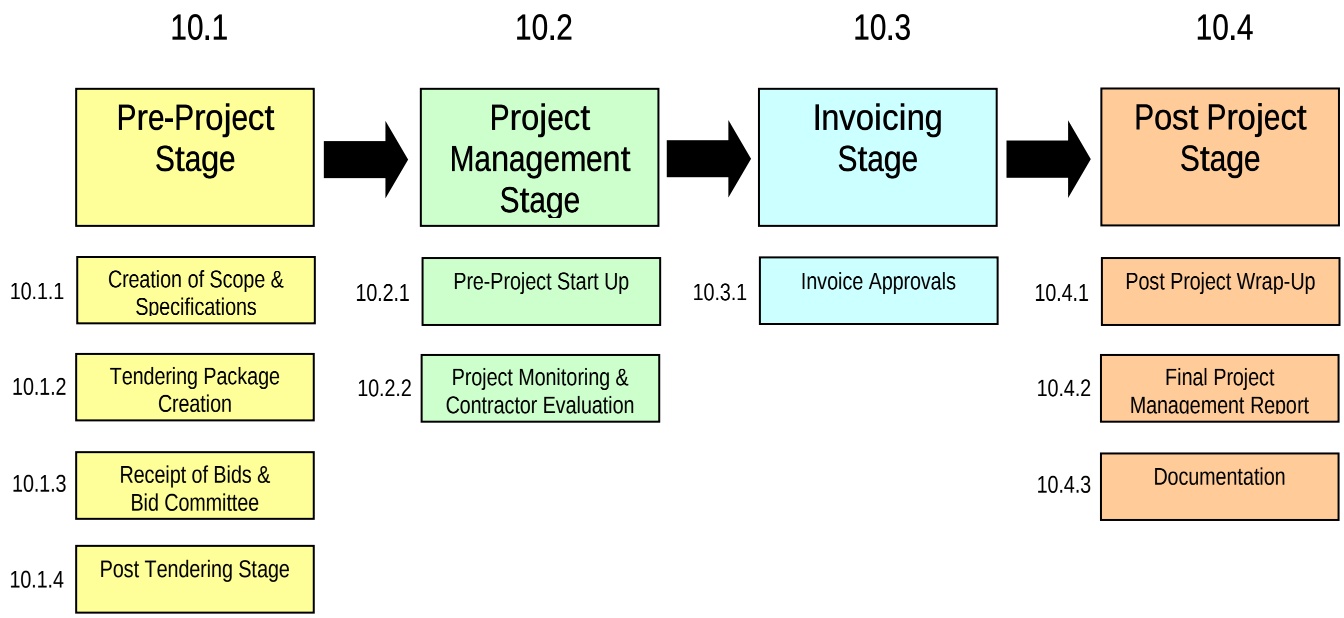
Copper Disposition Procedure

- Copper collected and stored in container provided by vendor.
- When bin is full, the bin is weighed by FortisOntario and arrangements are made for pick up.
- Bill of Lading is given to storekeeper at pickup by the vendor.
- Record of pickup is filed in the Stores Department.
- When payment is made to FortisOntario, record of payment is attached to the appropriate Bill of Lading.
- Purchasing Department follows up if payment is not made in a reasonable time frame.

10.0 Contracting for Goods or Services

When services or goods are required for a project with an estimated value of $50,000.00 or greater.

The Four Stages of Contracting listed below will be followed:



10.1 Pre-Project Stage

10.1.1 Creation of Scope and Specification

The project owner will define the Scope of the work, clearly defining the description, purpose, time frame, and responsibilities of all parties

The project owner will provide the Specifications and/or Drawings, representing what is required and how the project will be performed or constructed.

Both the Scope of the work and the Specifications will be forwarded to the Purchasing Dept.

10.1.2 Tendering Package Creation

The Purchasing Dept. will create the Tender Package with the information provided including the Scope, Specifications, and Drawings and send them out to pre-qualified vendors.

10.1.3 Receipt of Bids and Bid Committee

All bids must be received by the Purchasing Dept. before the closing time of the tender. Bids received after the closing time will not be accepted.

A Bid Committee set up by the Purchasing Dept. (typically comprised of the project owner requesting the work, a representative of the Purchasing Dept. and one other representative from the company with no direct relationship to the project) will open the bids and record the results on a bid analysis form. The bid committee will then determine who will be awarded the contract.

10.1.4 Post Tendering Stage

Before awarding the contract, the project owner requesting the contract shall forward a requisition to Purchasing, where the Purchasing Policies & Procedures will be followed:

Proper release procedures in SAP, followed by a Purchase Order and the completion of the VP1A by the Vice President of Operations. Once these steps are completed the successful bidder will provide all documentation required as described in the contract and both parties (company & contractor) will sign two copies of the Agreement part of the contract and the contractor will be given the Purchase Order to start work.

10.2 Project Management Stage

10.2.1 Pre-Project Start Up

The project owner is responsible to have a pre-job meeting with the contractor and shall document the meeting on the Pre-job Meeting Minute form. During the meeting the project owner will ensure that the contractor obtains all necessary permits according to the contract document. The Company's HSE policy #P-304 "Contractor Health, Safety and Environmental Protection" shall be communicated to the contractor as well as all applicable Health, Safety and Environmental compliance requirements.

10.2.2 Project Monitoring and Contractor Evaluation

The project owner shall monitor all aspects of the project, including site visits, progress of the project, invoice verification for interim progress billing and provide reference documentation. He will also conduct safety observations as per HS&E policies and evaluate the performance of the contractor.

10.3 Invoicing Stage

10.3.1 Invoice Approval

All invoices are initially received by Accounts Payable, the Accounts Payable Clerk will forward the invoice to the project owner for his review. After the invoice has been reviewed and meets with his approval, the project owner will sign the invoice, approving it for payment, and forward the invoice to Purchasing. The Purchasing Dept. will also review the invoice against the original Purchase Order and make SAP entry to create a document number. At this stage it is sent back to accounts payable for processing. (create the cheque for payment).

10.4 Post Project Stage

10.4.1 Post Project Wrap-Up

This is the last stage of the contracting process. The project (as well as the contractor's obligations) is finalized and evaluated. The project owner is responsible to ensure all invoices, including hold-backs, have reviewed and paid. He is also responsible to ensure that all excess materials are returned to the Stores Dept. to be credited back to the project.

He will also make sure that all deficiencies have been dealt with prior to closure of the project.

10.4.2 Final Project Management Report (Project Owner)

This report will include items like:

Cost savings, new procedures, explanation of cost over runs, timelines, final contract evaluation and general overview of how the project went.

10.4.3 Documentation

All documentation of any kind pertaining to this project will be included in the project file under the contract number in the Purchasing Department.

11.0 Contractor Pre-Qualification Form (PQF)

11.1 Purpose

The purpose of this form is to document the qualifications of contractors having NO PREVIOUS WORK HISTORY with FortisOntario, and who are being considered to do projects in the $50,000.00 range and up, and to gage their suitability to be on or off the Approved Contractors' List.

11.2 Roles & Responsibilities

All FortisOntario personnel entrusted with the hiring of Contractors will have the Contractor complete this form. The Health and Safety Department will either approve or conditionally approve the request and work with the vendor to ensure all necessary facets are completed. Based on certain criteria and vendor performance, the HSE Department may elect NOT to pre-qualify a vendor.

Record of Change

Date	Section	Description	Updated	Approved By
2016.03.15				

1. Purpose

a) The purpose of this Policy is to ensure that the purchase of materials, equipment and services (goods and services), by employees of the FortisOntario business units is performed in accordance with best business practices.
b) To obtain the best overall value (focusing on quality, price, reliability, service, safety, environment, support and delivery) for FortisOntario, the ratepayers and the shareholders.
c) To ensure accountability and transparency with a clear auditable trail for every acquisition.

2. Scope

a) Unless otherwise specified, any purchase of goods or services shall be made on a competitive basis, keeping with best practices, and in accordance with any applicable Federal, Provincial or Municipal legislation.
b) All subsidiaries and departments therein of FortisOntario excluding Wataynikaneyap PM Inc., shall have their purchasing requirements for goods and or services filled in accordance with this Policy.
c) No purchase of goods or services shall be authorized unless it is following this Policy.
d) No employee shall be exempt from this Policy.
e) All purchases under this Policy are to be entered and approved through the SAP Purchasing Module, or in accordance with Section 7 of the Authorization Policy.
f) Appropriate segregation should exist between initiating a purchase, approving, receiving and then issuing payment for that same purchase.
g) Employees shall endeavour to contribute to environmental, economic and social sustainability as it pertains to the purchasing of goods and services.
h) Changes to this Policy require the approval of the Vice President of Operations.
i) Supporting procedures and/or policies may be periodically updated provided there is no conflict with this Policy.

3. Exemptions to this Policy

a) The following list (but not limited to) are expenses that are not subject to this Policy:
   i. Training and education which includes, tuition, conferences, seminars, courses, and conventions;
   ii. Employee expenses which includes, meals, meal allowances, and travel;
   iii. Legal fees including, retainers, advances, and disbursements;
   iv. Company expenses which includes, utility bills, insurance, license fees, taxes, payroll, medical, and benefits;

v. Donations; and

vi. Examples outlined in "Invoices/Cheque Requisition Requiring Signature of Approval" within the Authorization Policy.

4. Requirement for Approved Funds

a) Any employee with the authorization to approve a purchase is accountable and responsible to ensure that either adequate budget exists or that any budget overage has been adequately justified, and that the purchase is not in violation of this Policy.

b) Where a requirement exists to initiate a purchase that is not part of the planned budget, the responsible employee must get approval from the executives and or the Board of Directors prior to any expenses being incurred.

c) All expenses must be approved by an authorized person in accordance with the Authorization Policy.

5. Emergency Purchasing

a) In the event of an emergency that requires the immediate purchase of any goods or services, reasonable effort shall be made to acquire the necessary authorization required under FIN-001 in advance of the purchase. Approval evidence may be obtained outside of SAP. An emergency is defined as a situation where there is an adverse effect on the health and safety of any person, the environment or a disruption of the services provided by the business units.

6. Business Ethics

a) All employees are subject to the policies and procedures of FortisOntario. The following policies in conjunction with PUR-001 shall provide the necessary guidance for ethical behavior during the purchasing process:

i. B101 Code of Conduct;

ii. B102 Reporting Allegations of Wrong Doing;

iii. B103 Anti Corruption Policy; and

iv. FIN-001 Authorization Policy

b) For clarity:

i. All employees are expected to act in an ethical manner (B101);

ii. No action or communication by any employee is to lead to one vendor or service provider having an advantage over another (B101);

iii. No one purchase shall be divided to avoid compliance with this Policy and the Authorization Policy (FIN-001); and

iv. The use of Company funds and resources to purchase personal goods or services is prohibited. Leveraging Company rates and discounts from vendors for personal gain is also prohibited, except in circumstances where a corporate agreement with a vendor explicitly considers extension of rates/discounts for personal use.

7. Pre-Payment

a) The following are expenses where milestone or pre-payments are allowed:

i. Major equipment where there is more than one stage of production;

ii. Services where mobilization is required; or

iii. Non-tangible items such as software and licenses where the vendor requires prepayment in order to activate.

b) All milestone and pre-payment terms must be clearly defined in the Contract or Purchase Order. Payment approval must be in compliance with the Authorization Policy.

8. Shared Purchasing Arrangements

a) The business units may participate and enter into arrangements with other utilities or organizations where there are economical or logistical advantages for purchasing goods or services, provided that:

i. Authorization requirements of FIN-001 have been met;

ii. Any other policies and procedures of FortisOntario are not compromised; and

iii. Each utilityor organization shall be responsible for their own purchases and payments.

9. Supporting Procedures

a) The following list of Procedures are supplemental to this Policy:

i. PUR-001-01 Sourcing Procedure;

ii. PUR-001-02 Purchasing Documents; and

iii. PUR-001-03 Executive Approval Process

[end of document]

Purchasing Procedures Sourcing Methods	Document: PUR-001-01
	Owner: VP Operations
	Revision: 0
	Issued: 2019.10.01
	Page: Page 1 of 4

1. Purpose

The purpose of this documents is to provide information on the accepted means of sourcing goods or services.

2. Scope

This procedure is applicable to all Employees at the FortisOntario business units and is subject to the corporate purchasing policy PUR-001.

3. Prerequisites

3.1 Identification of required goods or services

Before any Purchasing is to take place the Employee is to have an understanding of what is required. The following (but not limited to) are considerations that must be taken into account prior to any of the other steps:

a) Are budget funds available?
b) Is there a Scope of Work or Material Specification?
c) What is the quantity required?
d) What is the delivery and requirement dates?
e) Is there a list of qualified Vendors or Service Providers?
f) Is this a standalone Purchase or part of a larger Project?

For all intents and purposes, once Section 3.1 has been satisfied a request is to be sent to Procurement for further processing and sourcing using the online form.

3.2 Request for Information (RFI)

There may not be enough suitable information available to determine if a Vendor is qualified or has the resources to carry out the work required. An RFI may be issued to assist with determining if a Vendor is suitable to source from.

An RFI does not:

a) Reference a specific Scope of Work or Project.
b) Ask for prices or any type of rate.
c) Ask if a delivery date can be met.
d) Ask for signatures, bind or commit the Vendor.
e) Use the words “quote”, “proposal” or “tender”

An RFI may request (but is not limited to) the following information:

a) Work the Vendor is capable of doing.
b) Human resources (labour) available.
c) Equipment resources.
d) Training programs.
e) Health, safety or environmental practices.
f) If the Vendor is capable of working with different types of software.

4. Sourcing

4.1 Once all of the prerequisite information is confirmed then the Employee may proceed with soliciting Vendors for information and prices. The following shall be used as the minimum standard when soliciting Bids:

a) All efforts shall be made to find more than one source of supply.
b) Three Bidders is the ideal number for a competitive bid.
c) Generally bidding is by invite only and not open to the Public.
d) All Bidders shall have access to the same information in the process.
e) All proprietary information and bids submitted are to be considered confidential.
f) All compliant Bids submitted are to be considered for award.
g) Any practice used to skew the outcome of the Bid or give one Bidder an advantage over another is considered unethical and prohibited.
h) Information about the award is not to be shared with the other Proponents.

For the Purpose of this Document, the following are the accepted means of Sourcing:

4.2 Request for Quote (RFQ)

a) Used for the purchase of goods or services where the value is less than $30,000.
b) The Goods or Services are clearly defined and usually less technical, i.e., inventory items, cost center expenses and low level services.
c) The bidding documents are simple, often being an email with price and delivery being the evaluation criteria.
d) Review committee of one person.
e) Output documents are Purchase Orders with terms and conditions as required for Services.

4.3 Request for Tender (RFT)

a) Used for the purchase of goods or services where the value is greater than $30,000.
b) The Goods or Services are clearly defined by the Business Unit in a Scope of Work.
c) The Bidding documents are more complex with the Contract A and Contract B scenario.
d) Evaluation criteria for the Bid must be established.
e) Review committee is to be more than one person including a representative from Purchasing and another from a different department.
f) Output documents are a Purchase Order and a Contract (for Services).

4.4 Request for Proposal (RFP)

a) Used for the purchases at any value where the work to be done is not part of our core business or where we do not have an internal subject matter expert.
b) If over 30k there is to be formal bidding process with Contract A/B.
c) A high-level scope or deliverables is to be provided by the Business Unit and the Vendor provides detail on how the deliverable is met.
d) Evaluation criteria for the Bid must be established.
e) Review committee is to be more than one person including a representative from Purchasing and another from a different department.

f) Output documents are a Contract supplemented with a Purchase Order for tracking in SAP.

4.5 Single or Sole Source Procurement.

In circumstances where the source for supply does not allow for competitive bidding, or the value of the goods or services is under predetermined threshold, the following shall be an acceptable guideline for single/sole sourcing:

a) Sole Sourced – Only one Supplier is available to provide the goods or services.
b) Single Sourced – Annual or one time spend value is under $15,000.
c) Single Sourced – To meet technical or HS&E standards.
d) Single Sourced – Unique/Standized equipment requirements.
e) Single Sourced – An emergency exists.
f) Single Sourced – Under existing Fortis Inc. contract.
g) Single Sourced – Recent purchasing history exists that the Supplier is consistently lower priced than other Suppliers.
h) Single Sourced – Under Regional Manager or Executive approval provided it is within their approval limits.

5. Record of Change

A Record of Change shall be completed and maintained by the Corporate Buyer. Changes made to this document are to be recorded and submitted to the Vice President of Operations for review and approval prior to coming into effect.

1. Purpose

The purpose of this document is to provide information on the internal documents required for the purchasing of good and services. The foundation for these Documents is an approved Purchase Order from SAP which forms the basis for our internal audit trail as well as output documents for our Suppliers.

Purchasing Documents refers to any type of Purchase Order, Contract or Lease.

2. Scope

This procedure is applicable to all employees at the FortisOntario business units and is subject to the corporate purchasing policy PUR-001

3. Prerequisites

3.1 Sourcing Requirements

Sourcing is to be completed as outlined in document PUR-001-01

3.2 SAP Purchase Requisition

The Purchase Requisition (PR) precedes the issue of any Purchasing Document. The purpose is to provide details about the goods or services being secured in order for Management to approve the purchase in SAP creating the starting point for an audit trail. There are three general steps with the processing of a Purchase Requisition:

a) Entry of Requisition in SAP based Sourcing results;
b) Attaching supporting documentation into SAP; or
c) Filing in the appropriate bid folder;
d) Approval of Requisition by the responsible Manager; and
e) Conversion of PR into Purchase Order/Contract

4. Purchasing Documents

4.1 Prerequisites

An approved PR is required in order to create a PO. The purpose of a Purchase Order is to provide a Vendor or Service provider with confirmation of goods or services being secured from them. Once the PO has been created and prior to outputting any document there are two SAP approval which are required; one from the Manager that approved the PR and second from the Finance department.

4.2 Purchase Orders

The Purchase Order is an agreement between the Company and third party which includes as a minimum but is not limited to:

i. Agreed upon Price or estimated value
ii. Description of Goods, Services and Deliverables
iii. Delivery or Completion Dates
iv. Payment Terms

Types of Purchase Orders

a) Standard Purchase Orders
   i. Must be created from an approved purchase requisition in SAP.
   ii. Denoted with a number range of 45000xxxx
   iii. Used for the purchase of goods based on quantity and price.
   iv. Are applicable to all non-exempt purchases.
   v. Are not required for Procurement Card purchases.
   vi. Are not to be created after the goods have been received.
   vii. All inventoried material must be purchased in this manner.

b) Blanket Purchase Orders
   i. Must be created from an approved purchase requisition in SAP;
   ii. Denoted with a number range of 8100000xxx;
   iii. A monetary drawdown from an approved amount;
   iv. Primarily used for the purchase of Services;

v. Must be used with Service Contracts for processing payments;
vi. Shall not be used to purchase inventoried materials;
vii. Changes to an existing the Blanket Order either to add additional funds or extend the validity period must be entered in the appropriate online form.

4.3 <u>Contracts</u>

All Employees must follow the Contractor Management Program.

When hiring a Contractor it is considered an exception and not the norm to sign a third party document. All purchasing documents issued are to come from the Purchasing Department. All requests for Contracts are to be entered into the appropriate form which can found on the intranet.

The Contract Life Cycle can be summarized into four phases:

Phase 1 – Planning (Stakeholders)
a) Development of specification documents.
b) Purchasing requirements.
c) Identify and plan for risks.

Phase 2 – Contract Procurement (Purchasing Department)
a) Determines method of procurement.
b) Selects appropriate contract from template library.
c) Develops and issues any tendering documents.
d) Receives any submissions and facilitates evaluation.
e) Negotiates contract provisions.
f) Seeks approval from appropriate level of Management.
g) Awards the contract.
h) Finalizes and executes the contract.

Phase 3 – Contract Administration (Business Analyst/Contract Manager)
a) Receives contract from Purchasing.

b) Monitors the Contractor's progress toward meeting contract requirements.
c) Facilitates change management process.
d) Verifies deliverables and reviews invoices.
e) Performs annual review and reports on multi-year agreements.

Phase 4 – Contract Close-out (Stakeholders)
a) Evaluates Contractor performance.
b) All outstanding payments and deliverables are reconciled.
c) Notification to all parties that Contract is closed.

5. Document Management

All copies of Purchasing Documents whether issued by the Business Unit or a third party are to reside on the FortisOntario Common drive in their respective folders. Business Units may retain local copies for convenience.

The Contract file will have the following format:
Q:\Contracts\Contractor Name\Year-Description\any documents

The Purchase Order will have the following formats:
Q:\Purchase Orders\2 - Standard PO\45000xxxx – Vendor Name\any documents
Q:\Purchase Orders\3 - Blanket PO\810000xxxx – Contractor Name\any documents

6. Record of Change

A Record of Change shall be completed and maintained by the Corporate Buyer. Changes made to this document are to be recorded and submitted to the Vice President of Operations for review and approval prior to coming into effect.

1. Purpose

The purpose of this document is to provide a standardized procedure for SAP Purchase Requisition (PR), approvals in SAP that are at the Executive Level. This process will eliminate the paper VP1A form process and create and single auditable trail and record of change within SAP.

2. Policy

All applicable Policies shall govern this Procedure. They include but are not limited to the following:

a) PUR-001 Purchasing Policy;
b) FIN-001 Authorization Policy;

3. Scope

This procedure is applicable to all employees using SAP transaction ME51N to create a PR and those using ME54N to approve the PR.

4. Purchase Requisition Content

The information that was previously submitted through the VP1A form is to be placed in the PR "Header Text" tab. The information documented shall include but is not limited to the following:

a) Project description or general details of the purchase;
b) Sourcing information;
c) Technical information;
d) Budget information

5. Stepped VP Approval

Prior to a Vice President approval in ME54N, the Regional Manager or Director responsible will also be required to approve the PR in SAP. The SAP configuration does not allow the Manager/Director to solely approve at the Vice President level. As well, Purchasing is unable to convert the PR into a Purchase Order until the Manager/Direct and then a Vice President has approved in SAP.

5. Additional Approvals

In the event the President's signature is required, an email from the Vice President responsible shall be sent the President detailing the purchase. A signed VP1A form is to considered authorization to release PR in SAP.

APPENDIX 4-E:
PILS WORK FORM

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Version 1.20

Utility Name	Canadian Niagara Power Inc.
Assigned EB Number	EB-2021-0011
Name and Title	Brian Vander Vloet - Director, Finance
Phone Number	905-871-0330 ext 3208
Email Address	RegulatoryAffairs@fortisontario.com
Date	30-Jun-21
Last COS Re-based Year	**2017**

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

Instructions

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

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

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

Methodology
To calculate the PILs for the Test Year:

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

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

Other Notes
Tabs H0 to H13 relate to the Historical Year.
Tabs B0 to B13 relate to the Bridge Year.
Tabs T0 to T13 relate to the Test Year.

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

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

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

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

1. Info
S. Summary
A. Data Input Sheet
B. Tax Rates & Exemptions

Historical Year

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

Bridge Year

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

Test Year

T0 PILs, Tax Provision Test Year
T1 Taxable Income Test Year
T4 Schedule 4 Loss Carry Forward Test Year
T8 Schedule 8 CCA Test Year
T13 Schedule 13 Reserve Test Year

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	**-3,194,024**	
Test Year - Payments in Lieu of Taxes (PILs)	T0	**316,405**	
Test Year - Grossed-up PILs	T0	**430,483**	
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	4,388,005	
Taxable Income	T1	1,193,981	
Difference	calculated	-3,194,024	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	CCA excludes additions in OEB 1612 + 1805
3	Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non-distribution tax amounts on Schedule 8.	Y	
4	The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the CCA Schedule 8 for the same years filed in the application	Y	
5	Loss carry-forwards, if any, from prior year tax returns' Schedule 4 agree with those disclosed in the application	Y	
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	Y	
7	CCA is maximized even if there are tax loss carry-forwards	Y	
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	

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

			Test Year	Bridge Year	
Rate Base		S	**$ 131,534,936**	**$ 120,066,790**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$ 5,261,397	*W = S * T*	
Deemed Long Term Debt %	56.00%	U	$ 73,659,564	*X = S * U*	
Deemed Equity %	40.00%	V	$ 52,613,974	*Y = S * V*	
Short Term Interest Rate	1.75%	Z	$ 92,074	*AC = W * Z*	
Long Term Interest	3.88%	AA	$ 2,859,551	*AD = X * AA*	
Return on Equity (Regulatory Income)	8.34%	AB	**$ 4,388,005**	*AE = Y * AB*	T1
Return on Rate Base			**$ 7,339,631**	*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)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	Yes	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
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.*			
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No

Ontario Energy Board

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**	**Effective January 1, 2021**
Federal income tax							
General Corporate Rate	38.00%	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%	-10.00%
Adjusted Federal Rate	28.00%	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%	-13.00%
Federal Income Tax	15.00%	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%	11.50%
Combined Federal and Ontario	26.50%	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	500,000
Ontario Small Business Limit	500,000	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%	9.00%
Ontario Small Business Rate	4.50%	4.50%	4.50%	3.50%	3.50%	3.20%	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	-$ 1,041,102	**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					**-$ 275,892**	**E = A * D**
Investment Tax Credits					$ -	**F**
Miscellaneous Tax Credits					$ -	**G**
Total Tax Credits					**$ -**	**H = F + G**
Corporate PILs/Income Tax Provision for Historical Year					**$ -**	**I = E - H**

Ontario Energy Board

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)**	4,055,232	1,460,361	2,594,871
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	6,033,068	818,902	5,214,166
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	694	0	694
Charitable donations and gifts from Schedule 2	112	1,000		1,000
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			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	12,327	1,826	10,501
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	2,242,088	332,086	1,910,002
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	10,548	1,913	8,635
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other additions				
Interest Expensed on Capital Leases	295			0
Realized Income from Deferred Credit Accounts	295			0
Pensions	295			0
Non-deductible penalties	295			0
	295			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**8,299,725**	**1,154,727**	**7,144,998**

Deductions:				
Gain on disposal of assets per financial statements	401			0
Non-taxable dividends under section 83	402			0
Capital cost allowance from Schedule 8	403	10,245,959	1,273,492	8,972,467
Terminal loss from Schedule 8	404			0
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414	2,062,165	305,436	1,756,729
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions				
Interest capitalized for accounting deducted for tax	395			0
Capital Lease Payments	395			0
Non-taxable imputed interest income on deferral and variance accounts	395			0
Debt issue costs	395	63,249	11,474	51,775
	395			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**12,371,373**	**1,590,402**	**10,780,971**
Net Income for Tax Purposes		**-16,416**	**1,024,686**	**-1,041,102**
Charitable donations from Schedule 2	311			0
Taxable dividends received under section 112 or 113	320			0
Non-capital losses of previous tax years from Schedule 4	331			0
Net capital losses of previous tax years from Schedule 4	332			0
Limited partnership losses of previous tax years from Schedule 4	335			0
TAXABLE INCOME		**-16,416**	**1,024,686**	**-1,041,102**

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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	1,446,667		1,446,667	B4

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical			0	B4

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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)	$ 23,345,455	$ 7,119,299	$ 16,226,156
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	$ 372,730	-$ 1	$ 372,730
2	Distribution System (acq'd pre 1988)	$ 993,039	$ 388,792	$ 604,247
3	Buildings (acq'd pre 1988)	$ 40,723	-$ 1	$ 40,723
6	Certain Buildings; Fences			$ -
8	General Office Equipment, Furniture, Fixtures	$ 526,317	-$ 0	$ 526,317
10	Motor Vehicles, Fleet	$ 1,071,635	$ 140	$ 1,071,495
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)	$ 51,627		$ 51,627
14.1	Eligible Capital Property (acq'd post 2016)	$ 370,335	$ 370,335	$ -
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)	$ 65	-$ 0	$ 65
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ 8	$ -	$ 8
47	Distribution System (acq'd post Feb 22/05)	$ 73,657,129	$ 11,232,018	$ 62,425,111
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	$ 126,064	$ 0	$ 126,064
95	CWIP			$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
				$ -
	SUB-TOTAL - UCC	100,555,125	19,110,583	81,444,543

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Income Tax/PILs Workform for 2021 Filers

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	B13
Tax reserves not deducted for accounting purposes				
Reserve for doubtful accounts ss. 20(1)(l)			0	B13
Reserve for undelivered goods and services not rendered ss. 20(1)(m)			0	B13
Reserve for unpaid amounts ss. 20(1)(n)			0	B13
Debt & share issue expenses ss. 20(1)(e)			0	B13
Other tax reserves			0	B13
			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	B13
General reserve for bad debts			0	B13
Accrued Employee Future Benefits:	2,242,088	332,086	1,910,002	B13
- Medical and Life Insurance			0	B13
-Short & Long-term Disability			0	B13
-Accmulated Sick Leave			0	B13
- Termination Cost			0	B13
- Other Post-Employment Benefits			0	B13
Provision for Environmental Costs			0	B13
Restructuring Costs			0	B13
Accrued Contingent Litigation Costs			0	B13
Accrued Self-Insurance Costs			0	B13
Other Contingent Liabilities			0	B13
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0	B13
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0	B13
Other			0	B13
			0	
			0	
Total	**2,242,088**	**332,086**	**1,910,002**	

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

PILS Tax Provision - Bridge Year

Wires Only

						Reference		
Regulatory Taxable Income						B1	-$ 531,094	**A**
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate				
Ontario (Max 11.5%)	11.5%	11.5%	-$ 61,076	11.5%	**B**			
Federal (Max 15%)	15.0%	15.0%	-$ 79,664	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							$ -	**G**
Total Tax Credits							$ -	**H = F + G**
Corporate PILs/Income Tax Provision for Bridge Year							$ -	**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.

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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)**		4,216,746
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		5,737,447
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107	B8	0
Income inclusion under subparagraph 13(38)(d)(iii)	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations and gifts from Schedule 2	112		25,702
Taxable capital gains	113		
Political contributions	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		21,297
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	0
Reserves from financial statements- balance at end of year	126	B13	2,017,429
Soft costs on construction and renovation of buildings	127		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		8,771
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		

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Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	295		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
	295		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Total Additions			**7,810,646**
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	10,595,892
Terminal loss from Schedule 8	404	B8	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	B13	0
Reserves from financial statements - balance at beginning of year	414	B13	1,910,002
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Bridge Year

Other deductions			
Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		
Non-taxable imputed interest income on deferral and variance accounts	395		
Debt issue costs	395		52,591
	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	**12,558,485**
Net Income for Tax Purposes		calculated	**-531,094**
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	**-531,094**

Ontario Energy Board

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	1,446,667	
Amount to be used in Bridge Year	B1	0	
Loss Carry Forward Generated in Bridge Year (if any)	B1	531,094	
Other Adjustments			
Balance available for use post Bridge Year	calculated	1,977,761	T4

Net Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	0	
Amount to be used in Bridge Year			
Loss Carry Forward Generated in Bridge Year (if any)	B1		
Other Adjustments			
Balance available for use post Bridge Year	calculated	0	T4

Ontario Energy Board

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	$ 16,226,156	$ 165,000	$ 165,000					$ 16,391,156	$ -	$ 165,000	0.50	$ 82,500	$ -	4%			$ 658,946		$ 15,732,210	T8
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	H8	$ 372,730	$ -	$ -					$ 372,730	$ -	$ -	0.50	$ -	$ -	6%			$ 22,364		$ 350,366	T8
2	Distribution System (acq'd pre 1988)	H8	$ 604,247							$ 604,247	$ -	$ -		$ -	$ -	6%			$ 36,255		$ 567,992	T8
3	Buildings (acq'd pre 1988)	H8	$ 40,723							$ 40,723	$ -	$ -		$ -	$ -	5%			$ 2,036		$ 38,687	T8
6	Certain Buildings; Fences	H8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	10%			$ -		$ -	T8
8	General Office Equipment, Furniture, Fixtures	H8	$ 526,317	$ 115,000	$ 115,000					$ 641,317	$ -	$ 115,000	0.50	$ 57,500	$ -	20%			$ 139,763		$ 501,553	T8
10	Motor Vehicles, Fleet	H8	$ 1,071,495	$ 1,164,595	$ 1,164,595					$ 2,236,090	$ -	$ 1,164,595	0.50	$ 582,297	$ -	30%			$ 845,516		$ 1,390,574	T8
10.1	Certain Automobiles	H8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	30%			$ -		$ -	T8
12	Computer Application Software (Non-Systems)	H8	$ -	$ 1,529,943	$ 1,529,943					$ 1,529,943	$ -	$ 1,529,943	0.00	$ -	$ -	100%			$ 1,529,943		$ -	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	$ 51,627							$ 51,627	$ -	$ -		$ -	$ -	7%			$ 3,614		$ 48,013	T8
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	H8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	5%			$ -		$ -	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	$ 65							$ 65	$ -	$ -		$ -	$ -	45%			$ 29		$ 36	T8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8	$ 8	$ -	$ -					$ 8	$ -	$ -	0.50	$ -	$ -	30%			$ 3		$ 6	T8
47	Distribution System (acq'd post Feb 22/05)	H8	$ 62,425,111	$ 17,638,496	$ 17,638,496					$ 80,063,606	$ -	$ 17,638,496	0.50	$ 8,819,248	$ -	8%			$ 7,110,628		$ 72,952,978	T8
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	H8	$ 126,064	$ 215,103	$ 215,103					$ 341,166	$ -	$ 215,103	0.50	$ 107,551	$ -	55%			$ 246,795		$ 94,372	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		$ 81,444,543	$ 20,828,135	$ 20,828,135	$ -	$ -	$ -	$ -	$ 102,272,678	$ -	$ 20,828,135		$ 9,649,096	$ -		$ -	$ -	$ 10,595,892	B1	$ 91,676,786	

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Bridge Year Adjustments: Additions	Bridge Year Adjustments: 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	0		0				0	T13	0	
Accrued Employee Future Benefits:	H13	1,910,002		1,910,002		370,744	263,318	2,017,429	T13	107,426	
- 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		**1,910,002**	**0**	**1,910,002**	B1	**370,744**	**263,318**	**2,017,429**	B1	**107,426**	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

PILs Tax Provision - Test Year

							Wires Only	
Regulatory Taxable Income						T1	$ 1,193,981	A
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate				
Ontario (Max 11.5%)	11.5%	11.5%	$ 137,308	11.5%	B			
Federal (Max 15%)	15.0%	15.0%	$ 179,097	15.0%	C			
Combined effective tax rate (Max 26.5%)							26.50%	D = B + C
Total Income Taxes							**$ 316,405**	E = A * D
Investment Tax Credits							$ -	F
Miscellaneous Tax Credits							$ -	G
Total Tax Credits							**$ -**	H = F + G
Corporate PILs/Income Tax Provision for Test Year							**$ 316,405**	I = E - H
Corporate PILs/Income Tax Provision Gross Up [1]					73.50%	J = 1-D	**$ 114,078**	K = I/J-I
Income Tax (grossed-up)							**$ 430,483**	L = K + I

S. Summary (I = E - H); S. Summary (L = K + I)

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

	T2 S1 line #	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	4,388,005
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		6,139,691
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106		
Recapture of capital cost allowance from Schedule 8	107	T8	0
Income inclusion under subparagraph 13(38)(d)(iii) from Schedule 10	108		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		26,000
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		22,502
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	0
Reserves from financial statements- balance at end of year	126	T13	2,428,163
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		8,901
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		

Other Additions			
Interest Expensed on Capital Leases	295		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
	295		
	295		
	295		
	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			
Addition for Smoothing of Enhanced CCA Impact			281,000
Total Additions			**8,906,256**
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	T8	10,029,480
Terminal loss from Schedule 8	404	T8	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	T13	0
Reserves from financial statements - balance at beginning of year	414	T13	2,017,429
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		

Other deductions			
Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		
Non-taxable imputed interest income on deferral and variance accounts	395		
Debt issue costs	395		53,372
	395		
	395		
	395		
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	**12,100,281**
NET INCOME FOR TAX PURPOSES		calculated	**1,193,981**
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	T4	0
Net capital losses of previous tax years from Schedule 4	332	T4	0
Limited partnership losses of previous tax years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	**1,193,981**

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	1,977,761		1,977,761
Amount to be used in Test Year and Price Cap Years	T1	1,193,981		1,193,981
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	1,193,981	1,193,981	0
Loss Carry Forward Generated in Test Year (if any)	T1	0		0
Other Adjustments				0
Balance available for use in Future Years	calculated	783,780	783,780	0

Net Capital Loss Carry Forward Deduction		Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year Carried Forward	B4	0		0
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		0		0

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 %	(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)	B8	$ 15,732,210	130,000	130,000					$ 15,862,210	$ -	$ 130,000	0.50	$ 65,000	$ -	4%			$ 637,088		$ 15,225,121
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	B8	$ 350,366	0	0					$ 350,366	$ -	$ -	0.50	$ -	$ -	6%			$ 21,022		$ 329,344
2	Distribution System (acq'd pre 1988)	B8	$ 567,992							$ 567,992	$ -	$ -		$ -	$ -	6%			$ 34,080		$ 533,912
3	Buildings (acq'd pre 1988)	B8	$ 38,687							$ 38,687	$ -	$ -		$ -	$ -	5%			$ 1,934		$ 36,753
6	Certain Buildings; Fences	B8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	10%			$ -		$ -
8	General Office Equipment, Furniture, Fixtures	B8	$ 501,553	110,000	110,000					$ 611,553	$ -	$ 110,000	0.50	$ 55,000	$ -	20%			$ 133,311		$ 478,243
10	Motor Vehicles, Fleet	B8	$ 1,390,574	613,065	613,065					$ 2,003,639	$ -	$ 613,065	0.50	$ 306,533	$ -	30%			$ 693,051		$ 1,310,587
10.1	Certain Automobiles	B8	$ -							$ -	$ -	$ -	0.50	$ -	$ -	30%			$ -		$ -
12	Computer Application Software (Non-Systems)	B8	$ -	1,099,862	1,099,862					$ 1,099,862	$ -	$ 1,099,862	0.00	$ -	$ -	100%			$ 1,099,862		$ -
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	$ 48,013							$ 48,013	$ -	$ -		$ -	$ -	7%			$ 3,361		$ 44,652
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	B8	$ -							$ -	$ -	$ -	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	$ 36							$ 36	$ -	$ -		$ -	$ -	45%			$ 16		$ 20
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ 6							$ 6	$ -	$ -	0.50	$ -	$ -	30%			$ 2		$ 4
47	Distribution System (acq'd post Feb 22/05)	B8	$ 72,952,978	11,275,342	11,275,342					$ 84,228,320	$ -	$ 11,275,342	0.50	$ 5,637,671	$ -	8%			$ 7,189,279		$ 77,039,041
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	B8	$ 94,372	199,478	199,478					$ 293,849	$ -	$ 199,478	0.50	$ 99,739	$ -	55%			$ 216,474		$ 77,376
95	CWIP	B8	$ -							$ -	$ -	$ -	0.00	$ -	$ -	0%			$ -		$ -
		B8	$ -							$ -	$ -	$ -		$ -	$ -						$ -
		B8	$ -							$ -	$ -	$ -		$ -	$ -						$ -
		B8	$ -							$ -	$ -	$ -		$ -	$ -						$ -
		B8	$ -							$ -	$ -	$ -		$ -	$ -						$ -
		B8	$ -							$ -	$ -	$ -		$ -	$ -						$ -
		B8	$ -							$ -	$ -	$ -		$ -	$ -						$ -
		B8	$ -							$ -	$ -	$ -		$ -	$ -						$ -
		B8	$ -							$ -	$ -	$ -		$ -	$ -						$ -
	TOTALS		$ 91,676,786	$ 13,427,747	$ 13,427,747	$ -	$ -	$ -	$ -	$ 105,104,534	$ -	$ 13,427,747		$ 6,163,943	$ -		$ -	$ -	$ 10,029,480	T1	$ 95,075,053

Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

						Test Year Adjustments					
Description	**Working Paper Reference**	**Bridge Year**	**Eliminate Amounts Not Relevant for Test Year**	**Adjusted Utility Balance**		**Additions**	**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	0		0				0		0	
Accrued Employee Future Benefits:	B13	2,017,429		2,017,429		577,402	166,668	2,428,163		410,734	
- 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		**2,017,429**	**0**	**2,017,429**	T1	**577,402**	**166,668**	**2,428,163**	T1	**410,734**	**0**

CANADIAN NIAGARA POWER INC.
A FORTIS ONTARIO Company

APPENDIX 4-F:
2019 CORPORATE TAX RETURN

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2021-12-31

Business number 87249 8225 RC0002

The following is a list of instalments payable for the current taxation year, and the last column indicates the instalments payable to the Canada Revenue Agency (CRA). The instalments must be paid on each of the dates indicated below, otherwise non-deductible interest might be charged.

Instalment payments can be made using one of the following methods:

- electronically, using your online or telephone banking services;
- online, using the CRA's *My Payment* service, at **canada.ca/cra-my-payment**;
- by setting up a pre-authorized debit agreement, in *My Business Account*, at **canada.ca/my-cra-business-account**;
- in person, at a Canadian financial institution, **by presenting the appropriate remittance voucher** with your payment.

You can also mail a cheque or a money order payable to the Receiver General of Canada, **accompanied by the appropriate remittance voucher**, to Canada Revenue Agency, P.O. Box 3800, Station A, Sudbury ON P3A 0C3.

Do you want to calculate the tax instalments according to the extended payment date (COVID-19)?* ☐ Yes ☒ No

* The answer to this question is **Yes** when at least one of the dates entered in the **Monthly instalment workchart** or the **Quarterly instalment workchart** sections is after March 17, 2020, and before September 30, 2020.

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2021-01-31	9,125				9,125
2021-02-28	9,125				9,125
2021-03-31	9,125				9,125
2021-04-30	9,125				9,125
2021-05-31	9,125				9,125
2021-06-30	9,125				9,125
2021-07-31	9,125				9,125
2021-08-31	9,125				9,125
2021-09-30	9,125				9,125
2021-10-31	9,125				9,125
2021-11-30	9,125				9,125
2021-12-31	9,116				9,116
Instalment (COVID-19)					
Totals	109,491				109,491

Quarterly instalment workchart

Date	Quarterly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2021-03-31					
2021-06-30					
2021-09-30					
2021-12-31					
Instalment (COVID-19)					
Totals					

Instalment method

Indicate instalment method chosen [1-3] 1

1st Instalment base method

If payment of instalments other than quarterly instalments is delayed, indicate the MONTH in which you want them to begin (1=January, 2=February, etc.). 1

Select this box if you want the instalments to be calculated without taking the applicable threshold into account ☐

Quarterly instalments calculation

The corporation must meet requirements 1 to 5 to be eligible for quarterly instalments for a tax year.

		Yes	No
1 –	Is the corporation a Canadian-controlled private corporation (CCPC)?	☐	X
2 –	Did the corporation claim any deduction under the section 125, during either the current or previous year?	☐	X
3 –	Is the corporation's, or any of its associated corporations', taxable income for the current or previous year less than or equal to $500,000?	☐	☐
4 –	Is the corporation and any associated corporations' taxable capital employed in Canada for the current or previous year less than or equal to $10,000,000?	☐	☐
5 –	Does the corporation have a perfect compliance history in the last 12 months?	☐	☐

If you do not want to use the quarterly instalments option, select this box to go back to monthly instalments. ☐

1 – 1st Instalment base method

1st Instalment base amount (amount N below)	109,491	÷ 12	=	9,125	
	Monthly instalments required			9,125	
Quarterly tax instalments required	109,491	÷ 4	=		

2 – Combined 1st and 2nd instalment base method

Select this box if you want the first 2 payments* to be calculated without taking the applicable threshold into account? ☐

2nd Monthly instalment base amount

Indicate: Part I tax		29,414				
Parts VI, VI.1 and XIII.1 tax	+					
Federal adjustment for amalgamation, winding up or transfer	+					
Provincial tax, other than Alberta, Québec and Ontario	+					
Ontario tax	+	108,160				
Provincial adjustment for amalgamation, winding up or transfer	+					
Total	=	108,160	÷ 12	=	9,014	**A**
1/12 of estimated current year credits (M below /12)				–		
Each of the first two instalment payments				=	9,014	**B**
Total tax from N below		109,491				
Amount B above x 2	–	18,028				
	=	91,463	÷ 10	=	9,147	
Each of the remaining ten instalment payments				=	9,147	

2nd Quarterly instalment base amount

Indicate: Part I tax		29,414				
Parts VI, VI.1 and XIII.1 tax	+					
Federal adjustment for amalgamation, winding up or transfer	+					
Provincial tax, other than Alberta, Québec and Ontario	+					
Ontario tax	+	108,160				
Provincial adjustment for amalgamation, winding up or transfer	+					
Total	=	108,160	÷ 4	=	27,040	**A**
1/4 of estimated current year credits (M below /4)				–		
The first instalment payment				=		**B**
Total tax from N below		109,491				
Amount B above	–					
	=	109,491	÷ 3	=	36,497	
Each of the remaining three instalment payments				=		

* It is the first payment if the quarterly instalments are applicable.

3 – Estimated tax method

Instalment base amount (amount N below)		÷ 12 =	
		Monthly instalments required	
Quarterly tax instalments required		÷ 4 =	

Instalment base calculation

Federal tax		1st instalment base method		Estimated tax method	
Taxable income					
Calculation of tax payable					
Federal part I tax					
Recapture of investment tax credit	+		+		
Refundable tax on a CCPC's investment income	+		+		
Subtotal	=		=		A
Deduction					
Small business deduction					
Investment corporation deduction	+		+		
Federal tax abatement	+		+		
Manufacturing and processing profits deduction	+		+		
Non-business foreign tax credit	+		+		
Business foreign tax credit	+		+		
General tax reduction	+		+		
Logging tax credit	+		+		
Investment tax credit per Schedule 31	+		+		
Eligible Canadian bank deduction	+		+		
Qualifying environmental trust tax credit	+		+		
Subtotal	=		=		B
Federal tax summary					
Total part I tax payable (A minus B)					C
Part VI tax	+		+		D
Part VI.1 tax	+		+		E1
Part XIII.1 tax	+		+		E2
Parts I, VI, VI.1 and XIII.1 **Total**	=		=		F
Federal adjustments					
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x	365 / 365	x	365 / 365	
Subtotal	=		=		
Federal adjustment for amalgamation, winding up or transfer	+		+	N/A	
Total federal tax after adjustments	=		=		G

Provincial tax

Provincial/territorial tax other than Alberta, Québec and Ontario before provincial refundable tax credits			+		+		H
Ontario tax							
Income tax							
Corporate minimum tax paid (credited)	+	109,491					
Special additional tax on life insurance corporations	+						
Total Ontario tax	=	109,491	▶ +	109,491	+		I
Harmonized provincial tax (H + I)							
Provincial/territorial tax other than Alberta and Québec before provincial refundable tax credits			=	109,491	=		J

Instalment base calculation (continued)

Provincial adjustments

Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x	365 / 365	x	365 / 365	
Subtotal	=	109,491	=		
Provincial adjustment for amalgamation, winding up or transfer	+		+	N/A	
Total provincial tax after adjustments	=	109,491	=		K
Total of tax before refundable credits**	=	109,491	=		L

Estimated current year credits

Investment tax credit refund					
Dividend refund	+		+		
Federal capital gains refund	+		+		
Provincial and territorial capital gains refund	+		+		
Tax withheld at source	+		+		
Canadian journalism labour tax credit	+		+		
Other estimated credits	+		+		
Provincial/territorial refundable tax credits other than Alberta, Québec and Ontario*	+		+		
Ontario refundable tax credits*	+		+		
Total estimated current year credits	=		=		M
Instalment base amount (L – M)		109,491			N

* For more details with regards to the impact of the refundable tax credits in the instalment base calculation, consult the Help.

** For instalments payable, the amount on line G will only be included in the amount of line L when it exceeds $3,000. The same rule applies to line K.

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

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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 87249 8225 RC0002

Corporation's name
002 Canadian Niagara Power Inc.

Address of head office
Has this address changed since the last time we notified? . . . . 010 Yes [ ] No [X]
If **yes**, complete lines 011 to 018.
011 1130 Bertie Street
012
City: 015 Fort Erie
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal or ZIP code: 018 L2A 5Y2

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 1130 Bertie Street
023 P.O. Box 1218
City: 025 Fort Erie
Province, territory, or state: 026 ON
Country (other than Canada): 027
Postal or ZIP code: 028 L2A 5Y2

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)
- [ ] 1 Canadian-controlled private corporation (CCPC)
- [ ] 2 Other private corporation
- [ ] 3 Public corporation
- [X] 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: 060 Year Month Day 2020-01-01
Tax year-end: 061 Year Month Day 2020-12-31

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)
- [ ] 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		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		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		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		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		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		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		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
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 claiming a Canadian journalism labour tax credit?	272		58
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		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		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		X
Is the corporation inactive?	280		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	Electrical Energy Distribution and Transmission	285	100.000 %
286		287	%
288		289	%

		Yes	No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		

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	-16,420 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	
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 *** ______ 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

The greater of amount E and amount G	422		H
Reduced business limit (amount C **minus** amount H) (if negative, enter "0")	426		I
Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below)			J
Reduced business limit after assignment (amount I **minus** amount J)	428		K
Small business deduction – Amount A, B, C, or K, whichever is the least ______ x 19 % =	430		

Enter amount from line 430 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 each tax year that ended in the preceding calendar year. Each corporation with such income has to file a Schedule 7. For a corporation's first tax year that starts after 2018, this amount is reported at line 744 of the corresponding Schedule 7. Otherwise, this amount is the total of all amounts reported at line 745 of the corresponding Schedule 7 of the corporation for each tax year that ended in the preceding calendar year.

Specified corporate income and assignment under subsection 125(3.2)

	L1 Name of corporation receiving the income and assigned amount	L Business number of the corporation receiving the assigned amount 490	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L [3] 500	N Business limit assigned to corporation identified in column L [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 (other than specified farming or fishing income of the corporation for the year) 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 M 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 426.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3				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 428 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 line 360 on page 3				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 428 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)				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

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)					B
Total eligible dividends paid in the previous tax year (from line 300 of Schedule 53)			C		
Total excessive eligible dividend designation in the previous tax year (from line 310 of Schedule 53)			D		
Subtotal (amount C **minus** amount D) (if negative, enter "0")			►		E
Net GRIP at the end of the previous tax year (amount B **minus** amount E) (if negative, enter "0")			F		
GRIP transferred on an amalgamation or the wind-up of a subsidiary (total of lines 230 and 240 of Schedule 53)			G		
Subtotal (amount F **plus** amount G)			►		H
Amount H **multiplied** by 38 1 / 3 %					I
Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (for the first tax year starting after 2018, amount A or I, whichever is less, otherwise, use line 530 ________ of the preceding tax year)				520	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	

Dividend refund

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)	DD
NERDTOH balance at the end of the tax year (line 545)	EE
Non-eligible dividend refund (amount DD or EE, whichever is less)	FF
Amount DD **minus** amount EE (if negative, enter "0")	GG
Amount BB **minus** amount CC (if negative, enter "0")	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.

Part I tax

Base amount Part I tax – Taxable income (from line 360 on page 3) **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 428 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

Summary of tax and credits

Federal tax

Part I tax payable from amount L on page 8	700	
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	109,491	
Total tax payable	770	109,491	A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount JJ on page 7	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit (Form T1131)	796	
Film or video production services tax credit (Form T1177)	797	
Canadian journalism labour tax credit from Schedule 58	798	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	276,000
Total credits	890	276,000 ▶ 276,000 B

Balance (amount A **minus** amount B) -166,509

Refund code 894 1 Refund 166,509

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

Certification

I, 950 KING (Last name) 951 GLEN (First name) 954 Chief Financial Officer (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 2021-06-17 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (905) 871-0330 Telephone number

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

958 Brittany Stapleford (Name of other authorized person) 959 (905) 871-0330 (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

Schedule of Instalment Remittances

Name of corporation contact: Brittany Stapleford
Telephone number: (905) 871-0330

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
2020-01-30	INSTALLMENT REMITTANCE	23,000
2020-02-28	INSTALLMENT REMITTANCE	23,000
2020-08-31	INSTALLMENT REMITTANCE	138,000
2020-09-28	INSTALLMENT REMITTANCE	23,000
2020-11-13	INSTALLMENT REMITTANCE	46,000
2020-12-31	INSTALLMENT REMITTANCE	23,000
	INSTALLMENT REMITTANCE	
	INSTALLMENT REMITTANCE	
	INSTALLMENT REMITTANCE	
	INSTALLMENT REMITTANCE	
	INSTALLMENT REMITTANCE	
	INSTALLMENT REMITTANCE	
	To Algoma Power Inc.&Cornwall Street Railway...	
	Total amount of instalments claimed (carry the result to line 840 of the T2 Return)	276,000 **A**
	Total instalments credited to the taxation year per T9	276,000 **B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

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SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	25,410,105	19,270,925
	Total tangible capital assets	2008	+	231,586,337	216,803,808
	Total accumulated amortization of tangible capital assets	2009	–	82,278,509	77,717,879
	Total intangible capital assets	2178	+	31,203,787	29,983,367
	Total accumulated amortization of intangible capital assets	2179	–	14,708,712	13,475,619
	Total long-term assets	2589	+	7,873,719	6,990,071
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	199,086,727	181,854,673
	Liabilities				
	Total current liabilities	3139	+	30,125,841	18,590,732
	Total long-term liabilities	3450	+	112,395,151	108,735,760
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	142,520,992	127,326,492
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	56,565,735	54,528,181
	Total liabilities and shareholder equity	3640	=	199,086,727	181,854,673
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	32,665,735	30,628,181

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Corporation's name	Business number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

Income statement information

Description	GIFI	
Operating name	0001	
Description of the operation	0002	
Sequence number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	91,942,192	82,016,331
	Cost of sales	8518	–	75,514,535	65,515,717
	Gross profit/loss	8519	=	16,427,657	16,500,614
	Cost of sales	8518	+	75,514,535	65,515,717
	Total operating expenses	9367	+	11,939,550	11,899,134
	Total expenses (mandatory field)	9368	=	87,454,085	77,414,851
	Total revenue (mandatory field)	8299	+	91,509,315	81,420,764
	Total expenses (mandatory field)	9368	–	87,454,085	77,414,851
	Net non-farming income	9369	=	4,055,230	4,005,913
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	4,055,230	4,005,913
	Total – other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	-34,306	29,666
	Future (deferred) income tax provision	9995	–	51,982	56,663
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	4,037,554	3,919,584

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Schedule 141

Notes Checklist

Corporation's name	Business number	Tax Year End Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

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

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

		Yes	No
Does the accountant have a professional designation?	095	X	
Is the accountant connected* with the corporation?	097		X

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

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

Part 2 – Type of involvement with the financial statements

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

Completed an auditor's report	1	X
Completed a review engagement report	2	
Conducted a compilation engagement	3	

Part 3 – Reservations

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

		Yes	No
Has the accountant expressed a reservation?	099		X

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **110**

Prepared the tax return (financial statements prepared by client)	1	
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	

		Yes	No
Were notes to the financial statements prepared?	101	X	
If **yes**, complete lines 104 to 107 below:			
Are subsequent events mentioned in the notes?	104		X
Is re-evaluation of asset information mentioned in the notes?	105		X
Is contingent liability information mentioned in the notes?	106	X	
Is information regarding commitments mentioned in the notes?	107	X	
Does the corporation have investments in joint venture(s) or partnership(s)?	108		X

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . . **200** Yes [ ] No [X]

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		In OCI Increase (decrease)
Property, plant, and equipment	210		211	
Intangible assets	215		216	
Investment property	220			
Biological assets	225			
Financial instruments	230		231	
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . . **250** Yes [ ] No [X]

Did the corporation apply hedge accounting during the tax year? . . . . . . **255** Yes [ ] No [X]

Did the corporation discontinue hedge accounting during the tax year? . . . . . . **260** Yes [ ] No [X]

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . . **265** Yes [ ] No [X]

If **yes**, you have to maintain a separate reconciliation.

Corporation's name	Business number	Tax year end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

General Index of Financial Information

Notes to the financial statements

Basis of accounting and summary of significant accounting policies
Incorporation
Canadian Niagara Power Inc. (the "Corporation" or "CNPI"), a wholly owned subsidiary of FortisOntario Inc. (the "parent company") (formerly Canadian Niagara Power Company, Limited), was incorporated on February 17, 1999 to comply with the Electricity Act, 1998 (Ontario) (the "Act"). The Act requires that the electric power transmission and distribution businesses, previously carried out by the parent company, be carried out by a separate legal entity. Effective March 31, 1999, the Corporation purchased the electric power transmission and distribution assets of its parent company and commenced operations. On January 1, 2004, the Corporation was amalgamated with Eastern Ontario Power Inc. and continued as Canadian Niagara Power Inc. The business of the Corporation is the transmission and distribution of electricity to customers within Ontario. The business is regulated by the Ontario Energy Board ("OEB").
These financial statements include the operating results of the Fort Erie, Port Colborne and Eastern Ontario Power (Gananoque) distribution centres and the Fort Erie transmission centre.(a) Basis of accounting
These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), as per Part II of the CPA Handbook - Accounting, which constitutes generally accepted accounting principles for non publicly accountable enterprises in Canada.
(b) Significant accounting policies
Regulation
CNPI distribution
The distribution rates of CNPI are based upon Cost of Service ("CoS") rate regulation by the OEB. Earnings are regulated on the basis of a rate of return on rate base plus a recovery of all allowable distribution costs. Beginning with electricity distribution rates effective in 2016, decoupling of electricity distribution rates for the Residential customer class was introduced; complete decoupling has been approved in 2020 rates.
On August 13, 2018, CNPI filed an application with the OEB seeking approval to change electricity distribution rates, effective January 1, 2019, based on 4th Generation Incentive Rate Making ("4GIRM"). A Decision and Order was issued December 13, 2018 that approved the net price cap index adjustment for CNPI of 1.05% (i.e. 1.5% - (0% + 0.45%)). The 1.05% adjustment was applied to distribution rates (fixed and variable charges) uniformly across all customer classes.
On August 12, 2019, CNPI filed an application with the OEB seeking approval to change electricity distribution rates, effective January 1, 2020, based on 4GIRM.
A Decision and Order was issued December 12, 2019 that approved the net price cap index adjustment for CNPI of 1.55% (i.e. 2.0% - (0% + 0.45%)). The 1.55% adjustment will be applied to distribution rates (fixed and variable charges) uniformly across all customer classes.
1. Basis of accounting and summary of significant accounting policies (continued) Incorporation (continued)
(b) Significant accounting policies (continued)
Regulation (continued)
CNPI distribution (continued)
On August 7, 2020, CNPI filed an application with the OEB seeking approval to change electricity distribution rates, effective January 1, 2021, based on 4GIRM. A Decision and Order was issued December 10, 2020 (revised on December 17, 2020), that approved the net price cap index adjustment for CNPI of 1.75% (i.e. 2.2% - (0% + 0.45%)). The 1.75% adjustment will be applied to distribution rates (fixed and variable charges) uniformly across all customer

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Notes to the financial statements

classes. The Decision and Order also approved CNPI requests to recover $320 in 2016-2019 lost revenue from energy conservation programs (LRAMVA) and $262 in 2019 extraordinary event costs related to a severe windstorm (Z-Factor).

CNPI transmission

The transmission rates of CNPI are based upon CoS rate regulation by the OEB. Earnings are regulated on the basis of a rate of return on rate base plus a recovery of all allowable transmission costs.

On November 17, 2014, CNPI submitted a Revenue Requirement Application for its Transmission business. The Application sought approval of CNPI's 2015 and 2016 Transmission Revenue Requirement.

On June 25, 2015, the OEB issued its Decision and Order. The Decision and Order approved final revenue requirements of $4,246 and $4,647 for 2015 and 2016 respectively, and provided a 9.3% ROE with a 60%/40% debt equity structure.

Setting of the Uniform Transmission Rates ("UTR") for the 2017-2020 rate years continues to include CNPI's approved 2016 revenue requirement of $4,647. Due to delays between the OEB-approved effective dates and the OEB-approved implementation dates for UTR in both 2017 and 2020, CNPI recorded foregone transmission revenue in deferral accounts for recovery in future years. A Decision and Order was issued December 17, 2020 that added $428 to CNPI's 2021 transmission revenue requirement in order to recover 2017 and 2020 foregone revenue plus interest.Materials and supplies

Materials and supplies are recorded at average cost. Materials and supplies expensed to operating expenses in 2020 were $115 ($106 in 2019).

Utility capital assets and capitalization policy

Nature of distribution and transmission assets

Distribution assets

Distribution assets are those used to distribute electricity at lower voltages (generally below 50 kilovolts). These assets include poles, towers and fixtures, low voltage wires, transformers, overhead and underground conductors, street lighting, meters, metering equipment and other related equipment.

1. Basis of accounting and summary of significant accounting policies (continued)(b) Significant accounting policies (continued)

Utility capital assets and transmission assets (continued)

Transmission assets

Transmission assets are those used to transmit electricity at higher voltages (generally at 50 kilovolts and above). These assets include poles, wires and conductors, substations, support structures and other related equipment.

Service life range and average remaining service life of utility capital assetsThe service life range and average remaining service life of the utility capital assets are as follows:

	Service life range (years)	Average remaining service life (years)
Distribution	10 to 50	35.1
Transmission	20 to 50	32.3
Other	5 to 50	9.4

Utility capital assets are stated at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the utility capital assets using the straight-line method at a composite rate of 2.5% (2.5% in 2019).

Contributions in aid of construction represent funding of utility capital assets contributed by customers. These accounts are being reduced annually by an amount equal to the charge for amortization provided on the contributed

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Notes to the financial statements

portion of the assets involved.Capitalization policy
The Corporation's capitalization policy is in accordance with the OEB's requirements to use a "modified IFRS" accounting basis.Intangible assets
Intangible assets are stated at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the intangible assets using the straight-line method.
The service life range and average remaining service life of the intangible assets are as follows:

	Service life range (years)	Average remaining service life (years)
Software costs	5 to 10	4.2
Land and transmission rights	40	21.7
Other	45 to 50	32.8

1. Basis of accounting and summary of significant accounting policies (continued)Incorporation (continued)
(b) Significant accounting policies (continued)
Asset retirement obligations
ASPE requires the recognition of an asset retirement obligation in the period during which a legal obligation associated with the retirement of a tangible long-lived asset is incurred and when a reasonable estimate of this amount can be made.
The Corporation has determined that there are asset retirement obligations associated with some parts of its transmission and distribution systems; however, none of these are material or require recognition under Section 3110 of the CPA Handbook.Goodwill
Goodwill represents the excess of the acquisition cost of the shares of the Corporation, and Eastern Ontario Power Inc. (amalgamated with the Corporation on January 1, 2004) over the assigned value of identifiable net assets acquired, as well as the excess of the purchase price of the remaining utility capital assets of Port Colborne Hydro Inc. ("PCHI") over the fair value of these assets.
ASPE requires that goodwill shall be tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the reporting unit to which the goodwill is assigned may exceed the fair value of the reporting unit. Any impairment in value is charged to earnings during the year.Other assets
Other assets are amortized over their useful lives.
Revenue recognition
Revenue from the sale, transmission and distribution of electricity is recognized on the accrual basis. Electricity is metered upon delivery to customers and is recognized as revenue using approved rates when consumed. Meters are read periodically and bills are issued to customers based on these readings. At the end of the year a certain amount of consumed electricity will not have been billed. Electricity that is consumed but not yet billed to the customers is estimated and accrued as revenue in the current year. Unbilled revenue included in accounts receivable as at December 31, 2020 is $5,873($5,586 in 2019).
Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date. Gains and losses on translation are included in the statement of earnings and retained earnings. Revenue and expenses are translated at the exchange rate prevailing on the transaction date.
1. Basis of accounting and summary of significant accounting policies (continued)Incorporation (continued)
(b) Significant accounting policies (continued)

Corporation's name	Business number	Tax year end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

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Notes to the financial statements

Employee benefit plans
Effective January 1, 2014, the Corporation adopted the new CPA Handbook Section 3462, Employee Future Benefits, for its accounting of pension benefits and other retirement benefits. As allowed under new Section 3462, the Corporation made an accounting policy choice to measure its defined benefit plan obligations using the funding valuation approach. This approach uses the most recent completed actuarial valuations prepared for funding purposes as the basis of measuring defined benefit plan obligations. Even though other retirement benefits are not funded, Section 3462 allows that such liabilities can be measured on a basis consistent with funded plans. As well, the Corporation is using a
roll-forward technique in the years between valuations to estimate the defined benefit obligations. Pension plan assets are valued at fair value as of the balance sheet date.
In 2013, the Corporation made an application to the OEB to continue to account for pension and other retirement benefits under the former Section 3461. In December 2013, the OEB issued a Decision and Order approving the establishment of specific variance accounts as of January 1, 2013 to recognize the difference in expense between Sections 3461 and 3462 as long-term regulatory assets or liabilities for 2013 and future years, which will be disposed of in future cost of service proceedings, subject to the OEB's prudence review at that time.Income taxes
The Corporation follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the temporary differences between the tax and accounting bases of assets and liabilities. Future tax assets and liabilities are measured using the enacted and substantively enacted tax rates and laws expected to apply to taxable income in the period in which the temporary differences are expected to be recovered or settled. The Corporation recognizes regulatory assets related to future income tax liabilities in the amount of future income taxes expected to be recovered from customers in future electricity rates.Use of estimates
The preparation of financial statements in conformity with ASPE requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.2. Utility capital assets
Utility capital assets consist of the following:

The amounts above include assets under construction of $9,551 ($8,341 in 2019) which are not subject to amortization.3. Intangible assets
Intangible assets consist of the following:

4. Employee future benefits
The Corporation is a participating employer with its parent company in a defined benefit pension plan and a defined benefit plan providing other retirement benefits. The Corporation also maintains a defined contribution pension plan providing pension benefits and makes contributions to the Ontario Municipal Employees' Retirement Plan ("OMERS") plan on behalf of some of its employees. OMERS is a multi-employer defined benefit pension plan providing pension benefits and is accounted for as a defined contribution

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Notes to the financial statements

pension plan.
Information about the Corporation's defined benefit plans is as follows:

The measurement date for the plan assets and the accrued benefit obligation is December 31, 2020. The effective date of the most recent actuarial valuation was as of December 31, 2019 and the date of the next required valuation for funding purposes is as of December 31, 2022, and will be completed by September 2023.
The defined benefit pension plan assets held at the measurement date are represented by the following categories:
4. Employee future benefits (continued)

The total expense for the Corporation's defined contribution pension plan for the year amounted to $358 ($329 in 2019). The pension cost associated with the OMERS plan was $169 ($173 in 2019).5. Income taxes
The provision for income taxes consists of the following:

During the year, the Corporation recorded $1,446 ($1,338 in 2019) in regulatory assets and a corresponding decrease to future income tax expense, for the amount of future income taxes expected to be recovered from customers in future electricity rates.5. Income taxes (continued)
Future income taxes are provided for temporary differences. Net future tax liabilities consist of the following:
6. Related party transactions
During the year, the Corporation entered into the following transactions with related parties:
These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.6. Related party transactions (continued)
As at December 31, the amounts due to related parties are as follows:

Details of relationships with related parties are as follows:
. Fortis Inc. owns a 100% interest in the capital stock of FortisOntario Inc.. FortisOntario Inc. owns a 100% interest in the capital stock of the Corporation
. Cornwall Street Railway, Light and Power Company Limited is a wholly owned subsidiary of FortisOntario Inc.
. Algoma Power Inc. is a wholly owned subsidiary of FortisOntario Inc.
. CH Energy Group Inc. is a wholly-owned subsidiary of Fortis Inc.
. Maritime Electric Company Limited is a wholly-owned subsidiary Fortis Inc.. FortisBC Inc. is a wholly owned subsidiary of Fortis Inc.
7. Long-term debt
Long-term debt consists of the following:

The senior unsecured notes bear interest at 4.102% and are repayable at maturity on
August 14, 2048. Interest expense on long-term debt for the year was $3,077 ($3,077 in 2019).
The Corporation incurred debt issue costs in 2018 of $316 that are being amortized over the term of the loan. As at December 31, 2020, the accumulated amortization amounted to $25 ($15 in 2019).
The Corporation's long-term debt obligations and credit facility agreements have covenants that restrict the issuance of additional debt such that debt cannot exceed 75% of their capital structures as defined in the agreements.
As at December 31, 2020, the Corporation was in compliance with its debt

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Notes to the financial statements

covenants (compliance in 2019). 8. Capital stock
The authorized and issued capital stock consists of 23,900,001 common shares without par value.9. Amortization
Amortization consists of the following:

Vehicle amortization is allocated to utility capital assets and operating expenses on a vehicle time per-use basis.10. Statement of cash flows
The net change in non-cash working capital balances related to operations consists of the following:
Supplemental cash flow information:

11. Financial risk management
The Corporation is primarily exposed to credit risk, liquidity risk and market risk as a result of holding financial instruments in the normal course of business.
Credit risk - Risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument.
Liquidity risk - Risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.
Market risk - Risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.Credit risk
For cash, trade and other accounts receivable due from customers, the Corporation's credit risk is limited to the carrying value on the balance sheet.
The Corporation is exposed to credit risk from its distribution customers but has various policies to minimize this risk. These policies include requiring customer deposits, performing disconnections and using third party collection agencies for overdue accounts. The Corporation has a large and diversified distribution customer base, which minimizes the concentration of this risk.
The aging of the Corporation's trade and other receivables due from customers is as follows:
Liquidity risk
Liquidity risk to the Corporation is minimized. Financing of regulated capital and other expenditures is done through internally generated funds. These funds are a result of allowable rate regulated returns and recoveries under the OEB rate regulation mechanism.
The Corporation's parent company is a wholly owned by Fortis Inc., a large investor owned utility that has had the ability to raise sufficient and cost-effective financing. However, the ability to arrange financing on a go forward basis is subject to numerous factors including the results of operations and financial position of Fortis Inc. and its subsidiaries, conditions in the capital and bank credit markets, ratings assigned by rating agencies and general economic conditions.
To mitigate any liquidity risk, the Corporation is a party to a committed revolving credit facility and letters of credit facilities totaling $40,000, of which $25,700 ($25,700 in 2019) is unused. This credit agreement is shared among the subsidiaries of FortisOntario Inc. and is renewed on an annual basis.
The facility is guaranteed by the parent company and bears interest at the bankers' acceptance rate plus 1.20% in the case of bankers' acceptances and at the bank's prime lending rate plus 0.20% in the case of bank loans.
11. Financial risk management (continued)
Liquidity risk (continued)
The following is an analysis of the contractual maturities of the Corporation's financial liabilities as at December 31, 2020:
The following is an analysis of the contractual maturities of the

General Index of Financial Information

Notes to the financial statements

Corporation's financial liabilities as at December 31, 2019:
Interest rate risk
Long-term debt is at fixed interest rates thereby minimizing cash flow and interest rate fluctuation exposure. The Corporation is primarily subject to risks associated with fluctuating interest rates on its short-term borrowings. As of December 31, 2020,
the Corporation's short-term borrowings are nil (nil in 2019).

12. Capital management

The Corporation manages its capital to approximate the deemed capital structure reflected in the utility's customer rates. Effective January 1, 2017, the distribution rates are based on a deemed capital structure of 60% debt and 40% equity. The Corporation's capital structure consists of third party debt, affiliated debt and common equity but excludes unamortized debt issue costs.The managed capital is as follows:

13. Regulatory assets and liabilities

Regulatory assets and regulatory liabilities arise as a result of regulatory requirements.
The Corporation pays the cost of power on behalf of its customers and recovers these costs through retail billings to its customers. The cost of power includes charges for transmission, wholesale market operations and the power itself from Ontario's Independent Electricity System Operator. The balance of the retail settlement variance account represents the costs that have not been recovered from, or settled through, customers as of the balance sheet date. The OEB's Distribution Rate Handbook and Accounting Procedures Handbook allow these costs to be deferred and recovered through future rate adjustments, as discussed in note 1. In the absence of rate regulation, these costs would be expensed in the period that they are incurred.
The OEB has the general power to include or exclude costs, revenues, gains or losses in the rates of a specific period, resulting in the timing of revenue and expense recognition that may differ in the Corporation's regulated operations from those otherwise expected in non-regulated businesses. This change in timing gives rise to the recognition of regulatory assets and liabilities. The Corporation continually assesses the likelihood of recovery of its regulatory assets and believes that its regulatory assets and liabilities will be factored into the setting of future rates as discussed in Note 1. If future recovery through rates is no longer considered probable, the appropriate carrying amount will be written off in the period that the assessment is made.
In 2019, the OEB directed all regulated utilities to recognize a regulatory liability for any
cash tax savings related to the new accelerated capital cost allowance rules enacted by the federal government in late 2018. The timing, and ultimate disposition amount, of these savings is at this point unknown. The Corporation has recognized a long-term regulatory liability in the amount of $446 ($537 in 2019) and "Other regulatory adjustment" of $437 ($535 in 2019) on the statement of earnings and retained earnings, which is the tax savings amount for 2020, and regulatory interest income of $9 ($2 in 2019).
Regulatory assets and liabilities are not subject to a regulatory return; however, the balances include an accrual for interest recovery/payable as permitted by the regulators.

14. Segmented information

(a) Earnings

(b) Utility capital assets

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Notes to the financial statements

15. Pandemic response

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Corporation in future periods.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

Assets – lines 1000 to 2599

1000	4,486,046	1060	11,932,483	1066	386,228
1120	158,105	1480	7,873,883	1484	573,360
1599	25,410,105	1600	259,192	1740	231,327,145
1741	-82,278,509	2008	231,586,337	2009	-82,278,509
2010	23,971,297	2011	-14,708,712	2012	7,232,490
2178	31,203,787	2179	-14,708,712	2422	7,574,165
2424	299,554	2589	7,873,719	2599	199,086,727

Liabilities – lines 2600 to 3499

2620	11,334,552	2860	18,603,009	2961	188,280
3139	30,125,841	3140	76,529,154	3240	12,001,526
3320	16,469,370	3321	7,395,101	3450	112,395,151
3499	142,520,992				

Shareholder equity – lines 3500 to 3640

3500	23,900,000	3600	32,665,735	3620	56,565,735
3640	199,086,727				

Retained earnings – lines 3660 to 3849

3660	30,628,181	3680	4,037,554	3701	-2,000,000
3849	32,665,735				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	91,942,192	8089	91,942,192	8094	5,371
8210	-694	8230	-436,997	8231	-557
8299	91,509,315				

Cost of sales – lines 8300 to 8519

8320	65,778,495	8450	9,736,040	8518	75,514,535
8519	16,427,657				

Operating expenses – lines 8520 to 9369

8520	46,604	8523	24,653	8570	1,233,092
8590	72,179	8670	4,799,975	8690	117,516
8710	3,383,461	8860	1,506,413	9180	277,652
9200	24,844	9220	453,161	9367	11,939,550
9368	87,454,085	9369	4,055,230		

Extraordinary items and taxes – lines 9970 to 9999

9970	4,055,230	9990	-34,306	9995	51,982
9999	4,037,554				

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
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

- 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			4,037,554	A
Add:				
Provision for income taxes – current	101	-34,306		
Provision for income taxes – deferred	102	51,982		
Amortization of tangible assets	104	4,799,975		
Amortization of intangible assets	106	1,233,092		
Loss on disposal of assets	111	694		
Charitable donations and gifts from Schedule 2	112	1,000		
Non-deductible meals and entertainment expenses	121	12,327		
Reserves from financial statements – balance at the end of the year	126	2,242,088		
Subtotal of additions		8,306,852	8,306,852	
Other additions:				
Financing fees deducted in books	216	10,548		

Miscellaneous other additions:

1 Description 605	2 Amount 295
Total of column 2	

Total of column 2	296			
Subtotal of other additions	199	10,548	10,548	D
Total additions	500	8,317,400	8,317,400	
Amount A **plus** line 500			12,354,954	B
Deduct:				
Capital cost allowance from Schedule 8	403	10,245,960		
Reserves from financial statements – balance at the beginning of the year	414	2,062,165		
Subtotal of deductions		12,308,125	12,308,125	

Other deductions:

Miscellaneous other deductions:

	1 Description 705	2 Amount 395
1	Debt issue costs	63,249
	Total of column 2	63,249

Total of column 2	396	63,249		
Subtotal of other deductions	499	63,249	63,249	E
Total deductions	510	12,371,374	12,371,374	
Net income (loss) for income tax purposes (amount B **minus** line 510)			-16,420	C

Enter amount C on line 300 of the T2 return.

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Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

- 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.
- 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)
Gananoque Food Bank	1,000
Subtotal	1,000
Add: Total donations of less than $100 each	
Total donations in current tax year	1,000

Part 1 – Charitable donations

	Line	Federal		Québec	Alberta
Charitable donations at the end of the previous tax year			1A		
Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the current tax year (amount 1A **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	1,000		1,000	1,000
Subtotal (line 250 **plus** line 210)		1,000	1B	1,000	1,000
Subtotal (line 240 **plus** amount 1B)		1,000	1C	1,000	1,000
Adjustment for an acquisition of control	255				
Total charitable donations available (amount 1C **minus** line 255)		1,000	1D	1,000	1,000
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2) (enter this amount on line 311 of the T2 return)	260				
Charitable donations closing balance (amount 1D **minus** line 260)	280	1,000		1,000	1,000

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, 2024) . . . . **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	2019-12-31			
2nd prior year	2018-12-31			
3rd prior year	2017-12-31			
4th prior year	2016-12-31			
5th prior year	2015-12-31			
6th prior year*	2014-12-31			
7th prior year	2013-12-31			
8th prior year	2012-12-31			
9th prior year	2011-12-31			
10th prior year	2010-12-31			
11th prior year	2009-12-31			
12th prior year	2008-12-31			
13th prior year	2007-12-31			
14th prior year	2006-12-31			
15th prior year	2005-12-31			
16th prior year	2004-12-31			
17th prior year	2003-12-31			
18th prior year	2002-12-31			
19th prior year	2001-12-31			
20th prior year	2000-12-31			
21st prior year*	1999-12-31			
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 % 2A

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 .... 2B

Capital cost Note 2 .... 2C

Amount 2B or 2C, whichever is less **235**

Amount on line 230 or 235, whichever is less 2D

Subtotal (**add** lines 225, 227, and amount 2D) 2E

Amount 2E **multiplied** by 25 % 2F

Subtotal (amount 2A **plus** amount 2F) 2G

Maximum allowable deduction for charitable donations
(enter amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is the least) 2H

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			3A		
Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the current tax year (amount 3A **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)			3B		
Subtotal (line 440 **plus** amount 3B)			3C		
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)			3D		
Gifts of certified cultural property closing balance (amount 3C **minus** amount 3D)	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	2019-12-31			
2nd prior year	2018-12-31			
3rd prior year	2017-12-31			
4th prior year	2016-12-31			
5th prior year	2015-12-31			
6th prior year*	2014-12-31			
7th prior year	2013-12-31			
8th prior year	2012-12-31			
9th prior year	2011-12-31			
10th prior year	2010-12-31			
11th prior year	2009-12-31			
12th prior year	2008-12-31			
13th prior year	2007-12-31			
14th prior year	2006-12-31			
15th prior year	2005-12-31			
16th prior year	2004-12-31			
17th prior year	2003-12-31			
18th prior year	2002-12-31			
19th prior year	2001-12-31			
20th prior year	2000-12-31			
21st prior year*	1999-12-31			
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			4A		
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 4A **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)			4B		
Subtotal (line 540 **plus** amount 4B)			4C		
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)			4D		
Gifts of certified ecologically sensitive land closing balance (amount 4C **minus** amount 4D)	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	2019-12-31			
2nd prior year	2018-12-31			
3rd prior year	2017-12-31			
4th prior year	2016-12-31			
5th prior year	2015-12-31			
6th prior year*	2014-12-31			
7th prior year	2013-12-31			
8th prior year	2012-12-31			
9th prior year	2011-12-31			
10th prior year	2010-12-31			
11th prior year*	2009-12-31			
12th prior year	2008-12-31			
13th prior year	2007-12-31			
14th prior year	2006-12-31			
15th prior year	2005-12-31			
16th prior year	2004-12-31			
17th prior year	2003-12-31			
18th prior year	2002-12-31			
19th prior year	2001-12-31			
20th prior year	2000-12-31			
21st prior year*	1999-12-31			
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			5A		
Additional deduction for gifts of medicine expired after five tax years*	639				
Additional deduction for gifts of medicine at the beginning of the current tax year (amount 5A **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)			5B		
Amount 5B **multiplied** by 50 %			5C		
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 5C

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)			5D		
Subtotal (line 640 **plus** amount 5D)			5E		
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)			5F		
Additional deduction for gifts of medicine closing balance (amount 5E **minus** amount 5F)	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	2019-12-31			
2nd prior year	2018-12-31			
3rd prior year	2017-12-31			
4th prior year	2016-12-31			
5th prior year	2015-12-31			
6th prior year*	2014-12-31			
7th prior year	2013-12-31			
8th prior year	2012-12-31			
9th prior year	2011-12-31			
10th prior year	2010-12-31			
11th prior year	2009-12-31			
12th prior year	2008-12-31			
13th prior year	2007-12-31			
14th prior year	2006-12-31			
15th prior year	2005-12-31			
16th prior year	2004-12-31			
17th prior year	2003-12-31			
18th prior year	2002-12-31			
19th prior year	2001-12-31			
20th prior year	2000-12-31			
21st prior year*	1999-12-31			
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	2019-12-31	
2nd prior year	2018-12-31	
3rd prior year	2017-12-31	
4th prior year	2016-12-31	
5th prior year	2015-12-31	
6th prior year*	2014-12-31	
7th prior year	2013-12-31	
8th prior year	2012-12-31	
9th prior year	2011-12-31	
10th prior year	2010-12-31	
11th prior year	2009-12-31	
12th prior year	2008-12-31	
13th prior year	2007-12-31	
14th prior year	2006-12-31	
15th prior year	2005-12-31	
16th prior year	2004-12-31	
17th prior year	2003-12-31	
18th prior year	2002-12-31	
19th prior year	2001-12-31	
20th prior year	2000-12-31	
21st prior year*	1999-12-31	
Total		

* These gifts expired in the current year.

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

- 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 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			-16,420	1A
Net capital losses deducted in the year (enter as a positive amount)		1B		
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)		1C		
Amount of Part VI.1 tax deductible under paragraph 110(1)(k)		1D		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		1E		
Employer deduction in respect of non-qualified securities – Paragraph 110(1)(e)		1F		
Subtotal (total of amounts 1B to 1F)		▶		1G
Subtotal (amount 1A **minus** amount 1G; if positive, enter "0"			-16,420	1H
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions				1I
Subtotal (amount 1H **minus** amount 1I)			-16,420	1J
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)				1K
Current-year non-capital loss (amount 1J **plus** amount 1K; if positive, enter "0") If amount 1L is negative, enter it on line 110 as a positive.			-16,420	1L

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			1M		
Non-capital loss expired **(note 1)**	100				
Non-capital losses at the beginning of the tax year (amount 1M **minus** line 100)	102		▶		
Non-capital losses transferred on an amalgamation or on the wind-up of a subsidiary **(note 2)** corporation	105				
Current-year non-capital loss (from amount 1L)	110	16,420			
Subtotal (line 105 **plus** line 110)		16,420	▶	16,420	1N
Subtotal (line 102 **plus** amount 1N)				16,420	1O

Note 1: A non-capital loss expires after **20** tax years and an allowable business investment loss becomes a net capital loss after **10** tax years.

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)

Other adjustments (includes adjustments for an acquisition of control)	150			
Section 80 – Adjustments for forgiven amounts	140			
Subsection 111(10) – Adjustments for fuel tax rebate				
Non-capital losses of previous tax years applied in the current tax year Enter line 130 on line 331 of the T2 Return.	130			
Current and previous years non-capital losses applied against current-year taxable dividends subject to Part IV tax **(note 3)**	135			
Subtotal (total of lines 150, 140, 130 and 135)				1P
Non-capital losses before any request for a carryback (amount 1O **minus** amount 1P)			16,420	1Q

Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901			
Second previous tax year to reduce taxable income	902			
Third previous tax year to reduce taxable income	903	16,420		
First previous tax year to reduce taxable dividends subject to Part IV tax	911			
Second previous tax year to reduce taxable dividends subject to Part IV tax	912			
Third previous tax year to reduce taxable dividends subject to Part IV tax	913			
Total of requests to carry back non-capital losses to previous tax years (total of lines 901 to 913)		16,420	16,420	1R
Closing balance of non-capital losses to be carried forward to future tax years (amount 1Q **minus** amount 1R)	180			

Note 3: Line 135 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			
Capital losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	205			
Subtotal (line 200 **plus** line 205)				2A
Other adjustments (includes adjustments for an acquisition of control)	250			
Section 80 – Adjustments for forgiven amounts	240			
Subtotal (line 250 **plus** line 240)				2B
Subtotal (amount 2A **minus** amount 2B)				2C
Current-year capital loss (from the calculation on Schedule 6, Summary of Dispositions of Capital Property)	210			
Unused non-capital losses from the 11th previous tax year **(note 4)**			2D	
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year **(note 5)**			2E	
Enter amount 2D or 2E, whichever is less	215			
ABILs expired as non-capital losses: line 215 **multiplied** by 2.000000	220			
Subtotal (amount 2C **plus** line 210 **plus** line 220)				2F

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.

Note 4: Determine the amount of the loss from the 11th previous tax year and enter the part of that loss that was not deducted in the previous 11 years.

Note 5: Enter the amount of the ABILs from the 11th previous tax year. Enter the full amount on amount 2E.

Part 2 – Capital losses (continued)

Capital losses from previous tax years applied against the current-year net capital gain **(note 6)**	225		
Capital losses before any request for a carryback (amount 2F **minus** line 225)			2G

Request to carry back capital loss to (note 7):

	Capital gain (100%)		Amount carried back (100%)		
First previous tax year		951			
Second previous tax year		952			
Third previous tax year		953			
Subtotal (total of lines 951 to 953)				▶	2H
Closing balance of capital losses to be carried forward to future tax years (amount 2G **minus** amount 2H) **(note 8)**		280			

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current tax year, 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.

Note 8: Capital losses can be carried forward indefinitely.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year			3A		
Farm loss expired **(note 9)**	300				
Farm losses at the beginning of the tax year (amount 3A **minus** line 300)	302		▶		
Farm losses transferred on an amalgamation or on the wind–up of a subsidiary corporation	305				
Current-year farm loss (amount 1K in Part 1)	310				
Subtotal (line 305 **plus** line 310)			▶		3B
Subtotal (line 302 **plus** amount 3B)					3C
Other adjustments (includes adjustments for an acquisition of control)	350				
Section 80 – Adjustments for forgiven amounts	340				
Farm losses of previous tax years applied in the current tax year Enter line 330 on line 334 of the T2 Return.	330				
Current and previous years farm losses applied against current-year taxable dividends subject to Part IV tax **(note 10)**	335				
Subtotal (total of lines 350, 340, 330 and 335)			▶		3D
Farm losses before any request for a carryback (amount 3C **minus** amount 3D)					3E

Request to carry back farm loss to:

First previous tax year to reduce taxable income	921				
Second previous tax year to reduce taxable income	922				
Third previous tax year to reduce taxable income	923				
First previous tax year to reduce taxable dividends subject to Part IV tax	931				
Second previous tax year to reduce taxable dividends subject to Part IV tax	932				
Third previous tax year to reduce taxable dividends subject to Part IV tax	933				
Subtotal (total of lines 921 to 933)			▶		3F
Closing balance of farm losses to be carried forward to future tax years (amount 3E **minus** amount 3F)	380				

Note 9: A farm loss expires after **20** tax years.

Note 10: Line 335 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	
(line 485 ____ – $2,500) **divided** by 2		4A		
Amount 4A or $ 15,000 , whichever is less		▶		4B
			2,500	4C
Subtotal (amount 4B **plus** amount 4C)			2,500 ▶	2,500 4D
Current-year restricted farm loss (line 485 **minus** amount 4D)				4E

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			4F	
Restricted farm loss expired **(note 11)**	400			
Restricted farm losses at the beginning of the tax year (amount 4F **minus** line 400)	402		▶	
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	405			
Current-year restricted farm loss (from amount 4E)	410			
Enter line 410 on line 233 of Schedule 1, Net Income (Loss) for Income Tax Purposes.				
Subtotal (line 405 **plus** line 410)			▶	4G
Subtotal (line 402 **plus** amount 4G)				4H
Restricted farm losses from previous tax years applied against current farming income	430			
Enter line 430 on line 333 of the T2 return.				
Section 80 – Adjustments for forgiven amounts	440			
Other adjustments	450			
Subtotal (total of lines 430 to 450)			▶	4I
Restricted farm losses before any request for a carryback (amount 4H **minus** amount 4I)				4J

Request to carry back restricted farm loss to:

First previous tax year to reduce farming income	941			
Second previous tax year to reduce farming income	942			
Third previous tax year to reduce farming income	943			
Subtotal (total of lines 941 to 943)			▶	4K
Closing balance of restricted farm losses to be carried forward to future tax years (amount 4J **minus** amount 4K)			480	

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 11: A restricted farm loss expires after **20** tax years.

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		5A	
Listed personal property loss expired **(note 12)**	500		
Listed personal property losses at the beginning of the tax year (amount 5A **minus** line 500)	502	▶	
Current-year listed personal property loss (from Schedule 6)		510	
Subtotal (line 502 **plus** line 510)			5B
Listed personal property losses from previous tax years applied against listed personal property gains Enter line 530 on line 655 of Schedule 6.	530		
Other adjustments	550		
Subtotal (line 530 **plus** line 550)		▶	5C
Listed personal property losses remaining before any request for a carryback (amount 5B **minus** amount 5C)			5D

Request to carry back listed personal property loss to:

First previous tax year to reduce listed personal property gains	961		
Second previous tax year to reduce listed personal property gains	962		
Third previous tax year to reduce listed personal property gains	963		
Subtotal (total of lines 961 to 963)		▶	5E
Closing balance of listed personal property losses to be carried forward to future tax years (amount 5D **minus** amount 5E)		580	

Note 12: A listed personal property loss expires after **7** tax years.

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	16,420		16,420	N/A		
1st preceding taxation year 2019-12-31		N/A		N/A			
2nd preceding taxation year 2018-12-31		N/A		N/A			
3rd preceding taxation year 2017-12-31		N/A		N/A			
4th preceding taxation year 2016-12-31		N/A		N/A			
5th preceding taxation year 2015-12-31		N/A		N/A			
6th preceding taxation year 2014-12-31		N/A		N/A			
7th preceding taxation year 2013-12-31		N/A		N/A			
8th preceding taxation year 2012-12-31		N/A		N/A			
9th preceding taxation year 2011-12-31		N/A		N/A			
10th preceding taxation year 2010-12-31		N/A		N/A			
11th preceding taxation year 2009-12-31		N/A		N/A			
12th preceding taxation year 2008-12-31		N/A		N/A			
13th preceding taxation year 2007-12-31		N/A		N/A			
14th preceding taxation year 2006-12-31		N/A		N/A			
15th preceding taxation year 2005-12-31		N/A		N/A			
16th preceding taxation year 2004-12-31		N/A		N/A			
17th preceding taxation year 2003-12-31		N/A		N/A			
18th preceding taxation year 2002-12-31		N/A		N/A			
19th preceding taxation year 2001-12-31		N/A		N/A			
20th preceding taxation year 2000-12-31		N/A		N/A			*
Total		16,420		16,420			

* **This balance expires this year and will not be available next year.**

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

- 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 attributable to jurisdiction	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

	Line	Amount		Total	Ref
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	109,491			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal (line 278 **plus** line 280)		109,491	►	109,491	5H
Total Ontario tax payable before refundable tax credits (amount 5G **plus** amount 5H)				109,491	5I
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452				
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 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 regional opportunities investment tax credit (from Schedule 570)	472				
Ontario refundable tax credits (total of lines 450 to 472)			►		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.				290 109,491	

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 255 109,491

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
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

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 [X]

	1 Class number * See note 1	Description	2 Undepreciated capital cost (UCC) at the beginning of the year	3 Cost of acquisitions during the year (new property must be available for use) See note 2	4 Cost of acquisitions from column 3 that are accelerated investment incentive properties (AIIP) or zero-emission vehicle (ZEV) See note 3	5 Adjustments and transfers See note 4	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 5	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 6	8 Proceeds of dispositions See note 7	9 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See note 8
	200		201	203	225	205	221	222	207	
1.	1		24,318,182						0	24,318,182
2.	1b	Building > Mar 18, 2007	388,068	8,731	8,731				0	396,799
3.	2		1,056,425						0	1,056,425
4.	3		42,866						0	42,866
5.	8		561,019	110,716	110,716				0	671,735
6.	10		1,134,640	504,340	504,340				0	1,638,980
7.	12		61,138	1,436,247					0	1,497,385
8.	45	Computers > 22-03-04 & < 19-03-07	119						0	119
9.	46	System Supervisory processing equipmei	12						0	12
10.	47		68,771,621	11,728,863	9,568,619				111,440	80,389,044
11.	50	Computers > Mar 18, 2007	239,378	104,820	104,820				0	344,198
12.	14.1	Eligible Cumulative Expenditures	445,338						0	445,338
		Totals	97,018,806	13,893,717	10,297,226				111,440	110,801,083

	1 Class number * See note 1 **200**	Description	10 Proceeds of disposition available to reduce the UCC of AIIP and ZEV (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 and ZEV acquired during the year (column 4 **minus** column 10) (if negative, enter "0")	12 UCC adjustment for AIIP and ZEV acquired during the year (column 11 **multiplied** by the relevant factor) See note 9	13 UCC adjustment for property acquired during the year other than AIIP and ZEV (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						4	0	0	972,727	23,345,455
2.	1b	Building > Mar 18, 2007		8,731	4,366		6	0	0	24,070	372,729
3.	2						6	0	0	63,386	993,039
4.	3						5	0	0	2,143	40,723
5.	8			110,716	55,358		20	0	0	145,419	526,316
6.	10			504,340	252,170		30	0	0	567,345	1,071,635
7.	12						100	0	0	1,497,385	
8.	45	Computers > 22-03-04 & < 1					45	0	0	54	65
9.	46	System Supervisory processin					30	0	0	4	8
10.	47			9,568,619	4,784,310	1,024,402	8	0	0	6,731,916	73,657,128
11.	50	Computers > Mar 18, 2007		104,820	52,410		55	0	0	218,134	126,064
12.	14.1	Eligible Cumulative Expenditur					5	0	0	23,377	421,961
		Totals		10,297,226	5,148,614	1,024,402				10,245,960	100,555,123

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 AIIP is a property (other than ZEV) that you acquired after November 20, 2018 and became available for use before 2028. ZEV is, subject to certain exceptions, a new motor vehicle included in Class 54 or 55 that you acquired after March 18, 2019 and became available for use before 2028. The Government proposes to create Class 56 for zero-emission automotive equipment and vehicles that currently do not benefit from the accelerated rate provided by Classes 54 and 55. Class 56 would apply to eligible zero-emission automotive equipment and vehicles that are acquired after March 1, 2020, and became available for use before 2028. Columns 4, 10, 11, 12 and 13 also apply for additions of class 56 property. See the T2 Corporation Income Tax Guide for more information.

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.
Also include the UCC of each property acquired 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 continuously owned by the transferor for at least 364 days before the end of your tax year.

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).
The proceeds of disposition of a ZEV that has been included in Class 54 and that is subject to the $55,000 (plus sales taxes) capital cost limit will be adjusted based on a factor equal to the capital cost limit of $55,000 (plus sales taxes) as a proportion of the actual cost of the vehicle.

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 property of a class in Schedule II, that is AIIP or included in Classes 54 to 56, available for use before 2024 are:
- 2 1/3 for property in Classes 43.1, 54 and 56
- 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 property acquired during the year other than AIIP and ZEV (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

The AIIP also apply to property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit as well as to industrial mineral mine or a right to remove minerals from an industrial mineral mine. See the Income Tax Regulations for more detail.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

- 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.	0395518 B.C. Ltd.		12628 4249 RC0001	3					
2.	1228158 Ontario Limited		88706 8690 RC0001	3					
3.	Aitken Creek Gas Storage ULC		83434 2552 RC0001	3					
4.	Algoma Power Inc.		82249 4290 RC0001	3					
5.	BC Gas (Argentina) S.A.	AR	NR	3					
6.	BC Gas (Malaysia) SDN. BHD.	MY	NR	3					
7.	Belize Electric Company Limited	BZ	NR	3					
8.	Big Chino Valley Pumped Storage Ll	US	NR	3					
9.	Caribbean Utilities Company, Ltd.	KY	NR	3					
10.	Central Hudson Electric Transmissic	US	NR	3					
11.	Central Hudson Enterprise Corp.	US	NR	3					
12.	Central Hudson Gas & Electric Corp.	US	NR	3					
13.	Central Hudson Gas Transmission L	US	NR	3					
14.	CH Energy Group Inc.	US	NR	3					
15.	Cornwall Street Railway Light and P		12090 6839 RC0001	3					
16.	Desert Southwest Storage Holdings	US	NR	3					
17.	Escavada Leasing Company	US	NR	3					
18.	Fortis (WP) GP Inc.		80854 1726 RC0001	3					
19.	Fortis Alberta Holdings Inc.		86921 0203 RC0001	3					
20.	Fortis Cayman Inc.	KY	NR	3					
21.	Fortis Energy (Bermuda) Ltd.	BM	NR	3					
22.	Fortis Energy Cayman Inc.	KY	NR	3					
23.	Fortis Energy Corporation		10386 4443 RC0001	3					
24.	Fortis Energy International (Belize)	BZ	NR	3					
25.	Fortis Generation Inc		83967 1096 RC0001	3					
26.	Fortis Hawaii Energy Inc		78426 6496 RC0001	3					
27.	Fortis Inc.		10185 2416 RC0001	3					
28.	Fortis LNG GP Inc.		80839 2781 RC0001	3					
29.	Fortis Properties Corporation		89693 2449 RC0001	3					
30.	FortisAlberta Inc.		86929 4520 RC0001	3					
31.	FortisBC Alternative Energy Services		81144 5873 RC0001	3					
32.	FortisBC Energy Inc.		10043 1592 RC0004	3					
33.	FortisBC Holdings Inc.		10534 9740 RC0004	3					
34.	FortisBC Huntington Inc.		12974 2870 RC0001	3					
35.	FortisBC Inc.		10564 5642 RC0001	3					
36.	FortisBC LNG Developments Inc.		79802 9898 RC0001	3					
37.	FortisBC Midstream Inc.		86014 6588 RC0001	3					
38.	FortisBC Pacific Holdings Inc.		87170 9101 RC0001	3					
39.	FortisLUX Holdings Inc.		82293 1242 RC0001	3					
40.	FortisOntario District Heating Inc.		89329 1740 RC0001	3					
41.	FortisOntario Inc.		10076 8985 RC0003	1					
42.	FortisTCI Limited	TC	NR	3					
43.	FortisUS Holdings Nova Scotia Limit		82872 6091 RC0002	3					

	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
44.	FortisUS Inc.	US	NR	3					
45.	FortisWest Inc.		87470 8209 RC0001	3					
46.	Inland Energy Corp.		11960 8529 RC0001	3					
47.	Inland Pacific Energy Services		10249 0554 RC0001	3					
48.	International Transmission Compan	US	NR	3					
49.	ITC Equipment, LLC	US	NR	3					
50.	ITC Great Plains, LLC	US	NR	3					
51.	ITC Grid Development, LLC	US	NR	3					
52.	ITC Interconnection LLC	US	NR	3					
53.	ITC Investment Holdings Inc.	US	NR	3					
54.	ITC Lake Erie Connector LLC	US	NR	3					
55.	ITC Lake Erie Holdings LLC	US	NR	3					
56.	ITC Mid-Atlantic Development LLC	US	NR	3					
57.	ITC Midcontinent Development LLC	US	NR	3					
58.	ITC Midwest LLC	US	NR	3					
59.	ITC New York Development LLC	US	NR	3					
60.	ITC Panhandle Transmission, LLC	US	NR	3					
61.	ITC Project Holdings LLC	US	NR	3					
62.	ITC South Central Development LLC	US	NR	3					
63.	Maritime Electric Company, Limited		12111 9879 RC0001	3					
64.	MEH Equities Management Compan	US	NR	3					
65.	MEH Storage LLC	US	NR	3					
66.	Michigan Electric Transmission Com	US	NR	3					
67.	Michigan Transco Holdings LLC	US	NR	3					
68.	Millennium Energy Holdings, Inc.	US	NR	3					
69.	Mt. Hayes (GP) Ltd.		84888 3914 RC0001	3					
70.	New York Transmission Holdings Co	US	NR	3					
71.	Newfoundland Energy Luxembourg	LU	NR	3					
72.	Newfoundland Power Inc.		10386 4831 RC0001	3					
73.	NGIV2, LLC	US	NR	3					
74.	San Carlos Resources Inc.	US	NR	3					
75.	Southwest Energy Solutions, Inc.	US	NR	3					
76.	Terasen International Inc.		13237 5346 RC0001	3					
77.	Texas Infrastructure Holdings, LLC		NR	3					
78.	Tucson Electric Power Company	US	NR	3					
79.	Tucsonel Inc.	US	NR	3					
80.	Turks and Caicos Utilities Limited	TC	NR	3					
81.	Unisource Energy Development Con	US	NR	3					
82.	Unisource Energy Services, Inc.	US	NR	3					
83.	UNS Electric, Inc.	US	NR	3					
84.	UNS Energy Corporation	US	NR	3					
85.	UNS Gas, Inc.	US	NR	3					
86.	Wataynikaneyap Power PM Inc.		80650 3967 RC0001	3					
87.	West Kootenay Power Ltd.		89427 8670 RC0001	3					
88.	ITC Holdings Corp.	US	NR	3					
89.	Conjuction LLC	US	NR	3					
90.	Empire Connection LLC	US	NR	3					
91.	FortisRT Canada Inc.		70374 2510 RC0001	3					
92.	FortisRT GP Inc.		70374 2718 RC0001	3					
93.	FortisRT LLC1	US	NR	3					
94.	FortisRT LLC2	US	NR	3					
95.	FortisRT LLC3	US	NR	3					
96.	FortisRT LLC4	US	NR	3					

	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
97.	NewfoundlandEnergy Switzerland Lt	CH	NR	3					
98.	NewfoundlandEnergy UK Ltd	GB	NR	3					
99.	Tilbury Jetty Limited Partnership		73041 5536 RC0001	3					
100.	Fortis LNG Jetty GP Inc.		79895 4749 RC0001	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

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	Deferred Pension Asset GL 150	-3,677,614			-37,436	-3,640,178
2	Deferred Post Retirement Bene	5,739,779		470,900	328,413	5,882,266
3						
	Reserves from Part 2 of Schedule 13					
	Totals	2,062,165		470,900	290,977	2,242,088

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 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

- 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:

	Line	Amount		
Reserves that have not been deducted in calculating income for the year under Part I	101			
Capital stock (or members' contributions if incorporated without share capital)	103	23,900,000		
Retained earnings	104	32,665,735		
Contributed surplus	105			
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108			
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)		56,565,735 ►	56,565,735	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)		56,565,735 A
Deduct the following amounts:		
Deferred tax debit balance at the end of the year	121	
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)		B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190	56,565,735

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	
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	

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)		56,565,735 C
Deduct: Investment allowance for the year (line 490)		D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	56,565,735

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) 56,565,735 x (Taxable income earned in Canada **610** 1,000 / Taxable income 1,000) = **Taxable capital employed in Canada** **690** 56,565,735

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 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

- 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

	Line	Amount
Total assets of the corporation at the end of the tax year *	112	199,086,727
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	295,242,988
Total assets (total of lines 112 to 116)		494,329,715
Total revenue of the corporation for the tax year **	142	91,509,315
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	138,448,056
Total revenue (total of lines 142 to 146)		229,957,371

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

	Line	Amount		Line	Total	
Net income/loss per financial statements *				210	4,037,554	
Add (to the extent reflected in income/loss):						
Provision for current income taxes/cost of current income taxes	220					
Provision for deferred income taxes (debits)/cost of future income taxes	222	51,982				
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	282					
283	284					
Subtotal		51,982	▶		51,982	A
Deduct (to the extent reflected in income/loss):						
Provision for recovery of current income taxes/benefit of current income taxes	320	34,306				
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	382					
383	384					
385	386					
387	388					
389	390					
Subtotal		34,306	▶		34,306	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)				490	4,055,230	

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	4,055,230	
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	4,055,230	

Amount from line 520		Number of days in the tax year before July 1, 2010 / Number of days in the tax year				
4,055,230	x	/ 366	x	4 % =		1
4,055,230	x	Number of days in the tax year after June 30, 2010: 366 / Number of days in the tax year: 366	x	2.7 % =	109,491	2

Subtotal (amount 1 **plus** amount 2) 109,491 3

Gross CMT: amount on line 3 above x OAF **	540	109,491	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		109,491	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		109,491	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 *		85,610 G		
Deduct:				
CMT credit expired *	600			
CMT credit carryforward at the beginning of the current tax year * (see note below)		85,610	620	85,610
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)				85,610 H
Deduct:				
CMT credit deducted in the current tax year (amount P from Part 5)				I
Subtotal (amount H **minus** amount I)				85,610 J
Add:				
Net CMT payable (amount E from Part 3)		109,491		
SAT payable (amount O from Part 6 of Schedule 512)				
Subtotal		109,491	►	109,491 K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	195,101 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)			85,610 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)	109,491 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:		109,491 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)			
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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Canadian Niagara Power Inc.	87249 8225 RC0002	2020-12-31

- 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	0395518 B.C. Ltd.	12628 4249 RC0001	0	0
2	1228158 Ontario Limited	88706 8690 RC0001	1	0
3	Aitken Creek Gas Storage ULC	83434 2552 RC0001	0	0
4	Algoma Power Inc.	82249 4290 RC0001	133,307,950	55,672,416
5	BC Gas (Argentina) S.A.	NR	0	0
6	BC Gas (Malaysia) SDN. BHD.	NR	0	0
7	Belize Electric Company Limited	NR	0	0
8	Big Chino Valley Pumped Storage LLC	NR	0	0
9	Caribbean Utilities Company, Ltd.	NR	0	0
10	Central Hudson Electric Transmission LLC	NR	0	0
11	Central Hudson Enterprise Corp.	NR	0	0
12	Central Hudson Gas & Electric Corp.	NR	0	0
13	Central Hudson Gas Transmission LLC	NR	0	0
14	CH Energy Group Inc.	NR	0	0
15	Cornwall Street Railway Light and Power Company Li	12090 6839 RC0001	81,466,884	76,043,618
16	Desert Southwest Storage Holdings LLC	NR	0	0
17	Escavada Leasing Company	NR	0	0
18	Fortis (WP) GP Inc.	80854 1726 RC0001	0	0
19	Fortis Alberta Holdings Inc.	86921 0203 RC0001	0	0
20	Fortis Cayman Inc.	NR	0	0
21	Fortis Energy (Bermuda) Ltd.	NR	0	0
22	Fortis Energy Cayman Inc.	NR	0	0
23	Fortis Energy Corporation	10386 4443 RC0001	0	0
24	Fortis Energy International (Belize) Inc.	NR	0	0
25	Fortis Generation Inc	83967 1096 RC0001	0	0
26	Fortis Hawaii Energy Inc	78426 6496 RC0001	0	0
27	Fortis Inc.	10185 2416 RC0001	0	0
28	Fortis LNG GP Inc.	80839 2781 RC0001	0	0

	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
29	Fortis Properties Corporation	89693 2449 RC0001	0	0
30	FortisAlberta Inc.	86929 4520 RC0001	0	0
31	FortisBC Alternative Energy Services Inc.	81144 5873 RC0001	0	0
32	FortisBC Energy Inc.	10043 1592 RC0004	0	0
33	FortisBC Holdings Inc.	10534 9740 RC0004	0	0
34	FortisBC Huntington Inc.	12974 2870 RC0001	0	0
35	FortisBC Inc.	10564 5642 RC0001	0	0
36	FortisBC LNG Developments Inc.	79802 9898 RC0001	0	0
37	FortisBC Midstream Inc.	86014 6588 RC0001	0	0
38	FortisBC Pacific Holdings Inc.	87170 9101 RC0001	0	0
39	FortisLUX Holdings Inc.	82293 1242 RC0001	0	0
40	FortisOntario District Heating Inc.	89329 1740 RC0001	43,857	0
41	FortisOntario Inc.	10076 8985 RC0003	80,424,296	6,732,022
42	FortisTCI Limited	NR	0	0
43	FortisUS Holdings Nova Scotia Limited	82872 6091 RC0002	0	0
44	FortisUS Inc.	NR	0	0
45	FortisWest Inc.	87470 8209 RC0001	0	0
46	Inland Energy Corp.	11960 8529 RC0001	0	0
47	Inland Pacific Energy Services	10249 0554 RC0001	0	0
48	International Transmission Company	NR	0	0
49	ITC Equipment, LLC	NR	0	0
50	ITC Great Plains, LLC	NR	0	0
51	ITC Grid Development, LLC	NR	0	0
52	ITC Interconnection LLC	NR	0	0
53	ITC Investment Holdings Inc.	NR	0	0
54	ITC Lake Erie Connector LLC	NR	0	0
55	ITC Lake Erie Holdings LLC	NR	0	0
56	ITC Mid-Atlantic Development LLC	NR	0	0
57	ITC Midcontinent Development LLC	NR	0	0
58	ITC Midwest LLC	NR	0	0
59	ITC New York Development LLC	NR	0	0
60	ITC Panhandle Transmission, LLC	NR	0	0
61	ITC Project Holdings LLC	NR	0	0
62	ITC South Central Development LLC	NR	0	0
63	Maritime Electric Company, Limited	12111 9879 RC0001	0	0
64	MEH Equities Management Company	NR	0	0
65	MEH Storage LLC	NR	0	0

	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
66	Michigan Electric Transmission Company, LLC	NR	0	0
67	Michigan Transco Holdings LLC	NR	0	0
68	Millennium Energy Holdings, Inc.	NR	0	0
69	Mt. Hayes (GP) Ltd.	84888 3914 RC0001	0	0
70	New York Transmission Holdings Corp.	NR	0	0
71	Newfoundland Energy Luxembourg	NR	0	0
72	Newfoundland Power Inc.	10386 4831 RC0001	0	0
73	NGIV2, LLC	NR	0	0
74	San Carlos Resources Inc.	NR	0	0
75	Southwest Energy Solutions, Inc.	NR	0	0
76	Terasen International Inc.	13237 5346 RC0001	0	0
77	Texas Infrastructure Holdings, LLC	NR	0	0
78	Tucson Electric Power Company	NR	0	0
79	Tucsonel Inc.	NR	0	0
80	Turks and Caicos Utilities Limited	NR	0	0
81	Unisource Energy Development Company	NR	0	0
82	Unisource Energy Services, Inc.	NR	0	0
83	UNS Electric, Inc.	NR	0	0
84	UNS Energy Corporation	NR	0	0
85	UNS Gas, Inc.	NR	0	0
86	Wataynikaneyap Power PM Inc.	80650 3967 RC0001	0	0
87	West Kootenay Power Ltd.	89427 8670 RC0001	0	0
88	ITC Holdings Corp.	NR	0	0
89	Conjuction LLC	NR	0	0
90	Empire Connection LLC	NR	0	0
91	FortisRT Canada Inc.	70374 2510 RC0001	0	0
92	FortisRT GP Inc.	70374 2718 RC0001	0	0
93	FortisRT LLC1	NR	0	0
94	FortisRT LLC2	NR	0	0
95	FortisRT LLC3	NR	0	0
96	FortisRT LLC4	NR	0	0
97	NewfoundlandEnergy Switzerland Ltd	NR	0	0
98	NewfoundlandEnergy UK Ltd	NR	0	0
99	Tilbury Jetty Limited Partnership	73041 5536 RC0001	0	0
100	Fortis LNG Jetty GP Inc.	79895 4749 RC0001	0	0
		Total	450 295,242,988	550 138,448,056

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.

Corporate Taxpayer Summary

Corporate information

Corporation's name: Canadian Niagara Power Inc.
Taxation Year: 2020-01-01 to 2020-12-31
Jurisdiction: Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
				X											

Corporation is associated: Y
Corporation is related: Y
Number of associated corporations: 100
Type of corporation: Corporation Controlled by a Public Corporation
Total amount due (refund) federal and provincial*: -166,509

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensative help.

Summary of federal information

Net income	-16,420
Taxable income	
Donations	1,000
Calculation of income from an active business carried on in Canada	
Dividends paid	
Dividends paid – Regular	
Dividends paid – Eligible	
Balance of the low rate income pool at the end of the previous year	
Balance of the low rate income pool at the end of the year	
Balance of the general rate income pool at the end of the previous year	
Balance of the general rate income pool at the end of the year	
Part I tax (base amount)	

Credits against Part I tax		Summary of tax		Refunds/credits	
Small business deduction		Part I		ITC refund	
M&P deduction		Part IV		Dividends refund:	
Foreign tax credit		Part III.1		– Eligible dividends	
Investment tax credits		Other*		– Non-eligible dividends	
Abatement/Other*		Provincial or territorial tax	109,491	Instalments	276,000
				Other*	
				Balance due/refund (–)	-166,509

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryback amounts

Non-capital losses	16,420

Carryforward balances

Charitable donations	1,000
Financial statement reserve	2,242,088

Summary of provincial information – provincial income tax payable

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income	-16,420		
Taxable income			
% Allocation	100.00		
Attributed taxable income			
Tax payable before deduction*			
Deductions and credits			
Net tax payable			
Attributed taxable capital	N/A		N/A
Capital tax payable**	N/A		N/A
Total tax payable***	109,491		
Instalments and refundable credits			
Balance due/Refund (-)	109,491		
Logging tax payable (COZ-1179)			
Tax payable	N/A		N/A

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

Summary of provincial carryforward amounts

Other carryforward amounts

Ontario

Corporate minimum tax credit that can be carried forward over 20 years – Schedule 510 . . . 195,101

Summary – taxable capital

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Canadian Niagara Power Inc.			56,565,735	56,565,735
0395518 B.C. Ltd.				
1228158 Ontario Limited	1		1	1
Aitken Creek Gas Storage ULC				
Algoma Power Inc.	47,533,812		49,758,577	49,758,577
BC Gas (Argentina) S.A.				
BC Gas (Malaysia) SDN. BHD.				
Belize Electric Company Limited				
Big Chino Valley Pumped Storage LLC				
Caribbean Utilities Company, Ltd.				
Central Hudson Electric Transmission LLC				
Central Hudson Enterprise Corp.				
Central Hudson Gas & Electric Corp.				
Central Hudson Gas Transmission LLC				
CH Energy Group Inc.				
Cornwall Street Railway Light and Power Company Limited	25,229,126		25,108,912	25,108,912
Desert Southwest Storage Holdings LLC				
Escavada Leasing Company				
Fortis (WP) GP Inc.				
Fortis Alberta Holdings Inc.				

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
Fortis Cayman Inc.				
Fortis Energy (Bermuda) Ltd.				
Fortis Energy Cayman Inc.				
Fortis Energy Corporation				
Fortis Energy International (Belize) Inc.				
Fortis Generation Inc				
Fortis Hawaii Energy Inc				
Fortis Inc.				
Fortis LNG GP Inc.				
Fortis Properties Corporation				
FortisAlberta Inc.				
FortisBC Alternative Energy Services Inc.				
FortisBC Energy Inc.				
FortisBC Holdings Inc.				
FortisBC Huntington Inc.				
FortisBC Inc.				
FortisBC LNG Developments Inc.				
FortisBC Midstream Inc.				
FortisBC Pacific Holdings Inc.				
FortisLUX Holdings Inc.				
FortisOntario District Heating Inc.	43,857		43,857	43,857
FortisOntario Inc.	195,274,214		204,109,191	204,109,191
FortisTCI Limited				
FortisUS Holdings Nova Scotia Limited				
FortisUS Inc.				
FortisWest Inc.				
Inland Energy Corp.				
Inland Pacific Energy Services				
International Transmission Company				
ITC Equipment, LLC				
ITC Great Plains, LLC				
ITC Grid Development, LLC				
ITC Interconnection LLC				
ITC Investment Holdings Inc.				
ITC Lake Erie Connector LLC				
ITC Lake Erie Holdings LLC				
ITC Mid-Atlantic Development LLC				
ITC Midcontinent Development LLC				
ITC Midwest LLC				
ITC New York Development LLC				
ITC Panhandle Transmission, LLC				
ITC Project Holdings LLC				
ITC South Central Development LLC				
Maritime Electric Company, Limited				
MEH Equities Management Company				
MEH Storage LLC				
Michigan Electric Transmission Company, LLC				
Michigan Transco Holdings LLC				
Millennium Energy Holdings, Inc.				
Mt. Hayes (GP) Ltd.				
New York Transmission Holdings Corp.				
Newfoundland Energy Luxembourg				
Newfoundland Power Inc.				

Federal

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
NGIV2, LLC				
San Carlos Resources Inc.				
Southwest Energy Solutions, Inc.				
Terasen International Inc.				
Texas Infrastructure Holdings, LLC				
Tucson Electric Power Company				
Tucsonel Inc.				
Turks and Caicos Utilities Limited				
Unisource Energy Development Company				
Unisource Energy Services, Inc.				
UNS Electric, Inc.				
UNS Energy Corporation				
UNS Gas, Inc.				
Wataynikaneyap Power PM Inc.				
West Kootenay Power Ltd.				
ITC Holdings Corp.				
Conjuction LLC				
Empire Connection LLC				
FortisRT Canada Inc.				
FortisRT GP Inc.				
FortisRT LLC1				
FortisRT LLC2				
FortisRT LLC3				
FortisRT LLC4				
NewfoundlandEnergy Switzerland Ltd				
NewfoundlandEnergy UK Ltd				
Tilbury Jetty Limited Partnership				
Fortis LNG Jetty GP Inc.				
Total	268,081,010		335,586,273	335,586,273

Québec

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN) and to determine the applicability of Forms CO-1029.8.33.CS and CO-1029.8.33.TE	Paid-up capital used to calculate the $1 million deduction (CO-1137.A and CO-1137.E)	Paid-up capital used to determine the applicability of Form CO-737.SI
Total				

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Alberta

Corporate name	Taxable capital used to calculate the Alberta innovation employment grant (Schedule A29)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

Five-Year Comparative Summary

Federal information (T2)

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Taxation year end	**2020-12-31**	**2019-12-31**	**2018-12-31**	**2017-12-31**	**2016-12-31**
Net income	-16,420	221,758	3,066,216	4,067,762	3,447,870
Taxable income		196,091	3,037,861	4,040,762	3,425,111
Active business income		221,758	3,066,216	4,067,762	3,447,870
Dividends paid					
Dividends paid – Regular					
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year					
GRIP – end of the year					
Donations	1,000	25,667	28,355	27,000	22,759
Balance due/refund (-)	-166,509	-466,326	-167,476		
Line 996 – Amended tax return	☐	☐	☐	☐	☐

Loss carrybacks requested in prior years to reduce taxable income

Taxation year end	**2020-12-31**	**2019-12-31**	**2018-12-31**	**2017-12-31**	**2016-12-31**
Taxable income before loss carrybacks	N/A	N/A	3,037,861	4,040,762	3,425,111
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A	3,037,861	4,040,762	3,425,111

Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)

Taxation year end	**2020-12-31**	**2019-12-31**	**2018-12-31**	**2017-12-31**	**2016-12-31**
Adjusted taxable income before current year loss carrybacks*	N/A	196,091	3,037,861	4,040,762	N/A
Non-capital losses	N/A			16,420	N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A			16,420	N/A
Adjusted taxable income after loss carrybacks	N/A	196,091	3,037,861	4,024,342	N/A

* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax

Taxation year end	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)

Taxation year end	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

** The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

*** The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

Federal taxes

Taxation year end	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Part I		29,414	455,679	606,115	513,767
Part IV					
Part III.1					
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Credits against Part I tax

Taxation year end	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Small business deduction					
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*		45,101	698,708	929,375	787,775

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Refunds/credits

Taxation year end	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
ITC refund					
Dividend refund					
– Eligible dividends					
– Non-eligible dividends					
Instalments	276,000	603,900	972,509	1,070,803	907,655
Other*					

* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensative help.

Ontario

Taxation year end	2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Net income	-16,420	221,758	3,066,216	4,067,762	3,447,870
Taxable income		196,091	3,037,861	4,040,762	3,425,111
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income		196,091	3,037,861	4,040,762	3,425,111
Surtax					
Income tax payable before deduction		22,550	349,354	464,688	393,888
Income tax deductions /credits					
Net income tax payable		22,550	349,354	464,688	393,888
Taxable capital					
Capital tax payable					
Total tax payable*	109,491	108,160	349,354	464,688	393,888
Instalments and refundable credits					
Balance due/refund**	109,491	108,160	349,354	464,688	393,888

* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

** For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.