

Exhibit 4

Operating Costs

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TAB 1 - OPERATING EXPENSES

1.0 Operating Expenses Overview

Operating expenses are comprised of recoverable OM&A, depreciation and taxes. This Exhibit will discuss each of these costs and provide further details of various components of OM&A. These expenses are summarized in Table 4-1 below:

Table 4-1
Summary of Operating Expenses
2012 Approved vs. 2022 Test Year

Service Revenue Requirement	2012 Board Approved	2022 Test Year	Variance \$	Variance %
OM&A	2,449,010	3,531,441	1,082,431	44.2%
Property Tax	23,000	20,000	-3,000	-13.0%
Total Recoverable OM&A Expenses	2,472,010	3,551,441	1,079,431	43.7%
Depreciation	965,051	255,733	-709,318	-73.5%
PILs	231,952	0	-231,952	-100.0%
TOTAL	3,669,013	3,807,174	138,161	3.8%

OM&A consists of the required expenditures necessary to maintain and operate E.L.K.'s distribution system assets and serve customers. These include the costs associated with metering, billing, collecting from customers, the costs associated with ensuring stakeholders safety (public, employees, etc.) and costs to maintain the distribution business service quality and reliability standards in compliance with the Distribution System Code and other regulatory bodies (IESO, ESA etc.). E.L.K. follows the OEB's Accounting Procedures Handbook (the "APH") in distinguishing work performed between operations, maintenance and administration.

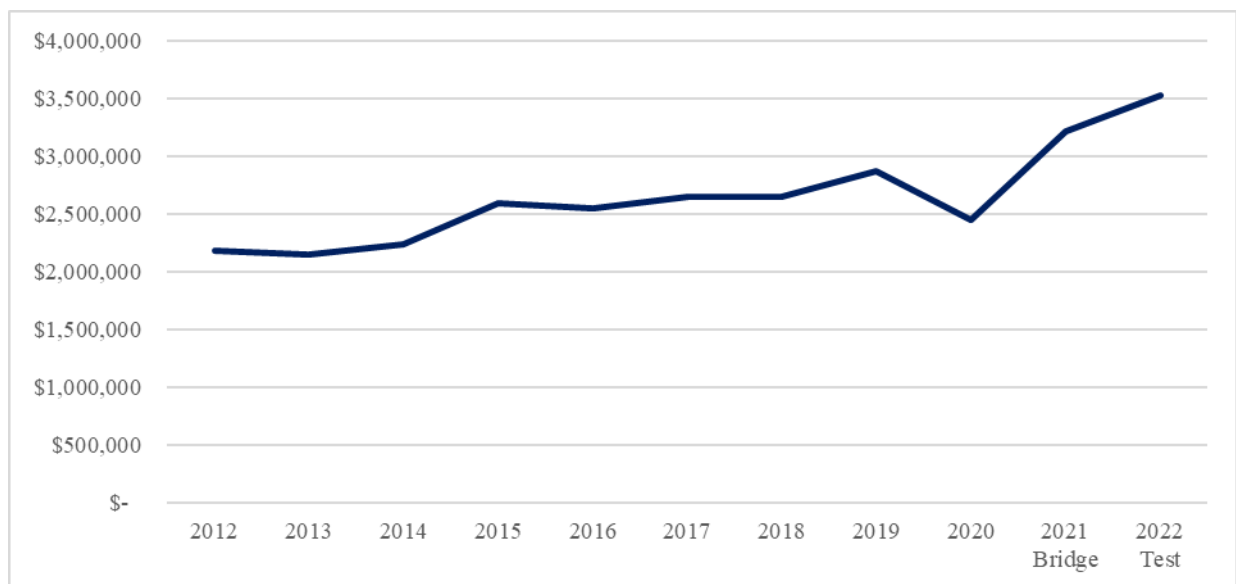
E.L.K. continues to be one of the lowest cost LDC's in the province, as evidenced in the Pacific Economics Group Research, LLC's (PEG's) report issued August 27, 2021 entitled "*Empirical Research in Support of Incentive Rate Settings: 2020 Benchmarking Update*".

This performance is reflective of E.L.K.'s continuous efforts to improve service to customers in a safe and efficient manner at and the lowest reasonable cost. These efforts are consistent with E.L.K.'s corporate objectives (outlined in Exhibit 1, Tab 2), which includes as a core objective, to:

"Establish the lowest rates possible without compromising the financial integrity of the Corporation in compliance to our Shareholder's direction and Corporate Strategic Plan"

E.L.K. believes that the level of planned OM&A expenditures are appropriate and take into consideration customer feedback and preferences, productivity, reliability, service quality, government mandated obligations, responding to OEB directives and the objectives of E.L.K. and the compatibility with E.L.K.'s historical expenditures. Figure 4-1 below shows actual OM&A expenses from 2012 to 2020 and projected expenses for 2021 and forecast expenditures for 2022. The detailed reasons for the increases in 2021 and 2022 are provided in this exhibit.

Figure 4-1 OM&A Expenses



As shown in Table 4-2 below, E.L.K.'s increase in OM&A spending from 2012 to the 2022 Test Year amounts to \$1,082,432 or 44.2% over the last 10 years or an average of 3.7% per year.

Table 4-2 2022 Test Year vs. 2012 Board Approved

Description	2012 Board Approved	2022 Test Year	Variance from Board Approved
Operations	\$291,000	\$521,943	\$230,943
Maintenance	\$455,000	\$924,630	\$469,630
Billing & Collecting	\$775,064	\$721,707	(\$53,357)
Community Relations	\$10,000	\$11,537	\$1,537
Administrative & General Expense	\$917,946	\$1,351,625	\$433,679
Total OM&A Expense	\$2,449,010	\$3,531,442	\$1,082,432
Percentage Change			44.2%

The OM&A costs in the 2022 Test Year reflect the resourcing mix and work activities required to meet customer expectations and growth and broader public policy requirements.

Core OM&A work programs over the 2021 to 2022 period include:

- Overhead and Underground maintenance expenses,
- Meter reading and customer billing,
- Distribution System Maintenance, and
- Vegetation Management.

The majority of the increases in costs are with respect to operations (\$237,654), maintenance (\$277,585) and administration and general expenses (\$349,510). Each of these increases in costs, and Billing and Collections and Community Relations, are discussed in detail in Exhibit 4, Tab 3.

E.L.K. confirms that in its 2021 Bridge Year and 2022 Test Year budgets, it has not made any assumptions or inclusions for expenses related to COVID-19.

Maintenance activities include items such as repairs, inspections, testing, cleaning and is projected to increase primarily due to maintenance on overhead and underground assets. E.L.K. recently undertook various studies that will allow the utility to improve asset management as well as general maintenance.

1 A summary of E.L.K.'s OM&A expenses from 2012 Board Approved, 2016 Actual through the
2 2022 Test Year is provided below in Table 4-3, which is Appendix 2-JA.

3 **Table 4-3 E.L.K. Total OM&A Expenses**

Appendix 2-JA

Summary of Recoverable OM&A Expenses

	2012 Last Rebasing Year OEB Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
<i>Reporting Basis</i>	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations	\$ 291,000	\$ 284,289	\$ 284,584	\$ 273,238	\$ 311,700	\$ 284,999	\$ 387,414	\$ 521,943
Maintenance	\$ 455,000	\$ 647,045	\$ 626,094	\$ 696,284	\$ 774,109	\$ 578,700	\$ 804,383	\$ 924,630
SubTotal	\$ 746,000	\$ 931,334	\$ 910,678	\$ 969,522	\$ 1,085,809	\$ 863,699	\$ 1,191,797	\$ 1,446,573
%Change (year over year)		-22.5%	-2.2%	6.5%	12.0%	-20.5%	38.0%	21.4%
%Change (Test Year vs Last Rebasing Year -								65.0%
Billing and Collecting	\$ 775,064	\$ 605,236	\$ 635,071	\$ 719,649	\$ 669,849	\$ 551,626	\$ 678,651	\$ 721,707
Community Relations	\$ 10,000	\$ 7,585	\$ 3,497	\$ 20,967	\$ 6,065	\$ 3,438	\$ 10,000	\$ 11,537
Administrative and General	\$ 917,946	\$ 1,002,115	\$ 1,099,287	\$ 942,515	\$ 1,110,166	\$ 1,029,074	\$ 1,334,836	\$ 1,351,625
SubTotal	\$ 1,703,010	\$ 1,614,936	\$ 1,737,855	\$ 1,683,130	\$ 1,786,079	\$ 1,584,138	\$ 2,023,487	\$ 2,084,869
%Change (year over year)		16.1%	7.6%	-3.1%	6.1%	-11.3%	27.7%	3.0%
%Change (Test Year vs Last Rebasing Year -								59.1%
Total	\$ 2,449,010	\$ 2,546,270	\$ 2,648,533	\$ 2,652,652	\$ 2,871,888	\$ 2,447,837	\$ 3,215,284	\$ 3,531,441
%Change (year over year)		-1.8%	4.0%	0.2%	8.3%	-14.8%	31.4%	9.8%

	2012 Last Rebasing Year OEB Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Operations	\$ 291,000	\$ 284,289	\$ 284,584	\$ 273,238	\$ 311,700	\$ 284,999	\$ 387,414	\$ 521,943
Maintenance	\$ 455,000	\$ 647,045	\$ 626,094	\$ 696,284	\$ 774,109	\$ 578,700	\$ 804,383	\$ 924,630
Billing and Collecting	\$ 775,064	\$ 605,236	\$ 635,071	\$ 719,649	\$ 669,849	\$ 551,626	\$ 678,651	\$ 721,707
Community Relations	\$ 10,000	\$ 7,585	\$ 3,497	\$ 20,967	\$ 6,065	\$ 3,438	\$ 10,000	\$ 11,537
Administrative and General	\$ 917,946	\$ 1,002,115	\$ 1,099,287	\$ 942,515	\$ 1,110,166	\$ 1,029,074	\$ 1,334,836	\$ 1,351,625
Total	\$ 2,449,010	\$ 2,546,270	\$ 2,648,533	\$ 2,652,652	\$ 2,871,888	\$ 2,447,837	\$ 3,215,284	\$ 3,531,441
%Change (year over year)		-1.8%	4.0%	0.2%	8.3%	-14.8%	31.4%	9.8%

	Last Rebasings Year 2012 OEB Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	Variance 2021 Bridge vs. 2020 Actuals	2022 Test Year	Variance 2022 Test vs. 2021 Bridge
Operations	\$ 291,000	\$ 284,289	\$ 284,584	\$ 273,238	\$ 311,700	\$ 284,999	\$ 387,414	\$ 102,415	\$ 521,943	\$ 134,529
Maintenance	\$ 455,000	\$ 647,045	\$ 626,094	\$ 696,284	\$ 774,109	\$ 578,700	\$ 804,383	\$ 225,683	\$ 924,630	\$ 120,247
Billing and Collecting	\$ 775,064	\$ 605,236	\$ 635,071	\$ 719,649	\$ 669,849	\$ 551,626	\$ 678,651	\$ 127,025	\$ 721,707	\$ 43,056
Community Relations	\$ 10,000	\$ 7,585	\$ 3,497	\$ 20,967	\$ 6,065	\$ 3,438	\$ 10,000	\$ 6,562	\$ 11,537	\$ 1,537
Administrative and General	\$ 917,946	\$ 1,002,115	\$ 1,099,287	\$ 942,515	\$ 1,110,166	\$ 1,029,074	\$ 1,334,836	\$ 305,763	\$ 1,351,625	\$ 16,789
Total OM&A Expenses	\$ 2,449,010	\$ 1,614,936	\$ 1,737,855	\$ 2,652,652	\$ 2,871,888	\$ 2,447,837	\$ 3,215,284	\$ 767,447	\$ 3,531,441	\$ 316,157
Adjustments for Total non-recoverable items ³										
Total Recoverable OM&A Expenses	\$ 2,449,010	\$ 1,614,936	\$ 1,737,855	\$ 2,652,652	\$ 2,871,888	\$ 2,447,837	\$ 3,215,284	\$ 767,447	\$ 3,531,441	\$ 316,157
Variance from previous year		\$ 223,512	\$ 122,919	\$ 914,797	\$ 219,235	-\$ 424,051	\$ 767,447		\$ 316,157	
Percent change (year over year)		16%	8%	53%	8%	-15%	31%		10%	
Percent Change: Test year vs. Most Current Actual									44.27%	
Simple average of % variance for all years									8.17%	
Compound Annual Growth Rate for all years										4.9%
Compound Growth Rate (2020 vs. 2012 Actuals)									1.4%	

2.0 OM&A Cost per Customer

Included in Table 4-4 , Appendix 2-L is a summary of the OM&A Cost per Customer and per Full-Time Equivalent (FTE). The numbers of customer/connections are based on the load forecast (Exhibit 3). OM&A per customer has grown at a rate of 2.8% per year since the 2012 Board Approved.

Table 4-4 – Recoverable OM&A Cost per Customer and per FTE

**Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE ¹**

	Last Rebasings Year 2012 - OEB Approved	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A Costs							
O&M	\$ 746,000	\$ 910,678	\$ 969,522	\$ 1,085,809	\$ 863,699	\$ 1,191,797	\$ 1,446,573
Admin Expenses	\$ 1,703,010	\$ 1,737,855	\$ 1,683,130	\$ 1,786,079	\$ 1,584,138	\$ 2,023,487	\$ 2,084,869
Total Recoverable OM&A from Appendix 2-JB ⁵	\$ 2,449,010	\$ 2,648,533	\$ 2,652,652	\$ 2,871,888	\$ 2,447,837	\$ 3,215,284	\$ 3,531,441
Number of Customers ^{2,4}	14,176	14,697	14,855	15,016	15,227	15,361	15,497
Number of FTEs ^{3,4}	20.0	19.0	17.5	17.5	16.5	16.5	18.5
Customers/FTEs	709	774	849	858	923	931	838
OM&A cost per customer							
O&M per customer	\$53	\$62	\$65	\$72	\$57	\$78	\$93
Admin per customer	\$120	\$118	\$113	\$119	\$104	\$132	\$135
Total OM&A per customer	\$173	\$180	\$179	\$191	\$161	\$209	\$228
OM&A cost per FTE							
O&M per FTE	\$37,300	\$47,930	\$55,401	\$62,046	\$52,345	\$72,230	\$78,193
Admin per FTE	\$85,151	\$91,466	\$96,179	\$102,062	\$96,008	\$122,636	\$112,696
Total OM&A per FTE	\$122,451	\$139,396	\$151,580	\$164,108	\$148,354	\$194,866	\$190,889

3.0 Changes in OM&A Expense in Relation to Change in Capitalization Policy

There are no changes to OM&A related to overheads for historical, bridge and Test Year. E.L.K.'s auditors have reviewed and accepted E.L.K. capitalization methods.

4.0 Depreciation

E.L.K.'s capital assets are recorded at cost and depreciated/amortized over their estimated service lives. The depreciation expense is recognized on a straight-line basis over the estimated useful life of each component of an item of property, plant, and equipment. Land and land rights are not depreciated. Assets under construction (construction work in progress) are not depreciated until the project is complete and in service. Depreciation of an asset begins in the year when it is available for use, i.e., capable of operating in the manner intended. For rate setting purposes, in the first year of service, depreciation is calculated using the half-year rule. Depreciation of an asset ceases when the asset is retired from active use, sold or is fully depreciated.

E.L.K does not have any asset retirement obligations, or any associated depreciation or accretion expenses related to an asset retirement obligation.

E.L.K. does not capitalized interest on capital projects. E.L.K. does not have any capitalized borrowing costs in its historical capital assets costs and there are no capitalized borrowing costs in the forecasted 2021 Bridge Year or 2022 Test Year.

The estimated service lives of the various assets used in calculating amortization are set out in Appendix 2-BB and are consistent with the Board sponsored Kinectrics study depreciation rates. E.L.K.'s depreciation expenditures for the 2021 Board approved and the 2022 Test year are shown in Table 4-5 below.

Table 4-5

2012 Approved vs. 2022 Test Year

Service Revenue Requirement	2012 Board Approved	2022 Test Year	Variance \$	Variance %
Depreciation	965,051	255,733	-709,318	-73.5%

5.0 Payments in Lieu of Taxes (PILS)

E.L.K is subject to Payments in Lieu of Taxes (PILs) under Section 93 of the Electricity Act, 1998, and related regulations. E.L.K. does not pay Section 89 proxy taxes and is exempt from the payment of incomes taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act. A copy of the 2020 Federal Tax T2 and Ontario C23 tax return has been provided in Exhibit 4, Tab 9, Attachment 1.

The 2022 Test Year PILs have been determined by applying the 2022 tax rates against Taxable Income.

Utility Income before Taxes is calculated based on the 2022 expected total revenue less the 2022 expected expenses. The E.L.K. 2022 Utility Income Before Taxes is \$478,758. The details of this calculation are provided in Exhibit 4, Tab 9.

Table 4-6 below shows the 2012 Board approved and 2022 Test year PILs.

Table 4-6

PILs

2012 Approved vs. 2022 Test Year

Service Revenue Requirement	2012 Board Approved	2022 Test Year	Variance \$	Variance %
PILs	231,952	0	-231,952	-100.0%

E.L.K has used the most recent tax rates available at present for the 2021 Bridge Year and 2022 Test Year, which are listed below:

- Small Business Deduction – 7.00%
- Federal Income Tax – 15.00%
- Ontario Income Tax – 11.50%
- Combined Income Tax – 26.50%

E.L.K has calculated PILs using the Board approved model – “Test_year_Income_Tax_PILs” workform and has provided a live spreadsheet with this application. See Exhibit 4, Tab 9 for a summary.

TAB 2 - SUMMARY AND COST DRIVERS

1.0 Cost Drivers

The following is a description of the primary drivers that have influenced the increase in E.L.K.'s OM&A expenditures from the last approved year 2012 up to the 2022 Test Year Table 4-7, which is Appendix 2-JB, provides a list of the cost drivers that affected E.L.K.'s OM&A year over year spending. All amounts in excess of the materiality of \$50,000 will be discussed.

Table 4-7 Cost Driver Table

**Appendix 2-JB
Recoverable OM&A Cost Driver Table^{1,3}**

OM&A	Last Rebasng Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
Opening Balance²	\$ 2,449,010	\$ 2,186,852	\$ 2,154,871	\$ 2,242,737	\$ 2,593,720	\$ 2,546,270
Payroll & Benefits	-\$ 91,530	-\$ 21,744	\$ 32,799	-\$ 605	\$ 40,197	\$ 49,682
O/H & U/G Maintenance Expenses	\$ 147,248	-\$ 114,402	\$ 79,104	\$ 410,048	-\$ 279,534	-\$ 17,985
Meter Reading/Customer Billing	-\$ 18,116	-\$ 4,138	\$ 23,479	-\$ 44,669	\$ 60,642	\$ 6,536
Third Party Professional Services	-\$ 2,163	\$ 9,579	\$ 2,350	\$ 24,642	-\$ 23,554	\$ 92,461
Bad Debt Writeoffs	-\$ 188,201	\$ 19,478	-\$ 33,270	-\$ 14,280	\$ 13,715	\$ 8,841
Energy Conservation	\$ 13,790	-\$ 6,399	-\$ 5,124	-\$ 18,175	\$ 20,492	-\$ 4,088
Miscellaneous	-\$ 123,186	\$ 85,645	-\$ 11,472	-\$ 5,979	\$ 120,592	-\$ 33,186
Closing Balance²	\$ 2,186,852	\$ 2,154,871	\$ 2,242,737	\$ 2,593,720	\$ 2,546,270	\$ 2,648,533

OM&A	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Total Change from 2012
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	
Opening Balance²	\$ 2,648,533	\$ 2,652,652	\$ 2,871,888	\$ 2,442,837	\$ 3,215,284	\$ 2,449,010
Payroll & Benefits	-\$ 56,711	\$ 98,703	-\$ 11,021	\$ 172,137	\$ 39,615	\$ 251,523
O/H & U/G Maintenance Expenses	\$ 58,488	\$ 119,363	-\$ 232,083	\$ 327,871	\$ 254,142	\$ 752,261
Meter Reading/Customer Billing	\$ 100,394	-\$ 96,582	-\$ 54,642	\$ 62,787	\$ 14,072	\$ 49,763
Third Party Professional Services	-\$ 50,453	-\$ 40,143	\$ 26,346	\$ 17,435	\$ 5,130	\$ 61,630
Bad Debt Writeoffs	\$ 4,480	\$ 34,201	-\$ 61,910	\$ 63,843	\$ 20,103	-\$ 133,000
Energy Conservation	\$ 17,469	-\$ 14,977	-\$ 2,902	\$ 5,912	\$ 1,537	\$ 7,537
Miscellaneous	-\$ 69,548	\$ 118,671	-\$ 92,840	\$ 122,463	-\$ 18,443	\$ 92,718
Closing Balance²	\$ 2,652,652	\$ 2,871,888	\$ 2,442,837	\$ 3,215,284	\$ 3,531,441	\$ 3,531,441

1.1 Payroll & Benefits (+\$251,523)

E.L.K.'s overall compensation for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel in an industry that is facing an aging workforce and is very competitive for skilled resources. The compensation package includes a base wage and benefits package. E.L.K.'s workforce is comprised of both unionized and non-unionized management employees.

Table 4-8 Annual Change in Payroll & Benefits

OM&A Account	2012 Actuals	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Payroll & Benefits	-\$91,530	-\$21,744	\$32,799	-\$605	\$40,197	\$49,682

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Total Change from 2012
Payroll & Benefits	-\$56,711	\$98,703	-\$11,021	\$172,137	\$39,615	\$251,523

The decrease in payroll and benefit costs in 2018 vs 2017 is due to the retirement of 2.5 staff that were not replaced. The increase in 2019 is due to increased overtime for the Operations Department. E.L.K.'s payroll and benefits are forecast to increase approximately \$172,000 and \$40,000 in 2021 and 2022 respectively.

Of the \$211,752 increase in payroll & benefits depicted in Table 4-8 in 2021 and 2022, the majority relates to the salary and benefits for two new proposed staff. Remaining amounts relate to annual increases in benefit and pension costs.

Further details are provided in Exhibit 4, Tab 4 Workforce Planning and Employee Compensation.

1.2 Overhead and Underground Maintenance Expenses (+\$752,261)

A significant portion of E.L.K.'s distribution system includes overhead lines. The entire overhead system is inspected annually on a rotational basis and includes infrared thermography scanning where required and pole testing.

Maintenance of overhead conductors includes primary and secondary services. E.L.K. continuously inspects and monitors its poles and fixtures to assess their condition and need for repair or replacement. As part of that inspection process, some components are identified for maintenance work. In addition to minor component replacement, regular maintenance is undertaken to ensure assets remain in good working order and reliably meet customer needs.

Transformers and other main overhead equipment are examined as part of the inspection program and where issues are identified, repairs are made on site or equipment is scheduled for replacement.

Maintenance of the underground system includes the repair of secondary “burn offs” where underground service conductors have faulted and require excavation to expose the problem area and repair. As for overhead equipment, entry point of underground services of the entire underground system are inspected annually on a rotational basis.

Table 4-9 Annual Change of Overhead & Underground Maintenance

OM&A Account	2012 Actuals	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
O/H & U/G Maintenance Expenses	\$147,248	-\$114,402	\$79,104	\$410,048	-\$279,534	-\$17,985

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Total Change from 2012
O/H & U/G Maintenance Expenses	\$58,488	\$119,363	-\$232,083	\$327,871	\$254,142	\$752,261

In general, the increase over the 2012 to 2022 period is due to an increase in Underground Distribution Lines and Feeders activities which is the result of an increased number underground locates, driven again primarily by customer demand.

More specifically the pattern of changes over the 2012 to 2020 period are due to the demand for locates, which is outside of E.L.K.’s control and this increasing and this level of activity is expected to continue with increased awareness of the *Ontario One Call Act*.

1 In 2020 there was significant amount of overtime hours in May, June & August (approximately
2 750 hours) due to significant storm events in these three months. In 2021 there was increased
3 demand for locates, possibly due to the COVID pandemic which resulted in customers spending
4 more money on their homes instead of travelling. In addition, there were three major weather
5 events in 2021 including three funnel clouds in E.L.K.'s service territory. These storms resulted
6 in damage to the system that needed to be repaired.

7 Over the period 2012 to 2022 underground service failures also increased primarily driven by
8 weather such as moisture in the ground. Further, tree-trimming increased approximately 30-35%
9 in response to significant storms. E.L.K.'s increase in 2022 Test Year is primarily driven by an
10 increased workforce whose time is expected to be allocated to maintenance and to assist E.L.K.
11 in implementing initiatives consistent with the results of the Operations Review.

12 **Meter Reading/Customer Billing (\$49,763)**

13 The Engineering Department is responsible for the installation, testing, sampling and
14 commissioning of existing and new, simple (e.g., residential smart meters) and complex metering
15 installations. This includes the operation and support of GPI's Automated Meter Infrastructure
16 (AMI) smart meter system. Metering operations contains the reverifications to meet regulatory
17 requirements and ensure the accuracy of the installation for revenue billing requirements. As part
18 of the metering operation, engineering is also responsible for the investigation of any potential
19 alteration and/or theft of power that may give rise to unsafe conditions or the risk of other
20 customers being held financially responsible for costs. E.L.K. is also using power fail signals from
21 smart meters for more effective outage detection and ultimately faster outage response.

22 Also included in this program are third party costs to electronically read smart meters and interval
23 meters. Further, in order to improve the quality of reads being received back from Sensus and
24 meet the 98% target, E.L.K. installed an additional 3 metros in E.L.K.'s service territory. Increases
25 were also encountered for a new Operational Data Store, its monthly maintenance fees to
26 warehouse customer meter data, and labour for reading remaining manual meters and new costs
27 for E.L.K.'s AMI service provider.

28 The costs incurred in this program were a result of responding to provincial policy initiatives
29 associated with smart meter deployment and conversion to time-of-use rates and outside of

E.L.K.'s control. The majority of these costs are also in U.S. funds and as a result of the declining dollar, E.L.K.'s cost has been up to 35% more during the year after conversion.

Table 4-10 Annual Change of Meter Reading / Customer Billing

OM&A Account	2012 Actuals	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Meter Reading/ Customer Billing	-\$18,116	-\$4,138	\$23,479	-\$44,669	\$60,642	\$6,536

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Total Change from 2012
Meter Reading/ Customer Billing	\$100,394	-\$96,582	-\$54,642	\$62,787	\$14,072	\$49,763

This cost driver includes accounts related to meter reading expense, customer billing, customer postage and customer supplies. The increases and decreases vary from year to year on a stable basis and can be explained primarily from the change in customer postage and supplies. The timing of purchases also explains the small variances from year to year. The basis for the minimal increase in 2022 is increase in union wages for the three unionized office customer service representatives.

Meter reading costs decrease in 2017 over 2016 due to less demand for meter reading in the field in 2017 due to efficiencies with billing and meter reading process and converting demand meters to new digital type.

These costs then increase in 2018 due to increase in postage and testing a new meter type.

Meter reading costs decreased in 2019 and 2020 due to less meter reading due to COVID-19 restrictions and meter reading efficiencies that came with two type of meters.

The increase in the costs in this category in 2021 is due to increase in meter reading due to COVID-19 restrictions being lifted, postage increases and supplies.

1.3 Third Party Professional Services (+\$61,630)

E.L.K. utilizes the services of third parties to provide expert advice on a wide range of issues including legal services, regulatory matters, recruitment and auditing services.

Use of Recruiting and Talent Search Specialists

The use of third party recruiters to assist with the identification of good candidates to fill vacant positions at E.L.K.

Audit Services

In 2014, the work performed by the external audit firm was evaluated and it was decided to put a request for proposal. There were 4 responses to the RFP bid and E.L.K. selected KPMG to perform the audit and report on corporate tax beginning with the 2015 tax year. Done

Legal Services

Legal costs are primarily related to personnel matters.

Customer Surveys

E.L.K. performs a number of customer surveys on a regular basis. This includes a customer satisfaction survey and a public awareness of electrical safety survey. Beginning in 2016, these surveys were conducted every second year by a third-party service provider that has the expertise to deliver statistically valid survey results.

Table 4-11 Annual Change of Third-Party Professional Services

OM&A Account	2012 Actuals	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Third Party Professional Services	-\$2,163	\$9,579	\$2,350	\$24,642	-\$23,554	\$92,461
	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Total Change from 2012
Third Party Professional Services	-\$50,453	-\$40,143	\$26,346	\$17,435	\$5,130	\$61,630

E.L.K. utilizes a number of third-party services for various activities including audit, legal, regulatory services, collection services, and CIS support. Individual amounts fluctuate annually based on requirements each year.

The 2022 Test year level of third-party cost is \$5,130. The changes over the period 2021 to 2022 generally reflects a decrease in third party professional fess. Specifically, the change in third party costs in 2017 (\$92,461) from 2016 (-\$23,554) is due to costs relating to negotiating a new collective agreement.

1.4 Bad Debt (+\$133,000)

When E.L.K. has exhausted all efforts to collect overdue amounts from customers these amounts are written off as a “bad debt”.

Bad debt expense decreases by \$61,910 in 2020 due to COVID-19 and lack of staff resources to aggressively send accounts to third party collections and analyze and write off bad debts as staff having to deal with multiple programs to deliver, CEAP, Arrears management program, OESP, LEAP, RPP customer choice, and staff referring customers to social agencies for assistance. The subsequent increase of \$63,843 in 2021 is due to increase in collections processes as COVID-19 stress and pressures become more normalized.

Table 4-12 Annual Change of Bad Debt

OM&A Account	2012 Actuals	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Bad Debt Write-offs	-\$188,201	\$19,478	-\$33,270	-\$14,280	\$13,715	\$8,841

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Total Change from 2012
Bad Debt Write-offs	\$4,480	\$34,201	-\$61,910	\$63,843	\$20,103	-\$133,000

In an effort to reduce bad debt expenses E.L.K. additional focus is needed by the Customer Accounts Department. E.L.K has taken two specific actions to help manage bad debt expense. The first is an increased collection effort in-house for active accounts on a monthly basis through notices as well as personalized phone calls. The second was the movement in 2017 to using a third-party collection agency with respect to final accounts. Collection's activities have not changed substantially over the 2016 to 2022 period. However due to COVID-19 and halt on disconnections and changes in OEB disconnect process customer and customer's being able to go on payment plans. This has resulted in an increase in customers being in a default position

and is placing increased pressure on E.L.K.'s. customer A/R balances. These balances have increased since the COVID-19 pandemic as shown below.

Table 4-13 Accounts Receivable

<u>Year</u>	<u>A/R Balance</u>
2016	\$1,600,000
2017	\$1,660,000
2018	\$1,611,000
2019	\$1,508,000
2020	\$3,846,000
2021	\$3,465,000

1.5 Energy Conservation (+\$7,537)

Energy Conservation description consists of retrofit projects, save on energy projects administered by a third party Greensaver. Conservation projects are winding down as transferred to IESO.

Table 4-14 Annual Change of Energy Conservation

OM&A Account	2012 Actuals	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Energy Conservation	\$13,790	-\$6,399	-\$5,124	-\$18,175	\$20,492	-\$4,088

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Total Change from 2012
Energy Conservation	\$17,469	-\$14,977	-\$2,902	\$5,912	\$1,537	\$7,537

The increases and decreases vary from year to year and are well below the \$50,000 materiality threshold.

1 **1.6 Miscellaneous (+\$92,718)**

2 Miscellaneous description majority includes the facility costs (hydro, gas, water) plus other
3 miscellaneous administrative expenses.

4 **Table 4-15 Annual Change of Miscellaneous Expenses**

OM&A Account	2012 Actuals	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals
Miscellaneous	-\$123,186	\$85,645	-\$11,472	-\$5,979	\$120,592	-\$33,186

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	Total Change from 2012
Miscellaneous	-\$69,548	\$118,671	-\$92,840	\$122,463	-\$18,443	\$92,718

5 Other miscellaneous expenses reflect non-material changes from one year to the next for items
6 such as training costs, office supplies, facility cost and other miscellaneous administrative
7 expenses.

1 **TAB 3 - PROGRAM DELIVERY COSTS**

2 **1.0 OM&A PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS**

3 E.L.K. has a variety of programs activities and initiatives that are required to continue to provide
4 safe, reliable and affordable service to customers and ultimately to provide customer satisfaction
5 and increase the value added to E.L.K. customers. In Table 4-16, Board Appendix 2-JC, E.L.K.
6 has identified its programs and major functions on a comparative basis for 2012 OEB Approved
7 and from 2016 Actuals to the 2022 Test Year. A description of each work program, explanations
8 for material year over variances and specific Test Year initiatives are provided in this exhibit.

1

Table 4-16 – OM&A Programs Table

**Appendix 2-JC
OM&A Programs Table**

Programs	Last Rebas Year (2012 OEB- Approved)	Last Rebas Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	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 Rebas Year (2012 OEB-
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS		
Program Name #1														
Customer Service, Billing and Collecting	412,000	423,100	424,333	468,632	436,822	495,327	502,152	593,389	511,622	460,680	513,754	534,757	74,077	122,757
Sub-Total	412,000	423,100	424,333	468,632	436,822	495,327	502,152	593,389	511,622	460,680	513,754	534,757	74,077	122,757
Program Name #2														
Bad Debts	253,000	64,799	84,277	51,007	36,727	50,394	59,283	63,764	97,938	36,054	99,897	120,000	83,946	-133,000
Sub-Total	253,000	64,799	84,277	51,007	36,727	50,394	59,283	63,764	97,938	36,054	99,897	120,000	83,946	-133,000
Program Name #3														
Locates/Underground Distribution Lines and Feeders	100,000	126,644	135,735	159,904	180,468	183,138	206,785	155,929	201,011	168,288	263,003	363,003	194,715	263,003
Sub-Total	100,000	126,644	135,735	159,904	180,468	183,138	206,785	155,929	201,011	168,288	263,003	363,003	194,715	263,003
Program Name #4														
Customer Engagement	10,000	20,659	10,567	8,549	-12,807	7,585	3,497	20,967	6,065	3,438	10,000	11,537	8,099	1,537
Sub-Total	10,000	20,659	10,567	8,549	-12,807	7,585	3,497	20,967	6,065	3,438	10,000	11,537	8,099	1,537
Program Name #5														
Executive, Financial, Professional & Insurance (all)	664,500	572,874	564,595	589,149	604,521	620,221	753,151	662,541	712,681	730,449	917,901	954,786	224,336	290,286
Sub-Total	664,500	572,874	564,595	589,149	604,521	620,221	753,151	662,541	712,681	730,449	917,901	954,786	224,336	290,286
Program Name #6														
Regulatory Reporting and Assessments	109,446	146,989	249,964	53,769	68,818	170,201	180,834	97,290	253,598	130,767	207,179	165,874	35,107	56,428
Sub-Total	109,446	146,989	249,964	53,769	68,818	170,201	180,834	97,290	253,598	130,767	207,179	165,874	35,107	56,428
Program Name #7														
Office Information and Technology	88,000	83,141	82,190	86,309	79,380	79,048	82,549	102,401	70,108	81,839	99,679	102,572	20,733	14,572
Sub-Total	88,000	83,141	82,190	86,309	79,380	79,048	82,549	102,401	70,108	81,839	99,679	102,572	20,733	14,572
Program Name #8														
Meter Maintenance and Readings	150,064	113,364	114,860	92,716	308,845	238,085	222,102	244,588	246,437	239,379	303,000	323,990	84,611	173,926
Sub-Total	150,064	113,364	114,860	92,716	308,845	238,085	222,102	244,588	246,437	239,379	303,000	323,990	84,611	173,926
Program Name #9														
Overhead Operations/Maintenance	261,000	418,226	334,112	389,962	538,606	319,878	284,796	335,263	360,701	299,263	392,999	472,488	173,226	211,488
Sub-Total	261,000	418,226	334,112	389,962	538,606	319,878	284,796	335,263	360,701	299,263	392,999	472,488	173,226	211,488
Program Name #10														
Underground Operations/Maintenance	202,000	177,681	126,848	154,225	166,053	179,588	213,891	224,388	275,621	139,583	218,385	248,366	108,783	46,366
Sub-Total	202,000	177,681	126,848	154,225	166,053	179,588	213,891	224,388	275,621	139,583	218,385	248,366	108,783	46,366
Program Name #11														
Distribution System Maintenance	61,000	51,209	57,925	41,344	41,825	49,078	29,047	54,753	38,521	32,277	39,732	65,187	32,910	4,187
Sub-Total	61,000	51,209	57,925	41,344	41,825	49,078	29,047	54,753	38,521	32,277	39,732	65,187	32,910	4,187
Program Name #12														
Education, Health and Safety	64,000	43,108	48,640	48,239	48,039	67,519	50,795	39,881	35,782	43,747	78,000	80,340	36,593	16,340
Sub-Total	64,000	43,108	48,640	48,239	48,039	67,519	50,795	39,881	35,782	43,747	78,000	80,340	36,593	16,340
Program Name #13														
Building & Maintenance/Fleet	64,000	97,212	67,038	89,280	83,638	71,515	49,982	54,307	55,392	62,586	58,756	75,000	12,415	11,000
Sub-Total	64,000	97,212	67,038	89,280	83,638	71,515	49,982	54,307	55,392	62,586	58,756	75,000	12,415	11,000
Miscellaneous	10,000	-152,155	-146,211	9,650	12,785	9,639	9,670	3,193	6,411	14,487	13,000	13,540	-947	3,540
Total	2,449,010	2,186,851	2,154,873	2,242,735	2,593,720	2,541,216	2,648,534	2,652,654	2,871,888	2,442,837	3,215,284	3,531,441	1,088,604	1,082,431

3 2.0 Variance Analysis – Programs

4 2.1 Customer Service, Billing and Collecting

5 The Customer Service Department is responsible for the customer care activities of E.L.K.'s
6 customers. These activities include meter reading, billing, call centre, contacting customers for
7 planned outages, payment processing, move-in move-out requests, retailer settlement functions,
8 processing meter change requests and other office functions.

E.L.K. has experienced an increase in annual call volumes as a result of increased new customer connections, an increase in collection activity, and an increase in move-in/move-out activity. The Customer Service Department staff are responsible for handling day-to-day inquiries, and responding to numerous questions relating to regulatory policy, pricing and consumption inquiries. The Customer Service Department includes labour costs for the three full time customer service representatives and one part time customer service representative.

Collection costs include the cost of labour and expenses related to customer accounts that are past due and in arrears. Customer Service Representatives make arrangements with customers, offer information about programs that help reduce the electricity bill and direct customers to the local agency that administers the LEAP program.

Table 4-17 – Customer Service, Billing and Collecting

Program #1	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Customer Service, Billing and Collecting	412,000	495,327	502,152	593,389	511,622	460,680	513,754	534,757
Variance - vs. previous year			6,825	91,237	-81,767	-50,942	53,075	21,002
Variance - Test Year vs. 2020 Actuals								74,077
Variance - Test Year vs 2012 Approved								122,757

The variance of \$122,757 between 2022 Test Year and 2012 OEB Approved and the variance of \$74,077 between 2022 Test Year and 2020 Actuals is a result of wage increases, and collection and billing cost increases. The wage increases resulted from a union agreement. E.L.K. consulted with Durham Management Consultants to analyze and review all options over this period as well as using other utilities as comparators to support this decision.

Billing cost changes were due to increased postage costs increases that were implemented by Canada Post and not within E.L.K.'s control. In trying to manage some of these costs E.L.K. implemented other measures such as e-billing to help mitigate some of these increased costs.

With respect to wage increases, alternatives of not providing a consistent wage with peers in the industry could have possibly resulted in loss of employees or disgruntled employees.

Key initiatives of the Customer Service, Billing and Collecting program in 2022 include assisting customer's in managing their usage by understanding their bills and the available billing programs such as TOU or RPP customer choice. With the pandemic continuing longer than anticipated Customer service representatives will focus on referring customers to LEAP, Keep the Heat and OESP support programs to further assist our customers manage these challenging times. Customer Service focus' on communicating to our customer's the benefits of the arrears management plans and budget plans to help assist customer's with managing their bill. E.L.K. Green is our 2022 initiative to encourage customers to go Green and take advantage of the e-bill system.

2.2 Bad Debts

E.L.K. attempts to minimize losses prior to account finalization through the application of security deposits, encouraging payment plans and placement of outstanding receivables with third-party collection agencies.

Table 4-18 – Bad Debts

Program #2	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Bad Debts	253,000	50,394	59,283	63,764	97,938	36,054	99,897	120,000
Variance - vs. previous year			8,889	4,481	34,174	-61,884	63,843	20,103
Variance - Test Year vs. 2020 Actuals								83,946
Variance - Test Year vs 2012 Approved								-133,000

The variance of -\$133,000 between the 2022 Test Year and 2012 Board Approved is the result of extended effort put forth by E.L.K. staff in working more closely with customers as well implementing a more effective collection and disconnect procedure process. After 2012, E.L.K.

1 enlisted a collection agency to assist in the collections process for all finalised accounts. Although
2 a percentage is charged for these final accounts, the expertise offered and results obtained is
3 positive, and the alternative of possibly collecting no amounts was much worse, especially due to
4 the fact that E.L.K. does not have a dedicated collections department.

5 The increase in bad debt of approximately \$84,000 between the 2022 Test Year and the 2020
6 Actuals is primarily driven by the increased and significant unemployment rate in the Windsor
7 Essex region affecting customers in E.L.K.'s service area, and the result of the COVID-19
8 Pandemic.

9 E.L.K. notes that due to the COVID-19 pandemic its accounts receivable balances have increased
10 which has led to an increase in bad debts expense. AR information is provided in Table 4-13
11 (above).

12 Key initiatives of the Bad Debts program in 2022 include customer service representative's
13 informing and referring customers to Keep the Heat, Unemployed help centre, United Way,
14 Salvation Army, LEAP, and OESP community support programs.

15 **2.3 Locates/Underground Distribution Lines and Feeders**

16 This program includes labour incurred in operating underground distribution lines from the low
17 voltage connection in the municipal distribution station to the customers' premises. This program
18 includes supervision specific to line operation; changing line transformer taps; inspecting and
19 testing lightning arresters; line circuit breakers; switches and grounds; inspecting and testing line
20 transformers for the purpose of determining load; temperature or operating performance;
21 patrolling lines; and load tests and voltages surveys of feeders and circuits.

22 Locating services is a utility requirement and E.L.K. remains committed to providing this service
23 in a safe, timely and reliable manner to our customers in accordance with the *Ontario One Call*
24 *Act*. This Provincial legislation has mandated that all utilities and infrastructure must be located
25 prior to excavation being initiated. Expenses related to requests for locates are not-controllable,
26 but those expenditures prevent a much greater expense of repairing or replacing damage done
27 to distribution assets if the service was not performed. Currently E.L.K. completes this program
28 with in-house staff for quality assurance and flexibility to respond to requests. E.L.K. is looking to

- 1 potentially digitize this process to remove some of the administrative functions currently being
2 endured and improve efficiency through the use of technology.

3 **Table 4-19 – Locates/Underground Distribution Lines and Feeders**

Program #3	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Locates/Underground Distribution Lines and Feeders	100,000	183,138	206,785	155,929	201,011	168,288	263,003	363,003
Variance - vs. previous year			23,647	-50,856	45,082	-32,723	94,715	100,000
Variance - Test Year vs. 2020 Actuals								194,715
Variance - Test Year vs 2012 Approved								263,003

- 4 The variance of \$263,003 between 2022 Test Year and 2012 Board Approved as well as the
5 variance of \$194,715 between 2022 Test Year and 2020 Actuals is primarily the result of
6 increased customer requests and growth in our service areas. From a business perspective in
7 order to maintain the current level of service and quality, a consistent operational staff contingent
8 is required as opposed to not hiring these individuals. A secondary reason for the variance is the
9 result of the demand for locates, which driven by customer demand. This increased level of
10 activity is expected to continue in 2022 with increased awareness of the *Ontario One Call Act* as
11 well as the increase home renovation projects being undertaken as a result of COVID-19 and the
12 economy shutdowns.

- 13 Key initiatives of the Locates and Underground Distribution Lines and Feeders program in 2022
14 include the automation of the locate process with locate software and tough book which will
15 increase efficiencies.

16 **2.4 Meter Maintenance & Readings**

- 17 This program includes the installation, testing, sampling and commissioning of existing and new,
18 simple (e.g., residential smart meters) and complex metering installations. This includes the
19 operation and support of E.L.K.'s Automated Meter Infrastructure (AMI) smart meter system.
20 Metering operations contains the reverifications to meet regulatory requirements and ensure the
21 accuracy of the installation for revenue billing requirements. As part of the metering operation,

engineering is also responsible for the investigation of any potential alteration and/or theft of power that may give rise to unsafe conditions or the risk of other customers being held financially responsible for costs.

Also included in this program are third party costs to electronically read smart meters and interval meters.

Table 4-20 – Meter Maintenance & Readings

Program #8	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Meter Maintenance and Readings	150,064	238,085	222,102	244,588	246,437	239,379	303,000	323,990
Variance - vs. previous year			-15,983	22,486	1,849	-7,058	63,621	20,990
Variance - Test Year vs. 2020 Actuals								84,611
Variance - Test Year vs 2012 Approved								173,926

The variance of \$173,926 between 2022 Test Year and 2012 Board Approved as well as the variance of \$84,611 between 2022 Test Year and 2020 Actuals is due to increased costs with added meter reading systems. For example, Sensus is required to be paid in foreign currency and subject to foreign exchange fluctuations which accounts for the majority of the increase.

Key initiatives of the Meter Maintenance & Readings program in 2022 include to update one of the meter reading programs to a cloud-based software application. This will allow greater efficiencies.

2.5 Customer Engagement

E.L.K. performs customer surveys and communicates with its customers on a regular basis. This includes a customer satisfaction survey and a public awareness of electrical safety survey. Beginning in 2016, these surveys were conducted every second year by a third-party service provider that has the expertise to deliver statistically valid survey results.

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Table 4-21 – Customer Engagement

Program #4	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Customer Engagement	10,000	7,585	3,497	20,967	6,065	3,438	10,000	11,537
Variance - vs. previous year			-4,088	17,470	-14,902	-2,627	6,562	1,537
Variance - Test Year vs. 2020 Actuals								8,099
Variance - Test Year vs 2012 Approved								1,537

2 Customer Engagement program variances are below the materiality threshold.

3 E.L.K. has engaged a third-party provider for a complete web design of E.L.K.'s website in 2022.
4 Major changes are being planned at a significant cost where our website will become more
5 interactive; incorporate a mobile application; incorporate the Green Button initiative and easier for
6 our customers to interact with E.L.K. and find the information they need. E.L.K. has also begun
7 discussions with a third-party GIS provider engaging them in discussion to create an asset
8 management system and eventually outage map that will tie into our smart metering system to
9 allow customers easy access and a platform to obtain information when outages occur across
10 E.L.K.'s distribution system. This endeavor is important for E.L.K. and our customers especially
11 with the increasing use of social media and technology.

12 **2.6 Executive, Financial, Regulatory and Insurance**

13 The program includes costs incurred in the administration, regulatory and HR areas. It includes
14 the salaries and other related costs of the Chief Executive Office and CFO, Director of Stakeholder
15 Relations.

16 The executive members are responsible for strategic and financial leadership of E.L.K.

17 The Finance department is responsible for financial statements, annual capital and operating
18 budgets, borrowing and cash management and tax compliance. Preparing all IRM Applications,
19 and Cost of Service Application, RRR filing, and monitoring and implementing the regulatory
20 requirements.

1 The Supervisor of Finance and Customer Service is responsible for ongoing supervision of the
2 customer service department including integrating regulatory changes into the CIS system. The
3 Supervisor of Finance and Customer Service reports to the CFO, Director of Stakeholder
4 Relations. The Supervisor is also responsible for payroll, settlement processes, loading/unloading
5 meter reading equipment, Retailer/EBT processes, MDMR processes, Sensus, Smartworks,
6 accounts Payable, Accounts Receivables, Month-end Processes, MicroFIT/Fit programs, and
7 assist with HR processes.

8 The Executive Assistant is responsible for policy development and human resource records.
9 Other responsibilities include employee files, labour relations and compensation and benefit
10 administration.

11 The regulatory costs program includes the OEB Cost Assessment, OEB Cost Awards for OEB
12 initiated proceedings and the third-party costs incurred to meet the OEB requirements of the cost-
13 of-service application. The cost of preparing the Cost of Service application, which is spread over
14 the term of the cost of service, five years. The internal labour costs for the Cost of Service
15 application is included in the Administration and Financial program.

16 This program includes required costs to protect E.L.K.'s assets and its customers from large bill
17 impacts resulting from a catastrophic loss. E.L.K. pays annual insurance for liability, property, and
18 vehicle and for privacy/cyber/network security issues.

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Table 4-22 – Executive, Financial, Regulatory and Insurance

Program #5	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Operation Supervision and Engineering	81,000	18,442	23,578	15,462	21,478	21,962	22,000	22,440
Executive Salaries and Expenses	20,000	21,158	19,686	23,859	20,506	20,530	24,000	24,720
Management Salaries and Expenses	355,000	349,192	385,497	335,589	456,869	457,866	609,000	636,838
General Administrative Salaries and Expenses	65,000	76,793	73,122	47,153	51,664	40,808	57,908	59,645
Outside Services Employed	114,500	125,354	217,815	167,362	127,219	153,565	171,000	176,130
Property Insurance	28,000	29,282	34,525	30,785	34,945	35,718	33,993	35,013
Program Total	663,500	620,221	754,222	620,210	712,680	730,449	917,901	954,786
Variance - vs. previous year			134,001	-134,012	92,471	17,769	187,452	36,885
Variance - Test Year vs. 2020 Actuals								224,336
Variance - Test Year vs 2012 Approved								291,286

2 The variance of \$291,286 between 2022 Test Year and 2012 Board Approved as well as the
3 variance of \$224,336 between 2022 Test Year and 2020 Actuals is primarily the result of a new
4 Regulatory Analyst to assist with financial reporting and increased regulatory requirements and
5 operational tasks including subdivision review, budgeting, DSP analysis, etc. Further, inflationary
6 pressures, increased labour costs, insurance premium increases, also all contribute to the
7 variance. Many activities undertaken by these new staff are in response to the OEB Directive in
8 E.L.K.'s last rate application.

9 Key initiatives of the Executive, Financial, Regulatory, and Insurance program in 2022 include
10 introducing a formalized budget process with quarterly reporting of variances and a capital project
11 management system to allow management to monitor budget to actuals and adjust service
12 programs on a timely manner. Introducing an automated HR system for automated timesheets to
13 better allocated job costing which will increase efficiencies over the present spreadsheet methods.

2.7 Regulatory Reporting and Assessments

These program costs are related to E.L.K.'s commitment to comply with Ontario's evolving energy market, evolving government policy and regulatory framework. The increased complexity in the regulatory environment, such as RRFE, Distribution System Plan, can increase spending. E.L.K. constantly searches ways to minimize costs and improve efficiencies through collaboration. This program also includes LEAP.

Table 4-23 – Regulatory Reporting and Assessments

Program #6	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Regulatory Reporting and Assessments	109,446	170,201	180,834	97,290	253,598	130,767	207,179	165,875
Variance - vs. previous year			10,633	-83,544	156,308	-122,831	76,412	-41,305
Variance - Test Year vs. 2020 Actuals								35,107
Variance - Test Year vs 2012 Approved								56,428

The increase in costs between 2020 actuals and 2021 Bridge year primarily relates to increased costs with respect to the preparation of E.L.K.'s 2022 Cost of Service Rates Application. The decrease in costs in 2022 reflects the decrease in activities to draft the rate application. These costs will be spread over five years. This increase is due to the fact that E.L.K. does not possess the internal legal and consulting skill set to complete the 2022 COS in a complete fashion consistent with the OEB Filing requirements. The remaining balance is related to OEB assessments, which is not a controllable factor and other miscellaneous consultants which have increased over the years. In addition, regulatory costs will continue to rise as the dependence on third party providers will increase and the complexity of this industry continues to change.

2.8 Office Information & Technology

The risk of security breaches and exposure to cyber-attacks within the electrical energy sector has grown substantially with the implementation of Smart Grids, Smart Metering and Self-

Generation. Increased use of automation, different communication networks, and the use of wireless networks, data flows, hand-held electronic devices and the internet have created IT related threats that have not been considered in the past. As well, the growing demand for real-time data exchange between entities within the province, to support business units have resulted in increased cyber security risks to Ontario's energy sector. In 2018, the OEB issued a Notice of Amendments to the Distribution System Code, which established regulatory requirements for licenced distributors to provide the OEB with information on the actions they are taking relative to their cyber security risks.

Table 4-24 – Office Information and Technology

Program #7	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Office Information and Technology	88,000	79,048	82,549	102,401	70,108	81,839	99,679	102,572
Variance - vs. previous year			3,501	19,852	-32,293	11,731	17,840	2,894
Variance - Test Year vs. 2020 Actuals								20,733
Variance - Test Year vs 2012 Approved								14,572

Key initiatives of the Office Information and Technology program in 2022 include evaluating options to move from DSL to Fibre when available to allow process to run faster. Concentration on ensuring our servers, systems and platforms are updated, backed up and securely protected against any cyber threats. E.L.K. continues to follow its IT Policy.

2.9 Overhead Operations/Maintenance

A significant portion of E.L.K.'s distribution system includes overhead lines. Maintenance of overhead conductors includes primary and secondary services. E.L.K. continuously inspects and monitors its poles and fixtures to assess their condition and need for repair or replacement. As part of that inspection process, some components are identified for maintenance work. In addition

to minor component replacement, regular maintenance is undertaken to ensure assets remain in good working order and reliably meet customer needs.

Transformers and other main overhead equipment are examined as part of the inspection program and where issues are identified, repairs are made on site or equipment is scheduled for replacement.

Table 4-25 – Overhead Operations /Maintenance

Program #9	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Overhead Operations /Maintenance	261,000	319,878	284,796	335,263	360,701	299,263	392,999	472,488
Variance - vs. previous year			-35,082	50,467	25,438	-61,438	93,736	79,490
Variance - Test Year vs. 2020 Actuals								173,226
Variance - Test Year vs 2012 Approved								211,488

The variance of \$211,488 between the 2022 Test year and 2012 Board Approved is a result of increased labour costs and overhead costs as well as the variance of \$173,226 between 2022 Test Year and 2020 Actuals. This variance explanation also applies to underground operations/maintenance. E.L.K. now has a better understanding that to respond to storm damage, trouble calls, system repairs and planned maintenance because of system conditions, required more time in overhead operations than was previously planned. Due to the changing environmental climate, although the numbers of storms have not significantly grown, the severity of them has increased, and E.L.K. anticipates that this trend will continue into the future increasing costs in these categories

E.L.K. has completed its required Asset Condition Assessment, including a Pole Inspection report, and as a result is increasing some of the operational maintenance activities. From a sample of inspected poles in 2020 some poles were identified as past useful life and were changed in 2021. The Engineer and Asset Management Supervisor and the Operations Manager will be responsible for designing and implementing a plan for asset maintenance and replacement. Pole inspection

1 will continue by third party to identify pole assets and those that require replacement ahead of
2 useful life.

3 With respect to operational activities, E.L.K. has given more attention towards its vegetation
4 management program/tree trimming. This adds value to the customer, that even though it may
5 not be a safety issue, E.L.K. is addressing customer concerns more promptly. A more stringent
6 and improved tree trimming approach will address a number of these problems proactively for our
7 customers. E.L.K.'s current vegetation management approach has its overhead system being
8 cleared every four years; each area gets cleared once a year and the cycle continues again.
9 Clearing is also done on an as needed basis (more ad-hoc). Due to the gradual change in climate,
10 including global climate change, an increase in a storm's intensity is now more prevalent. This
11 has been evident in the past couple years in which there have been more violent storms in nature
12 and E.L.K. predicts a similar trend. For example, in 2020 and 2021 E.L.K.'s service area
13 encountered severe storms with high winds resulting in two tornados in the Essex County region
14 as well as significant flooding in which states of emergencies were declared. This caused
15 unexpected damage to our distribution system where unexpected replacements before their
16 useful life occurs. This trend will likely continue due to the global climate changes affecting our
17 environment.

18 **2.10 Underground Operations/Maintenance**

19 Maintenance of the underground system includes the cleaning of pad mounted switchgear and
20 the repair of secondary "burn offs" where underground service conductors have faulted and
21 require excavation to expose the problem area and repair. As for overhead equipment, entry point
22 of underground services of the entire underground system are inspected annually on a rotational
23 basis. E.L.K. has introduced a primary cable-testing program that is a good add on to ongoing
24 maintenance activities of underground services infrastructure that E.L.K. is continuously following.

Table 4-26 – Underground Operations /Maintenance

Program #10	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Underground Operations /Maintenance	202,000	179,588	213,891	224,388	275,621	139,583	218,385	248,366
Variance - vs. previous year			34,303	10,497	51,233	-136,038	78,802	29,982
Variance - Test Year vs. 2020 Actuals								108,783
Variance - Test Year vs 2012 Approved								46,366

The variance of \$46,366 between the 2022 Test year and 2012 Board Approved is a result of increased costs, primarily labour escalation.

The variance of \$108,783 between 2022 Test Year and 2020 Actuals is the result of program delays due to COVID supply chain issues.

- Key initiatives of the Underground Operations/Maintenance program in 2022 include:
Replacements of UG transformers identified during ACA and ongoing Inspections.
- Replacement of aging/end of life underground primary cable both planned and Reactive.
- Replacements of secondary cable mainly done on a Reactive basis when residential service quality issues arise.
- Underground transformer inspections are completed which results in maintenance of identified transformers. Some examples would include replacing a lock, making sure the transformer lid opens and closes, cleaning out the inside, and painting if required.

2.11 Distribution System Maintenance

Distribution Operations includes the cost of labour and expenses incurred in the general supervision and direction of the operation and maintenance of the distribution system. For E.L.K., this includes the supervisory labour costs for Operations and Engineering. This program is responsible for the implementation of the Distribution System Plan and the annual capital budget.

1

Table 4-27 – Distribution System Maintenance

Program #11	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Distribution System Maintenance	61,000	49,078	29,047	54,753	38,521	32,277	39,732	65,187
Variance - vs. previous year			-20,031	25,706	-16,232	-6,244	7,455	25,455
Variance - Test Year vs. 2020 Actuals								32,910
Variance - Test Year vs 2012 Approved								4,187

2 Distribution System Maintenance program variances are below the materiality threshold.

3 Key initiatives of the Distribution System Maintenance program in 2022 include both Planned and
4 Reactive maintenance. Planned Maintenance is driven by Asset Condition Assessment, Annual
5 Visual Inspections, Infrared Inspections, and from our daily Service Orders. Annually one third of
6 the system is inspected satisfying the DSC requirements. On every Service order there is a place
7 to check off stating that while on the job site the crew inspected both the UG and OH system and
8 if something is found it is documented. If something is found a secondary Maintenance Service
9 Order will be created.

10 **2.12 Education, Health and Safety**

11 In keeping with E.L.K.'s vision to pursue health and safety as a top priority, E.L.K. uses injury
12 prevention procedures with the corporation. As well, joint health and safety committee members
13 conduct workplace inspections, and would review accident reports. E.L.K. participates in Electrical
14 Safety and Conservation presentations to local elementary schools in the E.L.K. service territory.
15 E.L.K. has shifted its focus more recently toward health and safety and has implemented a
16 detailed Workplace Violence and Harassment Policy in addition to the above. Priorities are being
17 analyzed to achieve maximization of value.

18 With regards to Health and Safety, costs include Health & Safety program supplies and training
19 as well labour costs associated with safety meetings. E.L.K. is committed to maximizing
20 productivity and reducing risk of injury by initiating safety and health measures that focus on

preventative actions. The commitment to safety and health is significant, and involves documenting unsafe behaviors, monitoring conformance to established standards and policies, determining the effectiveness of safety training and monitoring the resolution of safety recommendations/audits; commitment to continuous improvement in training; and identifying and correcting root causes for system deficiencies.

Table 4-28 – Education, Health and Safety

Program #12	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Education, Health and Safety	64,000	67,519	50,795	39,881	35,782	43,747	78,000	80,340
Variance - vs. previous year			-16,724	-10,914	-4,099	7,965	34,253	2,340
Variance - Test Year vs. 2020 Actuals								36,593
Variance - Test Year vs 2012 Approved								16,340

Distribution System maintenance program variances are below the materiality threshold.

Key initiatives of the Education, Health and Safety program in 2022 include:

- E&USA courses (safety training).
- Working at Height Recerts, Utility Protection Code, and First Aid/CPR training.
- Safety related items posted on E.L.K.'s twitter page.
- Brochures were created in 2021 including clearance to overhead line, swimming pools, tress, underground equipment.
- Electricity Safety and Conservation presentations done for High School students teaching them the importance of electrical safety.

2.13 Building & Maintenance / Fleet

Building maintenance expenditures are required for repair and upkeep of the office building, parking lot and the garage/stores area. Expenses include utility bills, cleaning services,

landscaping and snowplowing, waste removal, fire monitoring, security monitoring, building supplies, pest control and building maintenance.

The Fleet program supervises the acquisition, operations and maintenance of E.L.K.'s fleet which includes approximately 10 vehicles. E.L.K prioritizes fleet replacements using the following evaluation criteria:

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

Other qualitative and quantitative criteria are factored into the fleet replacement decision such as the uniqueness of a specific vehicle and availability of E.L.K. staff to operate it. Work requirements or staffing changes can also contribute to the addition or change to E.L.K.'s fleet.

Table 4-29 – Building & Maintenance/Fleet

Program #13	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Building & Maintenance/Fleet	64,000	71,515	49,982	54,307	55,392	62,586	58,756	75,000
Variance - vs. previous year			-21,533	4,325	1,085	7,194	-3,829	16,244
Variance - Test Year vs. 2020 Actuals								12,415
Variance - Test Year vs 2012 Approved								11,000

Building & Maintenance/Fleet program variances are below the materiality threshold.

Key initiatives of the Building & Maintenance / Fleet program in 2022 include yard cleaning and proper fencing to secure yard and to utilize space for inventory. Replacement of two single bucket

1 trucks that have reached their end of life and showing increased maintenance and service costs
2 (the actual vehicle costs will be capitalized).

3 **2.14 Miscellaneous**

4 Miscellaneous includes Sentinel Lights Labour and Miscellaneous Expenses (a/c 5665). There
5 are no material variances or changes in this work program.

6 **Table 4-30 – Miscellaneous**

Program #14	2012 OEB- Approved	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Miscellaneous	10,000	9,639	9,670	3,193	6,411	14,487	13,000	13,540
Variance - vs. previous year			31	-6,477	3,218	8,076	-1,487	540
Variance - Test Year vs. 2020 Actuals	-947							
Variance - Test Year vs 2012 Approved	3,540							

7

1 TAB 4 - Workforce Planning and Employee Compensation

2 1.0 Overview

3 E.L.K.'s overall compensation for employees is designed to be competitive and equitable in order
4 to attract and retain qualified personnel in an industry that is facing an aging workforce and is very
5 competitive for skilled resources. The compensation package includes a base wage and benefits
6 package. E.L.K.'s workforce is comprised of both unionized and non-unionized management
7 employees. A summary of E.L.K. staffing is provided in Table 4-32 below, which is Board
8 Appendix 2-K:

9 **Table 4-31**
Appendix 2-K
Employee Costs

	Last Rebasing Year (2012 OEB Approved)	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Number of Employees (FTEs including Part-Time)								
Management (including executive)	4.0	4.0	4.0	4.0	4.0	4.0	4.3	5.0
Non-Management (union and non-union)	16.0	15.0	15.0	13.5	13.5	12.5	12.5	13.5
Total	20.0	19.0	19.0	17.5	17.5	16.5	16.5	18.5
Total Salary and Wages including overtime and incentive pay								
Management (including executive)	\$392,411	\$523,250	\$541,798	\$561,708	\$573,372	\$600,716	\$648,107	\$742,111
Non-Management (union and non-union)	\$1,134,366	\$1,127,335	\$1,092,946	\$1,101,095	\$1,131,706	\$1,019,514	\$1,060,867	\$1,124,967
Total	\$1,526,777	\$1,650,584	\$1,634,744	\$1,662,803	\$1,705,078	\$1,620,231	\$1,708,974	\$1,867,079
Total Benefits (Current + Accrued)								
Management (including executive)	\$29,989	\$80,843	\$85,876	\$89,395	\$82,707	\$87,906	\$99,723	\$122,619
Non-Management (union and non-union)	\$117,780	\$171,792	\$174,354	\$173,531	\$160,550	\$149,679	\$162,705	\$183,928
Total	\$147,769	\$252,635	\$260,230	\$262,926	\$243,257	\$237,585	\$262,428	\$306,547
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	\$422,400	\$604,093	\$627,674	\$651,103	\$656,080	\$688,623	\$747,830	\$864,730
Non-Management (union and non-union)	\$1,252,146	\$1,299,126	\$1,267,300	\$1,274,626	\$1,292,256	\$1,169,193	\$1,223,572	\$1,308,896
Total	\$1,674,546	\$1,903,219	\$1,894,974	\$1,925,729	\$1,948,335	\$1,857,816	\$1,971,402	\$2,173,626

10 E.L.K. has been understaffed for a number of years and has been operating below that 2012 OEB
11 Approved staffing level of 20.0 FTE's. As of 2021, E.L.K is operating with 16.5 FTE's and is

proposing to add two new positions in 2022. The first position is an Engineer and Asset Management Supervisor (Management position) and the second is a Regulatory Analyst (non-Management position). This will result in a 2022 FTE level of 18.5 FTEs, which is still below the 2012 Board approved level of 20.0 FTEs. These additional staff account for the majority of the increases in salaries and benefits in the Test Year.

Specifically, the two new hires will work on the following activities

Engineer and Asset Management Supervisor:

- manage the project to implement GIS mapping for distribution assets, then outage map on our new website to enable customer's timely planned and emergency outage
- Includes operation, updating and maintenance of the distribution GIS, Scada, Smartmap and outage map
- assist in the meter reverification program of the rest of E.L.K.'s demand meters and smart meters
- Manage, design and maintaining overhead and underground electrical projects and systems.
- Assist in executing the distribution system plan, capital and maintenance yearly budgets and reliability reports.
- Assist in the preparation of annual rate submissions, rate design, cost of service and cost allocation filings
- Design distribution system customer connections, cost estimates, offers to connect, work order and municipal approval packages, material lists, tenders and RFP's.
- Manage the construction verification program, ensuring completion with established construction, material standards and specifications for the electrical distribution system, in compliance with o. Reg22/04.
- Support the coordination and project management of capital and maintenance programs
- Review and assess capital cost estimates, including the development of economic considerations for projects
- Assist to procure materials and services in accordance with E.L.K. 's purchasing policy
- Coordinate and assist the Manager, Engineering & Operations in the approval and preparation of design plans, specifications for the construction and repair of overhead and

1 underground electric power distribution systems and streetlighting, through safe, efficient and
2 effective deployment of resources

- 3 • Work with Sub-Foreman and Leadhand as directed
- 4 • Assist in the preparation of yearly ESA audit, distribution maps and standard drawings in
5 AutoCAD
- 6 • Develop and maintain positive working relationships with all internal departments,
7 employees, customer, contractors, various legislative bodies, municipal agencies and
8 governments and other agencies.
- 9 • Ensure compliance with regulations, policies and health and safety procedures and
10 appropriate work methods
- 11 • Fulfill the duties of the Manager, Engineering & Operations in their absence

12 Regulatory Analyst:

- 13 • Will focus on regulatory accounting, reporting and requests; this will help work/life balance
14 of existing staff,
- 15 • Development of the new website – to be completed in 2022. The new website will assist
16 with increased OEB reporting regarding power outages and increased customer service
17 performance indicators.
- 18 • This new website will have mobile app capabilities, customer account access to billing info,
19 fillable forms, staff portal, plus green button initiative, outage maps (once GIS is complete)
20 to provide customers with fast timely information. This initiative is a direct result of ELK
21 listening to its customers.
- 22 • Provide support and interpretation to a wide range of activities including regulatory reporting
23 and rate applications to ensure E.L.K. Energy Inc operations are in compliance with all
24 regulatory obligations.
- 25 • Attend and participate in conference calls with OEB, USF and EDA regarding regulatory
26 matters
- 27 • Undertake review, analysis and assessments utilizing multiple sources of information to
28 improve the utilities regulatory and financial performance
- 29 • Assist in supporting E.L.K. Energy in fulfilling the duties of the CFO, Director of Stakeholder
30 Relations in their absence

1 E.L.K. currently does not have sufficient administrative resources to comply with the increasing
2 public policy and regulatory obligations on a timely basis, while completing basic business
3 management functions. For example, due to this resourcing limitation, E.L.K. currently does not
4 have capacity to perform periodic (monthly) financial statement updates. As a result, E.L.K.
5 management can only measure and manage cost performance and operational effectiveness on
6 a more periodic basis.

7 The new Regulatory Analyst will allow E.L.K. to respond to the “Operational Review” and
8 “Regulatory Audit” (a summary of these studies and E.L.K.’s response to the major findings can
9 be found at Exhibit 1, Tab 2, Section 9.2) and specifically will be responsible for items such as
10 new and advanced month-end procedures, a new budget variance reconciliation process that will
11 be implemented, all new OEB reporting requirements as well as MDM/R, service reliability
12 reporting and co-ordination with Hydro One as per the increasing OEB requests; new OEB green
13 button reporting; quoting and assisting the Manager, Operations and Engineering and would allow
14 for additional research, asset condition and valuation for the DSP, and the continued development
15 and implementation of the plan, an expanded health and safety system, the creation of a new GIS
16 and outage management system, the development of operational plans within the existing
17 regulatory framework, all of which would improve reliability, effectiveness and efficiencies
18 throughout E.L.K.’s distribution system.

19 Another example of resourcing issues comes from an operations and engineering perspective,
20 E.L.K. does not have a formal technology-based outage management platform. To address this
21 concern E.L.K. is planning to implement an outage management system in 2022 that will allow
22 E.L.K. to more efficiently track and develop outage patterns, something E.L.K.’s customers have
23 requested as detailed in Exhibit 1. With this initiative E.L.K. will also be in a better position to
24 notify customers in a more sophisticated manner through the website and using messaging
25 regarding power outages and outage map.

26 In 2022, E.L.K. is expecting to add to its current supervisory staff with the addition of Regulatory
27 Analyst. As previously noted, this staff increase will allow E.L.K. to respond to the OEB Directives
28 from the previous rate application and will also allow the Chief Financial Officer, Director
29 Stakeholder Relations and Manager, Operations and Engineering to focus on a broader scope,
30 getting involved in larger dynamic type issues, participating more in working groups, joining

1 councils and greater participation in industry-wide type issues and councils/groups. This
2 participation will allow E.L.K. a greater knowledge of industry protocols and will allow E.L.K. to
3 greater compare its processes to others in the industry. These activities are currently not taking
4 place. This will definitely increase knowledge, and ultimately will be able to provide benefits from
5 both a service and cost perspective for E.L.K. and our customer base, providing that value added
6 benefit.

7 With the additional staff requested as part of this application greater focus will be placed on these
8 initiatives. Through efficiency improvements, prioritizations as well as increased hours, E.L.K.
9 has been generally successful at handling these increased workloads over the 2017 to 2021
10 period.

11 **Compensation and Benefits**

12 E.L.K.'s management compensation for all employees is designed to be competitive and equitable
13 in order to attract and retain qualified personnel in an industry that is facing an aging workforce.
14 The compensation package includes salary and benefits. Each year, E.L.K. subscribes to the
15 MEARIE Management Salary Survey to assist the C.E.O., Audit Committee and the Board of
16 Directors with analysis and comparisons. Each E.L.K. management position is matched with the
17 MEARIE survey based on duties and title. Considerations used to approve any salary increases
18 include a comparison with all LDC's, Gross Revenues, the specific geographic region E.L.K. sits
19 in, the number of employees, the number of customers, CPI, LDC forecast as well as the union
20 increase. This detailed comparison and approval by both the Audit Committee and Board ensures
21 a stringent, fair process for all employees.

22 Many of the positions in the electric distribution industry are highly specialized and require several
23 years of training for new staff to become proficient and comfortable completing tasks efficiently
24 and safely. E.L.K.'s current staff has embraced the challenge of their positions and is why many
25 efficiency improvements have been successfully implemented and the new workload shouldered
26 without hiring incremental resources to date.

27 While overall employee numbers have remained stable the past years, wage and benefit
28 increases have been a contributing factor to increased costs as well. The union staff increases
29 are within industry norms and those received by non-unionized staff take numerous factors into

consideration including, inflation, the unionized increase and the MEARIE Management Survey and comparisons between LDC's. The success of the business while operating a safe, efficient and reliable distribution system, is based on the quality, expertise and dedication of staff. Staff must be fairly compensated for the work they perform recognizing the industry E.L.K. works in. Most of the change in benefit costs over this period is a result of increased OMERS contribution costs. Benefits and OMERS contribution costs have increased as detailed in Employee Compensation, Incentive Plan Expenses, Pension Expense section of this Exhibit.

All these changes contribute to the increase to the 2022 Test Year in salaries, wages and benefits charged to OM&A programs.

E.L.K.'s overall compensation for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel in an industry that is facing an aging workforce and is very competitive for skilled resources. The compensation package includes a base wage and benefits package. E.L.K.'s workforce is comprised of both unionized and non-unionized management employees. In 2020 approximately 70% of E.L.K.'s workforce was unionized.

E.L.K. Workforce and Operational Efficiency

Operational efficiency with respect to E.L.K.'s workforce comes in several forms. For example:

- There will be operational coverage to allow staff to take vacation time. Will eliminate overburden and over worked staff so that they do not encounter burn out or increased sick time;
- Cross training so that the organization can have a balanced knowledgeable staff and reduce the burden of brain drain on existing staff when retirements occur. Since COVID-19 started March 2020, the organization has seen early retirements, retirements and resigning of seven of its experienced valued long-term staff including the Operations Manager and CFO. This has had a significant effect on the organization as it takes time for new staff to learn and be productive and obtain those efficiencies;
- Existing managers need time to hire and train new employees to develop the skill set for optimal efficiency. The pool of qualified candidates to drawn on in the industry is low at this point in time. Having the additional staff will assist in future succession planning so

that there will be cross training and overlap before the next scheduled group retires in the next 3-5 years; and

- The new staff members will allow management to manage and to attend meetings with local initiatives to have a presence in the service areas and represent its customer base. Examples of local initiatives in the regional that the CFO and Operations Manager have recently attended in Sept/Oct 2021 include InvestEssex and CDM Belle River Initiative. E.L.K. is also a member of the following initiatives: Regional Infrastructure Planning for Windsor Essex Region; Sectr Project; EDA Western District; Windsor-Essex Planning Group; and Utility Standards Forum.
- E.L.K. would like to point out that despite the fact that the overall staffing levels have remained constant over the 2012 to 2020 period there has been a large level of staff turnover. In recent years this turnover has very high. This turnover is partly due to retirements, and staff leaving the organization, with a contributing factor being the stress faced by staff in an ever changing and complex industry. This turnover creates challenges in terms of training new staff, and also, many remaining staff have not been able to take their vacation allotment further putting pressure and strain on E.L.K's workforce.

2.0 Unionized Employees

The compensation for unionized employees is negotiated through the collective bargaining process and includes both office and trade workers. They are represented by the International Brotherhood of Electrical Workers (IBEW) Local 636. The contract includes an 8% wage increase over the life of the current four-year contract as depicted in the chart below.

Table 4-32 Date	% Increase
1-Apr-14	1.00%
1-Apr-15	1.00%
1-Oct-15	1.25%
1-Apr-16	1.00%
1-Oct-16	1.25%
1-Apr-17	1.25%
1-Oct-17	1.25%
1-Apr-18	1.25%

1-Oct-18	1.50%
1-Apr-19	2.00%
1-Apr-20	2.00%
1-Apr-21	2.00%
1-Apr-22	2.00%

1 E.L.K.'s collective agreement with unionized staff provides for annual payroll increases on a yearly
2 basis. Labour rates and benefits are adjusted annually based on negotiated percentages as per
3 the collective agreement. E.L.K.'s current collective agreement commenced on April 1, 2018, and
4 expires on April 1, 2022. Each job classification at E.L.K. has a basic job description and wage
5 rate scale that increases throughout the term of the contract.

6 **3.0 Non-Union / Management Employees**

7 The Management compensation plan consists of salaries and benefits. Each position within the
8 company has a job description and has been assessed through a pay equity plan completed by
9 E.L.K. The method of comparison used was a point factor gender neutral job evaluation system.
10 The evaluation system contained the mandatory factors of skill, effort, responsibility, and working
11 conditions. Pay for executives and management is reviewed annually by the Chief Executive
12 Officer, Audit Committee and ultimately the Board of Directors.

13 Currently, E.L.K. has adopted the Hay system as part of the MEARIE Management Survey that
14 E.L.K. subscribes to in order to perform job evaluation and management compensation
15 comparisons. The survey administrator is the Hay Group (now Korn/Ferry) which completes the
16 review and analysis on behalf of The MEARIE Group.

17 The Hay system is an industry standard job evaluation system used to develop and maintain pay
18 structures by comparing similarities and differences in the content and value of jobs. The system
19 establishes pay differentials between jobs, establishes fair and equitable compensation
20 programs, identifies and eliminates wage inequities and establishes a sound foundation for
21 consistent pay administration. The Hay evaluation process includes a job analysis, job
22 descriptions, job evaluation and job structure or ordering of jobs based on their relative value or
23 content. Job evaluation factors include know how, problem solving, accountability and working
24 conditions. Within each factor are a number of sub-factors each with a defined number of points
25 available. The points are assessed and totaled for each job and the Hay system divides the total

1 range of points into an appropriate number of grades. The external consultant assigns pay rates
2 to each of the grades based on their experience and compensation from similar sized businesses
3 in the LDC sector. Each grade level includes a minimum, midpoint and maximum pay level. The
4 structure is updated annually. E.L.K. further does analysis with the results making further
5 comparisons with other LDC's bases on geography, revenue, employee count, customer count,
6 CPI and union increases. Progression is not automatic, rather is performance based. The
7 structure is updated annually with salary increases based upon market, philosophy and ability to
8 pay.

9 There are no bonus amounts based on financial performance, safety achievements,
10 implementation of cost saving initiatives and completing work programs Benefits

11 A comprehensive and competitive benefits package exists which includes medical insurance, life
12 insurance, vacation and a company sponsored retirement plan. The plans are designed to
13 address the health and welfare needs of the employee population with similar plans for both union
14 and management employees.

15 E.L.K.'s collective agreement with unionized staff provides for benefits which are a result of a
16 collaborative and negotiated process, based on factors such as recent settlements in the LDC
17 sector including neighbouring LDC's. All of this information was provided by and consulted with
18 DMC Consultants that assisted E.L.K. in negotiating E.L.K.'s collective agreement.

19 Increases in benefit and pension costs are primarily due to increases in OMERS pension
20 expenses. Pension contributions have increased due to the economic downturn which resulted in
21 a funding deficit in the OMERS pension plan as well as additional OMERS administrative cost for
22 staffing levels to meet operational demands. To eliminate the funding deficit, OMERS introduced
23 contribution increases for both the employee and employer portion. All full-time staff participates
24 in the OMERS pension plan.

25 **4.0 Benefits, Pensions & Post-Retirement Benefits**

26 **4.1 Benefit Program Costs**

27 Please refer to the following Table 4-34 for a summary of Benefit Historical details.

28 A detailed summary of benefit program costs is presented below.

Table 4-33 Benefit Historical Details

Benefit	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
CPP - Employer's Portion	\$ 43,440	\$ 41,657	\$ 42,439	\$ 45,082	\$ 47,121	\$ 48,063	\$ 49,024
EI- Employers Portion	\$ 24,670	\$ 20,691	\$ 21,240	\$ 21,036	\$ 19,827	\$ 20,224	\$ 20,629
Employer Health Tax	\$ 32,710	\$ 32,379	\$ 33,024	\$ 33,793	\$ 32,149	\$ 32,792	\$ 33,448
WSIB	\$ 15,921	\$ 16,518	\$ 16,409	\$ 16,328	\$ 15,120	\$ 15,422	\$ 15,731
Health & Dental Benefits including Insurance	\$ 141,609	\$ 151,820	\$ 134,120	\$ 180,838	\$ 179,888	\$ 183,486	\$ 187,155
Total Company	\$ 258,350	\$ 263,065	\$ 247,232	\$ 297,077	\$ 294,105	\$ 299,987	\$ 305,987

Within E.L.K.'s Operations department, consisting of the Manager, Engineering & Operations, efficiencies in job planning and work organization are critical. The requested increased regulatory/accounting headcount, as previously described above, will be addressing this need to complement E.L.K.'s operational strengths.

E.L.K. has carefully managed staff levels and has implemented efficiencies to handle existing and incremental workload over the years. Further, with respect to the non-management group the additional employees would be in addition to, to assist in the proper succession planning and ultimately over a period of time, the non-management numbers would return to its previous levels.

4.2 OMERS Pension Plan

E.L.K. employees are members of the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan that most LDC's participate in, therefore the pension benefit provided to E.L.K. employees is consistent with that of other LDC's. The plan is a contributory defined pension plan which is financed by equal contributions from the employer and employee based on the employee's contributory earnings. For the 2022 Test Year, E.L.K. assumed OMERS rates of 9% on earnings up to CPP earning limits and 14.6% on earnings over CPP earnings limit as per OMERS's website.

Table 4-34 - OMERS Contribution Costs

	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
OMERS Contribution	\$325,059	\$331,116	\$339,471	\$347,810	\$344,367	\$352,453	\$410,714

The increases in OMERS premiums from 2016 through 2022 are explained by the increase in pension contribution rates as well as the increase in complement.

4.3 Post Retirement Benefits

The Corporation provides its retired employees with life insurance and medical benefits. The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Re-measurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

All current employees as of April 1, 2000, who retire on or after April 1, 2003, and have attained the age of 55 and have 15 years of Board Service Credit or retire with an unreduced pension under the OMERS Type 7 Plan will have their health care benefits as outlined in Article 15 of the collective agreement provided to age 65 or until said retirees qualify for the government health plan, whichever occurs first. Please note that prior to amalgamation of E.L.K., the predecessor utilities and their staff members negotiated post-retirement benefits on a case-by-case basis. Those arrangements with respect to post retirement benefits remained in place following the creation of E.L.K. The accrued expense is based on an actuarial valuation. The latest copy of the valuation has been provided as Exhibit 4, Tab 4, Attachment 1.

E.L.K. pays certain health, dental, and life insurance benefits on behalf of its retired employees.

Table 4-35 E.L.K. Post-Employment Benefits

Description	2016	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Test
	Actuals						Year
Post Retirement Benefits	\$ 30,245	\$ 28,565	\$ 25,430	\$ 22,818	\$ 21,513	\$ 14,142	\$ 14,142
DBO Liability							
Description	2016	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Test
	Actuals						Year
Opening Balance	(581,577)	(525,745)	(517,902)	(457,382)	(470,557)	(423,785)	(517,575)
Post Retirement Benefits Expense	(30,245)	(28,565)	(25,430)	(22,818)	(21,513)	(14,142)	(14,142)
Benefits Paid	26,000	31,000	31,400	26,000	30,000	37,541	37,541
Actuarial Gain/Loss	60,077	5,408	54,550	(16,357)	38,285	(117,189)	(117,189)
Adjustment - OCI/IFRS							
Closing Balance	(525,745)	(517,902)	(457,382)	(470,557)	(423,785)	(517,575)	(611,365)

Throughout the years, as depicted in the tables above, leading up to the 2022 Test year, E.L.K. employee count as well compensation amounts have remained stable. The change in compensation is directly reflected in increases in union contracts as well as any management salary changes throughout the years. Further benefit premiums vary from year to year and are dependent on the activity within the industry and not within the control of E.L.K. The 2022 increase in wages is reflective of the two additional employees being sought within this application.

5.0 OM&A Cost per Full-Time Equivalent

Included in Table 4-37, Appendix 2-L is a summary of the OM&A Cost per Customer and per Full-Time Equivalent (FTE).

1

Table 4-36 – Recoverable OM&A Cost per Customer and per FTE

**Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE ¹**

	Last Rebasings Year 2012 - OEB Approved	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Reporting Basis	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A Costs							
O&M	\$ 746,000	\$ 910,678	\$ 969,522	\$ 1,085,809	\$ 863,699	\$ 1,191,797	\$ 1,446,573
Admin Expenses	\$ 1,703,010	\$ 1,737,855	\$ 1,683,130	\$ 1,786,079	\$ 1,584,138	\$ 2,023,487	\$ 2,084,869
Total Recoverable OM&A from Appendix 2-JB ⁵	\$ 2,449,010	\$ 2,648,533	\$ 2,652,652	\$ 2,871,888	\$ 2,447,837	\$ 3,215,284	\$ 3,531,441
Number of Customers ^{2,4}	14,176	14,697	14,855	15,016	15,227	15,361	15,497
Number of FTEs ^{3,4}	20.0	19.0	17.5	17.5	16.5	16.8	18.5
Customers/FTEs	709	774	849	858	923	914	838
OM&A cost per customer							
O&M per customer	\$53	\$62	\$65	\$72	\$57	\$78	\$93
Admin per customer	\$120	\$118	\$113	\$119	\$104	\$132	\$135
Total OM&A per customer	\$173	\$180	\$179	\$191	\$161	\$209	\$228
OM&A cost per FTE							
O&M per FTE	\$37,300	\$47,930	\$55,401	\$62,046	\$52,345	\$70,940	\$78,193
Admin per FTE	\$85,151	\$91,466	\$96,179	\$102,062	\$96,008	\$120,446	\$112,696
Total OM&A per FTE	\$122,451	\$139,396	\$151,580	\$164,108	\$148,354	\$191,386	\$190,889

2



January 18, 2022

Cheryl Tratechaud
Chief Financial Officer, Director Stakeholder Relations
E.L.K. Energy Inc.
172 Forest Avenue
Essex ON N8M 3E4
ctratechaud@elkenenergy.com

via email only

Dear Cheryl:

Re: E.L.K. Energy Post-Employment Benefits Accounting at December 31, 2021.

E.L.K. Energy Inc. has retained the services of Mondelis Actuarial Services to perform a valuation of post-employment benefits for the fiscal period ending December 31, 2021. The results have been prepared in accordance with our understanding of the International Financial Reporting Standards (IFRS).

A full valuation has been prepared effective December 31, 2021. This document contains the accounting results to be disclosed in the December 31, 2021 financial statements. The attached table provides the exhibits showing disclosure information for the fiscal year ending December 31, 2021 and the prior fiscal year.

Insurance Plan

Benefits are payable to future retirees provided they retire from active service and have at least 15 years of service with the company.

Life insurance benefits are provided to four current retirees; future retirees will not be provided with life insurance benefits.

The health insurance program provides extended health insurance, dental insurance, and vision benefits; various deductibles are applicable. Current retirees are covered for various periods and coverages (some for life). For future retirees, extended health insurance benefits will cease at age 65; survivor's benefits are provided with respect to one currently retired employee.

E.L.K. 2021 Disclosure - January 18, 2021

Premiums

Monthly premiums as at January 1, 2020, January 1, 2021 and January 1, 2022 have been provided by E.L.K. Energy. The table below shows the monthly premiums, excluding provincial sales taxes.

	Class 1 and 10 (actives)				Class 2 and 11 (retirees)			
	Health		Dental		Health		Dental	
	Single	Family	Single	Family	Single	Family	Single	Family
Premiums at Jan 1, 2020	76.66	196.34	47.21	166.73	78.95	202.23	46.75	165.10
Premiums at Jan 1, 2021	76.66	196.34	47.21	166.73	78.95	202.23	46.75	165.10
Premiums at Jan 1, 2022	78.96	202.23	48.63	171.73	78.95	208.30	46.75	170.05

Data

The data used for the valuation effective December 31, 2021 is summarized in the following tables.

Age Group	Male	Female	Total	Average Service (Years)
Active Employees				
50-54	3	0	3	28.532
55 & over	<u>0</u>	<u>1</u>	<u>1</u>	22.167
Totals	3	1	4	26.941

Age Group	Male	Female	Total	Average Life Ins.
Retirees				
55-59	3	0	3	0
60-64	2	0	2	0
75-79	0	1	1	5,584
80-84	2	0	2	15,179
85-89	<u>1</u>	<u>1</u>	<u>2</u>	22,050
Totals	8	2	10	8,004

E.L.K. 2021 Disclosure - January 18, 2021

Confirmations

We have been engaged to prepare actuarial valuations for E.L.K Energy's post-employment benefits plan. We confirm that:

- a) The valuation regarding the recognition of employee future benefit obligation through December 31, 2021 is in accordance with IFRS.
- b) The valuation has been performed in accordance with the Canadian Institute of Actuaries (CIA) standards of practice.
- c) The valuation has been performed using the discount rate determined in accordance with IFRS and best estimate assumptions determined by management in consultation with our office.
- d) We have used a materiality level of \$25,000 in dealing with errors or changes in principle and the application thereof.
- e) Our calculations include all employee future benefit plans of the Company required to be included in the calculations for which we have been retained. No changes in plan provisions have been brought to our attention that have occurred in the period from the valuation date up to the date of this report that would have a material impact on the results of this report.
- f) The valuation is accurate and properly reflects the effect of all events and changes that have been brought to our attention by management.
- g) No matters have come to our attention which occurred in the period from the effective date of the report (December 31, 2021) to the date of the completion of this report which would have a material effect on our calculations.

Assumptions/Method

The significant actuarial assumptions used in the calculations are as follows:

- The date of all calculations is December 31, 2021.
- A 2.50% discount rate is used to determine the obligation at December 31, 2021; a rate of 2.00% was used at December 31, 2020 and for extrapolation during 2021. The discount rate of 2.50% at December 31, 2021 represents the equivalent annual yield derived from use of the Fiera Capital Canadian Institute of Actuaries Method Accounting Discount Rate Curve at December 31, 2021, rounded to the nearest 0.25%.
- No assets have or are expected to be accumulated for the plan.
- Salary growth is not anticipated, as benefits are not salary related.
- No employee contributions are to be made to the plan; the value of benefits funded by plan members is excluded from the calculated liabilities (i.e. only the employer's share of the cost of benefits is considered).
- The Canadian Pensioners' Mortality Table (Composite) projected on a generational basis using CPM Improvement Scale B is used for the current valuation.
- Termination of employment is based on the Ontario Light Scale, with no termination after age 54.

E.L.K. 2021 Disclosure - January 18, 2021

- Retirement is assumed to be at the later of age 57 and the age at which benefits become available under the plan; previously retirement was assumed to be at the later of age 60 and the age at which benefits become available under the plan.
- Inflation of 2.25% per year is assumed.
- Health care trend rates are assumed to be 6.5% starting in 2023, reducing by 0.5% per year until an ultimate rate of inflation plus 1.75% (i.e. 4%) is attained.
- Dental care trend rate of 4% per year.
- A life insurance settlement expense of \$500 per policy is assumed.
- The value of projected benefits is prorated over the attribution period to determine the amount of expense to charge to various periods. The accrued obligation represents the present value of benefits assigned to periods prior to the valuation date.
- Amortizations: Gains/losses are immediately recognized in the Balance Sheet Asset.
- The attribution method is based on prorating benefits over each employee's period of service to the age at which the employee is eligible for post-employment benefits.
- The valuation allowance is zero.
- It is assumed that current marital status will be in place at each active employee's retirement; spouse is assumed to have same age as employee.

Should you require additional information or additional calculations, please contact us.

Sincerely,



Harish Pawagi
519-804-2896
harish.pawagi@mondelis.com
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries

Att.

E.L.K. 2021 Disclosure - January 18, 2021

E.L.K. Energy Post-Employment Benefits

Fiscal period	2020	2021
Discount Rate		
At start of period	3.00%	2.00%
At end of period	2.00%	2.50%
Interest rate on assets	N/A	N/A
Salary Growth assumption	N/A	N/A
YMPE Growth assumption	N/A	N/A
CPI increase assumption	2.25%	2.25%
Termination rates used	Yes	Yes
Retirement Age	60/15yos	57/15yos
Trend Rates (starting at most recent valuation)		
Health Care Initial Trend Rate	6.5%	6.5%
Ultimate Trend Rate/Dental Trend Rate	4.0%	4.0%
Period (years) to Ultimate	5	5
EARSL Period	N/A	N/A
Number of active employees, valuation data	7	4
Number of retirees, valuation data	8	10

Reconcile Obligation

Obligation at start of period	470,557	423,785
Change in obligation on revaluation	0	0
Plan improvements in period	0	0
Current service accrual cost	7,730	5,982
Member contributions	0	0
Benefit payments	(30,000)	(37,541)
Interest on obligation	<u>13,783</u>	<u>8,160</u>
Obligation at end of period	462,070	400,386
Actual obligation at end of period	<u>423,785</u>	<u>517,575</u>
Total (Gains) & Losses	(38,285)	117,189

Reconcile Plan Funds

Fund at start of period	0	0
Company contributions	30,000	37,541
Benefit payments	(30,000)	(37,541)
Interest on fund	<u>0</u>	<u>0</u>
Expected fund at end of period	0	0
Actual fund at end of period	<u>0</u>	<u>0</u>
(Gains) & Losses	0	0

E.L.K. 2021 Disclosure - January 18, 2021

E.L.K. Energy Post-Employment Benefits

Fiscal period	2020	2021
Expense		
Current service cost	7,730	5,982
Interest on obligation	13,783	8,160
Interest on assets	0	0
Amortize transition amount	0	0
Amortize plan improvements	0	0
Amortize (gains) and losses	<u>0</u>	<u>0</u>
Expense	21,513	14,142
Unamortized (Gains) & Losses		
Unamortized (gain)/loss at start of period	0	0
Restatement of Liability	0	0
(Gain)/Loss in period	(38,285)	117,189
Amortization in period	(38,285)	117,189
Unamortized (gain)/loss at end of period	0	0
Balance Sheet Asset (Liability)		
Asset/(Liability) at start of period	(470,557)	(423,785)
Restatement of Pension Liability	0	0
Income/(Expense) in period	(21,513)	(14,142)
Company contributions	30,000	37,541
Recognize gains/(losses)	<u>38,285</u>	<u>(117,189)</u>
Asset/(Liability) at end of period	(423,785)	(517,575)
Reconcile Balance Sheet Asset to Funded Status		
Funded status	(423,785)	(517,575)
Unamortized transition amount	0	0
Unamortized prior service costs	0	0
Unamortized gains & (losses)	<u>0</u>	<u>0</u>
Balance Sheet Asset/(Liability)	(423,785)	(517,575)
Impact of 1% change in health insurance trend rates		
Change in obligation for 1% increase in trend rates		21,000
Change in obligation for 1% decrease in trend rates		(20,000)

E.L.K. 2021 Disclosure - January 18, 2021

E.L.K. Energy Post-Employment Benefits
Fiscal period

2020 2021

Sources of (Gains) & Losses

Change in Financial Assumptions

(14,396)

Change in Demographic Assumptions

55,533

Plan experience

76,052

Total (Gains) & Losses

117,189

TAB 5 - SHARED SERVICES/CORPORATE COST ALLOCATION

1.0 Overview

E.L.K. Energy ("Energy") provides services to an affiliate company, E.L.K. Solutions ("Solutions"). E.L.K. also performs services for its shareholder the Town of Essex. A summary of charges to the affiliate and the Town of Essex for services provided in 2016 to 2020 and for the 2021 Bridge and 2022 Test Years, is provided as follows, which summarizes OEB Appendix 2-N (Exhibit 4, Tab 5, Attachment 1).

2.0 Services Provided by E.L.K. Energy to Solutions

2.1 Hot Water Heater Services

Energy has entered into a services agreement with Solutions (see Exhibit 4, Tab 5, Attachment 1) where staff are made available by Energy to Solutions and work is performed under the supervision of Solutions. For example, billing, collecting and other customer service services for hot water heater rentals for approximately 130 customers. This includes issuing approximately 1,560 bills for hot water heater rental units on a yearly basis. Costs for this service were determined through employee time sheets with the appropriate amount charged to Solutions at fully burdened rates.

2.2 Streetlight and Sentinel Light Services

Energy has entered into a services agreement with Solutions (see Exhibit 4, Tab 5, Attachment 1) for maintenance services for streetlights and sentinel lights. Staff made available by Energy to Solutions and work is performed under the supervision of Solutions. These services are provided based on employee time at fully burdened rates, as well as truck and material expenses at fully burdened costs. The costs and revenues are summarized below in Table 4-39.

Table 4-37 Affiliate Services Revenue by Service Type

Service Provided		Service	OEB Approved	Actual		
By	To		2012	2016	2017	2018
E.L.K. Energy	E.L.K. Solutions	Streetlighting, Sentinel Lighting and Water Heaters	\$264,000	\$200,000	\$163,000	\$116,000
E.L.K. Energy	Town of Essex	Billing Function for Water Department	\$295,000	\$340,000	\$360,000	\$366,000

Service Provided		Service	Actual		Bridge Year	Test Year
By	To		2019	2020	2021	2022
E.L.K. Energy	E.L.K. Solutions	Streetlighting, Sentinel Lighting and Water Heaters	\$140,000	\$305,000	\$184,800	\$184,800
E.L.K. Energy	Town of Essex	Billing Function for Water Department	\$380,000	\$390,000	\$367,200	\$367,200

3.0 Services Provided by E.L.K. Energy to the Town of Essex

3.1 Water & Sewer Billing Services

E.L.K. provides the Town of Essex water and sewer billing services. These services include meter reading, service orders, billing, bill collection and payment, answering customer water and sewage related inquiries and other customer services as required. Approximately 38% of the bills issued each month are shared electricity/water and sewer bills and approximately 25% are water only accounts. A pricing mechanism of cost-plus mark-up represents all Billing and Collecting services provided by E.L.K. and recovers the costs related to these shared services.

4.0 Variance Analysis

The following Table 4-40 provides a variance analysis of Test Year vs. last OEB approved and most recent actuals.

Table 4-38

Shared Services Variance Analysis

	2012 OEB Approved	2020 Actual	2022 Test Year	Variance 2022 Test Year to 2012 OEB Approved	Variance 2022 Test Year to 2020 Actual
E.L.K Energy to E.L.K. Solutions	264,000	305,000	184,000	(80,000)	(121,000)
E.L.K. Energy to Town of Essex	295,000	390,000	367,200	72,200	(22,800)

E.L.K. Energy to E.L.K. Solutions, 2022 Test Year to 2012 OEB Approved revenue is \$80,000 lower due to customer's moving away from rental of electric water heater rentals and use of rental sentinel lights.

E.L.K. Energy to E.L.K. Solutions, 2022 Test Year over 2020 Actuals revenue is \$121,000 lower due to customer's moving away from rental of electric water heater rentals and use of rental sentinel lights.

E.L.K. Energy to Town of Essex, 2022 Test Year to 2012 OEB Approved revenue is \$72,200 higher due to increased costs in shared services such as telephone, answering service, shared collection services and IT support services.

E.L.K. Energy to Town of Essex, 2022 Test Year over 2020 Actuals revenue is \$22,800 lower due to the impact of the COVID19 pandemic and Town of Essex putting a hold on late payment charges and disconnection processes for the water and sewer customers.

File Number: EB-2021-0016
Exhibit: 5
Tab: 1
Attachment: 1
Date: 4-Feb-22

Appendix 2-N Shared Services and Corporate Cost Allocation ¹

Year: 2016

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
E.L.K. Energy Inc.	E.L.K. Solutions Inc.	Streetlighting, Sentinel Lighting and Water Heaters	Cost Base plus mark-up	\$200,000	\$200,000
E.L.K. Energy Inc.	Town of Essex	Billing Function for Water Department	Cost Base plus mark-up	\$340,000	\$283,000

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$

Note:

1 This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years. The required information includes:

• **Type of Service:**

Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company that are allocated to the applicant.

• **Pricing Methodology:**

Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.

• **% Allocation:**

The applicant must provide the percentage of the costs allocated to the entity for the service being offered. The Applicant must also provide a description of the allocator and why it is an appropriate allocator.

Year: 2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
E.L.K. Energy Inc.	E.L.K. Solutions Inc.	Streetlighting, Sentinel Lighting and Water Heaters	Cost Base plus mark-up	\$163,000	\$163,000
E.L.K. Energy Inc.	Town of Essex	Billing Function for Water Department	Cost Base plus mark-up	\$360,000	\$300,000

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$

Year: 2018

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
E.L.K. Energy Inc.	E.L.K. Solutions Inc.	Streetlighting, Sentinel Lighting and Water Heaters	Cost Base plus mark-up	\$116,000	\$116,000
E.L.K. Energy Inc.	Town of Essex	Billing Function for Water Department	Cost Base plus mark-up	\$366,000	\$305,000

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$

[illegible]

Year: 2021

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
E.L.K. Energy Inc.	E.L.K. Solutions Inc.	Streetlighting, Sentinel Lighting and Water Heaters	Cost Base plus mark-up	\$184,800	\$184,800
E.L.K. Energy Inc.	Town of Essex	Billing Function for Water Department	Cost Base plus mark-up	\$367,200	\$318,600

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$

Year: 2022

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
E.L.K. Energy Inc.	E.L.K. Solutions Inc.	Streetlighting, Sentinel Lighting and Water Heaters	Cost Base plus mark-up	\$184,800	\$184,800
E.L.K. Energy Inc.	Town of Essex	Billing Function for Water Department	Cost Base plus mark-up	\$367,200	\$318,600

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$

TAB 6 - NON-AFFILIATE, ONE-TIME AND REGULATORY COSTS

1.0 Purchases of Products and Services of Non-Affiliates

E.L.K. purchases many services and products from third parties. These purchases are governed by E.L.K.'s Procurement Policy which is provided as Exhibit 4, Tab 6, Attachment 1. Purchases in support of 2022 operating and capital work programs will continue to be based on the E.L.K.'s Procurement Policy.

E.L.K. confirms that there were no transactions that were not in compliance with the Procurement Policy.

2.0 One-Time Costs

Other than Regulatory Costs that are described in Section 3.0 below, E.L.K. does not have any "one-time" costs in the 2022 Test Year. E.L.K. may have a number of "one-time" projects over the 5-year 4th Generation IRM period, however the level of funding available for one project in given year will be directed towards another project in a subsequent year.

3.0 Regulatory Costs

The Chief Financial Officer & Director Stakeholder Relations is primarily responsible for regulatory accounting, preparing regulatory filings and rate applications, completing audits, ensuring regulatory and legislative compliance and providing input to the various regulatory agencies. Due to the complexity and work load involved in completing the above tasks other members of the Management team are required on an on-going basis to help ensure regulatory and legislative compliance and also to provide assistance in preparing rate applications. These costs are primarily in the Executive and Financial work program and are not included in OEB Appendix 2-M "Regulatory Cost Schedule".

A summary of E.L.K.'s Regulatory Costs in the format of Board Appendix 2-M is provided in Table 4-41 below:

Table 4-39 Regulatory Cost Schedule

**Appendix 2-M
Regulatory Cost Schedule**

Regulatory Cost Category	USoA Account	USoA Account Balance	Last Rebasing Year (2012 OEB Approved)	Last Rebasing Year (2012 Actual)	Most Current Actuals Year 2020	2021 Bridge Year	Annual % Change	2022 Test Year	Annual % Change
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)=[(G)-(F)]/(F)	(I)	(J)=[(I)-(G)]/(G)
Regulatory Costs (Ongoing)									
1 OEB Annual Assessment			29,970	28,982	51,400	50,108	-2.51%	50,108	0.00%
2 OEB Section 30 Costs (OEB-initiated)			2,000	452	606	2,147	254.45%	1,592	-25.85%
3 Expert Witness costs for regulatory matters									
4 Legal costs for regulatory matters					18,682		-100.00%		
5 Consultants' costs for regulatory matters									
6 Operating expenses associated with staff resources allocated to regulatory matters									
7 Operating expenses associated with other resources allocated to regulatory matters ¹									
8 Other regulatory agency fees or assessments			800		800	800	0.00%	800	0.00%
9 Any other costs for regulatory matters (please define)			4,561		21,450		-100.00%		
10 Intervenor costs					3,430		-100.00%		
11 Include other items in green cells, as applicable									
Regulatory Costs (One-Time)									
1 Expert Witness costs									
2 Legal costs			25,000					200,470	
3 Consultants' costs			36,925	94,482				247,329	
4 Incremental operating expenses associated with staff resources allocated to this application.									
5 Incremental operating expenses associated with other resources allocated to this application. ¹								7,000	
6 Intervenor costs			11,250	23,023				65,000	
7 OEB Section 30 Costs (application-related)								20,000	
8 Include other items in green cells, as applicable									
1 Sub-total - Ongoing Costs ²		\$ -	\$ 37,331	\$ 29,434	\$ 96,368	\$ 53,055	-44.95%	\$ 52,500	-1.05%
2 Sub-total - One-time Costs ³		\$ -	\$ 73,175	\$ 117,505	\$ -	\$ -		\$ 539,799	
3 Total		\$ -	\$ 110,506	\$ 146,939	\$ 96,368	\$ 53,055	-44.95%	\$ 160,460	202.44%

Application-Related One-Time Costs	Total
Total One-Time Costs Related to Application to be Amortized over IRM Period	\$ 539,799
1/5 of Total One-Time Costs	\$ 107,960

3.1 Ongoing Regulatory Costs

On-going costs in Table 4-41 primarily relate to the OEB Annual Assessment Fee (\$50,108 in 2022). It is noted that in 2020, E.L.K. incurred an expenditure \$21,450 related to 2021 cost of service consultants and KPMG audit review. In addition to the costs identified in Table 4-41, E.L.K. incurs ongoing regulatory costs in support of regulatory accounting, reporting and compliance. This work is primarily included in the scope of the CEO, CFO and the Engineering and Asset Manager positions. Other staff in the organization also contribute to the support of regulatory activities. The new Regulatory Analyst position planned for hiring in 2022 will help to enhance and strengthen E.L.K.'s ability of respond to regulatory requirements. The costs of the above staff are included primarily in the Executive, Financial and Professional work program.

3.2 One-Time Regulatory Costs

Regulatory requirements are extensive with the need for ensuring compliance with codes and directives, complex accounting and settlement processes, annual rate applications and ongoing reporting requirements.

The estimated one-time costs for the 2022 cost of service application are \$539,799. E.L.K. has included \$107,960 in its 2022 Test Year revenue requirement based on a recovery of 1/5th of the one-time application costs over each year of the 4th Generation IR term. This estimate includes incremental costs for preparing, processing and approval of the application. Key components of this cost include external regulatory and legal support, preparation of the Distribution System Plan, consulting with customers and intervenor funding. A greater level of expertise is required, specifically with consultants and lawyers which require engagement. The need to engage the expertise of consultants and lawyers includes help with documentation and preparation of written evidence, models and working papers.



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1 POLICY

The policies and procedures prescribed in this policy shall be followed for the purchasing of all *goods* and/or *services* by *E.L.K.* or any of its officers, servants or employees.

E.L.K. purchasing principles shall comply with the "FAIRNESS IS A TWO WAY STREET ACT (Construction, Labour/Mobility)" which was adopted by the Ontario Legislature (June 7th, 1999) as amended. The Act prohibits the Ontario Government, prescribed agencies, boards commissions, Crown Corporations and broader public sector entities (including municipalities) from *awarding construction contracts* to contractors from a designated jurisdiction. Quebec is the jurisdiction designated by regulation under the act.

2 PURPOSE

2.01 The goals and objectives of the Purchasing Policy and each of the methods of purchasing authorized herein are:

(1) To provide the basic minimum requirements to ensure that *quotations* are obtained, *competitive purchasing* is adhered to and continue to ensure that *E.L.K.* obtains the *best value* of *goods* and/or *services* at the most economical cost.

(2) To the extent possible, ensure efficiency, openness, *accountability* and transparency in the administration of the purchasing function while protecting the financial interest of *E.L.K.* and respecting the competitive interests of those participating in the purchasing process.

(3) To ensure an uninterrupted flow of *goods* and/or *services* by obtaining the right product, at the *best value*, with delivery at the right time.

(4) To attempt to reduce the amount of solid waste requiring *disposal* arising from the procurement of environmentally responsible *goods* and/or *services*.

(5) To ensure proper policies and procedures are in place to support the achievement of *Board/Corporate* goals and objectives.

3 SCOPE

The Purchasing Policy applies to the Company.



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4 RESPONSIBILITY

- 4.01 Managers have the responsibility of overseeing all purchasing activities within their department(s) and are accountable for achieving *best value* while following the purchasing principles of this Policy.
- 4.02 The Chief Executive Officer and the *Director of Finance* have the responsibility and authority to:
- (a) Provide purchasing advice to departments,
 - (b) Monitor adherence to the provisions of this Policy,
 - (c) Notify Managers, in advance if possible, of non-compliance,
 - (d) Inform The *Board* that non-compliance with this Policy has occurred,
 - (e) Provide ongoing training and educational programs relating to this Policy,
 - (f) Ensure the issuance of *purchase orders* on a timely and efficient manner,
 - (g) Continuously monitor and evaluate the efficiency and effectiveness of purchasing procedures and implement opportunities for improvement,
 - (h) Sell and dispose surplus and/or obsolete material and equipment and
 - (i) *Purchase* all *goods* and *service* upon authority of a resolution of the *Board* and/or a written and properly authorized *requisition*, within the limits and conditions set out.
- 4.03 The *C.E.O.* or *Director of Finance* have the authority to instruct Managers not to approve *requisition contracts* and to submit recommendations to the *Board* for *approval* and may provide additional restrictions concerning purchasing where such action is considered necessary and in the best interest of *E.L.K.*
- 4.04 The *C.E.O.* and the *Director of Finance* from time to time, at his/her discretion, may make recommendations regarding the rescinding, remaking or amending this policy or any provision.
- 4.05 The Manager given *acquisition* authority under this policy is accountable and responsible to ensure that proper budgets exist and *purchases* do not violate any *E.L.K.* legal or statutory policy. Those responsible for *requisitioning* and purchasing *goods* and/or *services* will be held accountable for their decisions.
- 4.06 The Manager is responsible to ensure that the requirements of this Policy have been met before creating and releasing any *purchase order*.
- 4.07 *Approval* authorities of this Policy are to be in accordance with Table "B". Sales taxes, excise taxes, *goods* and *service* taxes and duties shall be included in determining the price of a *contract* for the supply of *goods* or *services* for the purpose of the relationship of the price to the Preauthorized Expenditure Limit.
- 4.08 A *Board* report recommending *award* of a *tender* or *proposal* is required as set forth in Table "B". *Board approval* may be required in cases where, in the opinion of the *C.E.O.* or *Director of Finance*, it is felt *purchases* in excess of budgetary allotments



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should be reviewed by the **Board**, in which case a report to the *Board* will need to be prepared.

- 4.09 The prescribed sections of this Policy maintain the integrity of the *bid solicitation* processes including protecting the interests of *E.L.K.*, the public and persons participating in a purchasing process.
- 4.10 The Ontario Public Buyers Association (OPBA) "Code of Ethics for public purchasers is based upon the following tenets and members of the OPBA attempt to consistently practice their profession and deal with their day-to-day responsibilities according to these principles. Members are encouraged to display this statement in their departments as well as other locations in their agencies."

(1) "Open and Honest Dealings with Everyone Who is Involved in the Purchasing Process." This includes all businesses with which *E.L.K.* *contracts* or from which it *purchases goods and/or services*.

(2) "Fair and Impartial *Award* Recommendations for All Contracts and Tenders." This means that *E.L.K.* does not extend preferential treatment to any vendors, including local companies. Not only is it against the law, it is not good business practice, since it limits fair and open competition for all vendors and is therefore a detriment to obtaining the best possible value for each tax dollar.

(3) "An Irreproachable Standard of Personal Integrity on the Part of All Those Designated as Purchasing Agents for this Agency." Absolutely no gifts or favours are accepted by the staff associated with the purchasing agents of *E.L.K.* in return for business or the consideration of business. *E.L.K.* does not publicly endorse one company in order to give that company an advantage over others.

4.11

E.L.K. is committed to the development and implementation of a vendor performance measurement system which will include, but may not be limited to, the following elements:

- (a) Effectiveness,
- (b) Objectivity,
- (c) Fairness,
- (d) Openness and Transparency,
- (e) *Accountability* and
- (f) Efficiency

5 DEFINITIONS

- 5.01 To establish the definition of any other purchasing term not herein included, reference shall be made to the latest edition of the National Institute of Governmental Purchasing Guide.



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“*Acceptance*” means *E.L.K.* shall be under no obligation to accept the lowest or any *tender, proposal or expression of interest*. *E.L.K.* shall have the right to accept any submission that it may consider to be in its best interest, or reject any or all submissions. The grounds for rejecting a submission include but are not limited to, past performance with *E.L.K.* or with other clients.

“*Accountability*” means having responsibility to account for ones conduct in an explicable and understandable manner.

“*Acquisition*” means the act of acquiring *goods and services*.

“*Advertising*” means the publication of projects (*tenders, proposals, expressions of interest*) in appropriate newspapers, journals, the *E.L.K.* website, or electronic bulletin boards.

“*Agreement*” means a formal written legal agreement or *contract* for the supply of *goods, services, equipment or construction*.

“*Approval*” a requirement to obtain necessary *approvals* according to predefined dollar limits.

“*Approved Budget*” means a budget approved by the *E.L.K. Board* for the current fiscal year.

“*Asset*” means a non-consumable item valued over \$1,000 with a useful life of over one year.

“*Award*” means authorization to proceed with the *purchase of goods and/or services*.

“*Best Value*” means the optimal balance of performance and cost determined in accordance with a pre-defined evaluation plan. *Best value* may include a time horizon that reflects the overall life cycle of a given *asset*.

“*Bid*” means an offer or submission from a supplier in response to a *bid solicitation*.

“*Bid Bond*” means the form of security provided by a bonding agency licenced in the Province of Ontario required by the terms and conditions of *Bid Solicitation* documentation to guarantee that the successful bidder enters into a *contract* with *E.L.K.*

“*Bid Irregularity*” means a deviation between the requirements (terms, conditions, *specifications, special instructions*) of a *bid* request and the information provided in *bid* response. For the purpose of this policy, *bid* irregularities are further classified as “major irregularities” or “minor irregularities”:



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(a) Major Irregularity: a deviation from the *bid* request which affects the price, quality, quantity or delivery and is material to the *award*. If the deviation is permitted, the bidder could gain an unfair advantage over competitors. *E.L.K.* must reject any *bid* which contains a major irregularity.

(b) Minor Irregularity: a deviation from the *bid* request which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not material to the *award*. If the deviation is permitted or corrected, the bidder would not gain an unfair advantage over competitors. *E.L.K.* may permit the bidder to correct a minor irregularity.

“*Bid Solicitation*” means a request for *bids* that may be in the form of a Request for Quotation, Request for Pre-Qualifications, Request for Tender or Request for Proposal.

“*Bid Deposit*” means currencies, certified cheques, bank draft, bond surety issued by a surety company or other form of negotiable instrument to ensure the successful bidder will enter into an Agreement.

“*Blanket Purchase Order*” is document used to formalize a purchasing transaction requiring the vendor to hold firm the quoted prices for a designated period of time and is one that has been issued to a supplier for specific item(s) over a specified period of time. It is only applicable in cases where *goods* and *services* are used by one or more departments repetitively throughout a given year. Comparative pricing for *blanket purchase orders* must be obtained on an annual basis.

“*Board*” means the *E.L.K. Board* of Directors and known as “*Board*” throughout the document.

“*C.E.O.*” means the Chief Executive Officer of *E.L.K.* or in his absence the most senior official designated by the *Board*.

“*Certificate of Clearance*” from the Workplace Safety and Insurance Board means a certificate issued by an authorized official of the Workplace Safety and Insurance Board certifying that the Board waives its rights under subsection 9 (3) of the Workers’ Compensation Act, R.S.O. 1990, Chapter W.11.

“*Competitive Purchasing*” means an *acquisition* method whereby vendors/manufacturers are given an equal opportunity to compete for *E.L.K.* business.

“*Conflict of Interest*” means a situation in which private interests or personal considerations may affect a director’s or an employee’s judgment in acting in the best interest of *E.L.K.* It includes using a director’s or an employee’s position, confidential information or corporate time, material or facilities for private gain or advancement or the expectation of private gain or advancement. A conflict may occur when an interest benefits any member of the director’s or employee’s family, friends, or business associates.



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“*Construction*” means a *construction*, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, soil investigation, the supply of products and materials and the supply of equipment and machinery if they are included in and incidental to the *construction* and the installation and repair of fixtures of a building, structure or other civil engineering design or architectural work, but does not include professional *services* related to the *construction contract* unless they are included in the *specifications*.

“*Consulting and Professional Services*” means those *services* requiring the skills of a professional for a defined *service* and may include, but not limited to, architects, engineers, designers, surveyors, planners, accountants, auditors, management professionals, marketing professionals, software and information technology experts, financial consultants, insurance consultants, lawyers, law firms, real estate agents and brokers, planners, environmental planners and engineers, hydro geologists, transportation planners and engineers, communications consultants and any other professional *services* which may be required by *E.L.K.*

“*Contract*” means a legally binding agreement between two or more parties. Such agreements will consist in the form of a:

- (a) *Purchase Order*, or
- (b) *Purchase Order* incorporating a formal agreement, or
- (c) Formal agreement between two or more parties that creates an obligation to provide defined *goods* and/or perform defined *services*.

“*Contract Order*” means a document used to formalize a purchasing transaction which is a binding agreement for a vendor to supply *goods* and/or *services* to *E.L.K.*

“*Disposal*” means the transfer of ownership from *E.L.K.* by sale, trade-in, alternative use or destruction which are deemed surplus.

“*Director*” means an individual appointed to the *E.L.K. Board* of Directors.

“*Director of Finance*” means the *Director of Finance* for *E.L.K.*

“*E.L.K.*” means *E.L.K. Energy Inc.*

“*Emergency*” means a situation where the *purchase* of *goods* and *services* requires immediate action in the following situations:

- (a) An imminent or actual danger to the life, health or safety of an official, the public, or an employee while acting on the behalf of *E.L.K.*;
- (b) An imminent or actual danger of injury to or destruction of real or personal property belonging to *E.L.K.*, for which *E.L.K.* would be liable;
- (c) An unexpected interruption or threat of an interruption of an essential public service;



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- (d) An *emergency* as defined by the Emergency Management Act and the Emergency Response Plan formulated by *E.L.K.*;
- (e) A spill of a pollutant as contemplated by the Environmental Protection Act.

“*Evaluation Committee*” shall be composed of a minimum of two persons, namely one of C.E.O, Operations Manager or *Director of Finance*. The committee shall review all *proposals* against established criteria and reach consensus on the final rating results.

“*Evaluation Criteria*” to be applied in *awarding* the *Contract* and the role of an *evaluation committee* are stated clearly in the solicitation document. Criteria used to identify the *proposal* that best meets the needs of *E.L.K.* may include, but are not limited to, cost, quality, service, compatibility, product reliability, operating efficiency and expansion potential, proponent qualification and experience.

“*Execute*” means to legally bind *E.L.K.* to the terms and conditions defined within the agreement.

“*Executed Agreement*” means a form of agreement, either incorporated in the *bid* documents or prepared by *E.L.K.* or its agents, which has been *executed* by the successful bidder and *E.L.K.*

“*Expression of Interest*” means a situation where vendor(s) approach *E.L.K.* or are solicited by *E.L.K.* to advise *E.L.K.* of their ability or desire to undertake, *E.L.K.* requirements and/or provide certain *goods* or *services*.

“*Fair Market Value*” means that price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm’s length who are fully informed and not under any compulsion to transact.

“*Goods*” includes supplies, materials and equipment of every kind required to be used to carry on the operation of *E.L.K.*

“*Holdback*” means an amount withheld under the terms of the *contract* to be used as security and to ensure the complete performance of the *contract* and to avoid overpayment in relation to progress of work.

“*Irregularities Contained in Bids*” is defined in Appendix “C” and includes the appropriate response to those irregularities.

“*Irrevocable Letter of Credit*” means an irrevocable letter from a financial institution containing a request that the party to who it is addressed pay the bearer or a person named therein money as a result of failure to perform or fulfill all the covenants, undertakings, terms, conditions and agreements contained in a *contract*.



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“*Labour and Materials Payment Bond*” means a bond issued by a surety company licensed in the Province of Ontario to ensure that the contractor has paid his/her suppliers and thereby protects *E.L.K.* against liens which might be granted to suppliers should the contractor not make proper payments.

“*Letter of Agreement to Bond*” means a letter or other form issued by a bonding agency licensed to operate by Government of Canada or the Province of Ontario advising that if the bidder is successful the bonding agency will issue the required bonds.

“*Lowest Compliant Bid*” means the *bid* that would provide *E.L.K.* with the desired *goods* and/or *services* at the lowest per unit or overall cost, meets all the *specifications* and contains no major irregularity or qualifications.

“*Manager*” means an individual responsible for a department and who reports directly to the *C.E.O.*

“*Negotiation*” means the action or process of conferring with one or more vendors leading to an agreement on the *acquisition* of the required *goods* and *services* under the conditions outlined in this Policy.

“*No Bid Response*” means a supplier was solicited to provide a *quotation*, but did not provide a quote.

“*Performance Bond*” means a bond issued by a surety company *executed* in connection with a *contract* and which secures the performance and fulfillment of the undertakings, covenants, terms, conditions and agreements contained in the *contract*.

“*Progress Payment*” means a payment made under the terms of a *contract* during its terms and before its completion.

“*Proposal*” means a competitive offer, binding on the proponent and submitted in response to a *Request for Proposal* where *proposal* evaluation and *contract award* is based on criteria such as but not limited to proponent qualifications and experience, product features and characteristics, service quality and efficiency and conformance with *specifications* and requirements contained in the *Request for Proposal*. Price may be an *evaluation criteria* for *proposals* but will not necessarily be the predominant basis for *contract award*. *Proposals* will not have public openings.

“*Purchase*” means to acquire by *purchase*, rental or lease of *goods* and *services*.

“*Purchase Order*” means a written offer to *purchase goods* and *services* or a written *acceptance* of an offer where such offer has been made on forms prescribed by *E.L.K.* (See Appendix “E”).



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“*Quotation*” means a bid received as a result of a written or verbal (via telephone or in person) request by *E.L.K.* for the supply of *goods* and/or *services*.

“*Request for Pre-Qualification*” means a request for the detailed submission of the experience, financial strength, education, background and personnel of persons, firms or corporations who may, from time to time, qualify to supply *goods* and/or *services* to *E.L.K.*

“*Request for Proposal*” (RFP) means a process where a need is identified, but the method by which it will be achieved is unknown or flexible at the outset. This process allows vendors to propose solutions or methods to arrive at the desired result. The solicitation of written, competitive *proposals*, or offers to be used as a basis for entering into a *contract* when *specification* and price will not necessarily be the predominant *award* criteria.

“*Request for Quotation*” (RFQ) means a *bid solicitation* where written quotes are obtained from suppliers without formal *advertising* or receipt of *sealed bids*.

“*Requisition*” means a written or electronically produced request in an *approval* format and duly authorized to obtain *goods* and/or *services*.

“*Sealed Bid*” means a formal sealed response received as a part of a *quotation*, *tender* or *proposal*.

“*Service*” means all professional, consulting, *construction* or maintenance *services* including the delivery, installation, repair, restoration, demolition or removal of personal property and real property.

“*Sole Source*” means the *purchase* of a good and/or *service* where there is only one available supplier of that good and/or *service* that meets the needs or requirements of *E.L.K.* (See Appendix “A”).

“*Specification*” means any description of the physical or functional characteristics, or of the nature of a supply, *service*, equipment or *construction* item. It may include a description of any requirement for inspecting, testing, or preparing a supply, *service*, equipment or *construction* item for delivery. It may also include drawings or samples.

“*Tender*” means an offer received from a supplier of *goods* and/or *services* in response to an advertisement requesting sealed *tenders*.

6 REFERENCES

Table “A” Methods of Purchasing

Table “B” Circumstances For Purchasing Method – *Competitive Purchasing*



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Table "C" Circumstances For Purchasing Method – *Non-Competitive Purchasing*
Appendix "A" *Sole Source* Procurement
Appendix "B" "Two Envelope Approach" to Requests for *Proposal*
Appendix "C" Response to *Irregularities Contained in Bids*
Appendix "D" Exemption From Purchasing Policy
Appendix "E" Sample *Purchase Order*
Appendix "F" Index

7 PURCHASING PROCEDURES

- 7.01 The circumstances for the use of purchasing methods for *E.L.K.* shall be as set forth in Table "A" attached hereto.
- 7.02 The *competitive purchasing* process for *E.L.K.* shall be as set forth in the Table "B" attached hereto.
- 7.03 **Informal low value purchasing** general conditions:
- The solicitation of *quotations* shall be fair, such that not to allow any bidder be given an unfair advantage.
 - The *competitive purchasing* process undertaken shall be based on clear definition of the product or *service* and a clear outline of the review and criteria to be undertaken.
 - A minimum of three written or verbal *quotations* shall be required for *purchases* exceeding \$1,000.00. For *purchases* under \$1,000.00 *quotations* are at the discretion of the Manager. Managers may lower the \$1,000.00 limit for their department. *Purchase orders* are required if the *purchase* exceeds \$1,000.00. Table "B" sets forth when written or verbal quotes are required.
 - A *no bid response* is not to be considered as a valid bid unless approved by the *C.E.O.* or *Director of Finance*.
 - Written *quotations* shall be forwarded to the *Director of Finance* with a *purchase order* and shall be retained in the department files in accordance to Section 10.3 of this Policy.
 - Sufficient funds are available to pay for the *contract*.
 - The Manager may delegate his/her authority to a designate provided the designate follow the requirements of this Policy.

Upon request, the *C.E.O.* or *Director of Finance* shall assist in reviewing *requisitions* and the *quotations* obtained by departments. Where appropriate, the *C.E.O.* or *Director of Finance* may solicit additional quotes.

- 7.03.01 Petty cash funds shall be maintained to expedite small *purchases* and acquired *goods/services* where immediate payment is required upon receipt of *goods*. The value of the *goods/services* shall not exceed \$300.
- 7.04 **Request for quotation:** general conditions:
(a) Manager shall:



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- i. Prepare the *specifications*, terms and conditions relevant to the *acquisition* of *goods* and/or *services* or provide other information as appropriate,
 - ii. Give notice of the *request for quotation* by requesting submissions from suppliers who appear best qualified to meet the provisions of the *quotation*, and at the discretion of the Manager advertise in a newspaper.
 - iii. Consider any irregularities and act in accordance with Appendix "C" and Section 8.07 of this Policy.
- (b) The *purchase* of *goods* and/or *services* in this section shall be made through the issuance of a *purchase order* up to the amount approved in the budget.
- (c) *E.L.K.* reserves the right to accept or reject any submission.





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7.05 **Request for tenders** are required for *purchases* exceeding \$50,000.

7.05.01 A Request for *Tender* shall be used for *purchases* exceeding \$50,000.00 where all of the following criteria apply:

- (a) Two or more sources are considered capable of supplying the requirement,
- (b) The requirement is adequately defined to permit the evaluation of *tenders* against clearly defined criteria,
- (c) The market conditions are such that *tenders* can be submitted on a common pricing basis and
- (d) *Best value* for *E.L.K.* can be achieved by an *award* selection made on the basis of the lowest bid meets *specification*.

7.05.02 At the discretion of the Manager, all such *tenders* shall either be placed on *E.L.K.* internet website or advertised in a newspaper. The onus is on interested vendors to review *E.L.K.* website and newspapers from time to time for competitions that may be of interest to them.

7.05.03 The Manager or designate shall provide a *tender* call form in writing or electronically containing the relevant *specifications*, budget, authorization signature(s), *approval* authority and terms and conditions for the *purchase* of *goods* and/or *services*.

7.05.04 The Manager shall prepare a summary of the bids and recommend the *award* of *contract* to the lowest responsive bidder. Work shall be *awarded* based on the lowest bid that meets the required terms, conditions and *specifications* outlined in the bid document, unless otherwise approved by the *Board*.

7.05.05 Sealed *tenders* may be required in accordance with Section 8.15 of this Policy. *Performance bond* and *labour and materials payment bond* are required for all *purchases* over \$150,000. *Purchases* of lesser value may include bonding requirements as determined by the Manager or designate if it is deemed in the best interest of *E.L.K.* When *performance bond* and *labour and materials payment bond* are required, the amount of each bond shall be 50 percent of the amount of the *tender* bid.

7.05.06 The Manager or designate shall be responsible for arranging for opening of *tender* bids at the time and date specified by the *tender* call. There must be in attendance at that time: *C.E.O.* or designate.

There may be in attendance at that time the Consultant or Engineer or designate. It shall be the responsibility of the Manager or designate to notify those persons noted above.

All *tenders* will be opened in full view and at a reasonable time following the close of bidding. Total *tendered* prices shall be read out at the meeting. Unless otherwise stated, the opening of bids shall commence at 11:45 a.m. on the designate date.



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- 7.05.07 With respect to all reports initiated for *tenders*, there shall be a disclosure on the sources of financing, allocation of revenue and other financial commentary as considered appropriate by the *Director of Finance*.
- 7.05.08 The Manager or designate shall follow the provisions of Section 8.16 of this Policy regarding the *award of contract* using a *purchase order* or *contract*.
- 7.05.09 Except as otherwise provided, no work may commence or commitment to the *purchase of goods* and/or *services* shall be entered into, until such time as a *purchase order* has been issued or a *contract* signed and all necessary documents and *approvals* received.
- 7.05.10 *E.L.K.* reserves the right to accept or reject any submission.
- 7.05.11 The *award* of any *tender* requires *Board approval*.
- 7.06 *A Request for proposal* may be called when the requirements for *goods* and/or *services* needed cannot be definitely specified and where such *proposals* could result in specific offers by the bidders to fulfill the requirements, *services* or function at a particular price. A *request for proposal* should be used where one or more of the criteria for issuing a request for *tender* cannot be met, such as:
- (a) Owing to the nature of the requirement, suppliers are invited to propose a solution to a problem, requirement or objective and the selection of the suppliers is based on the effectiveness of the proposed solution rather than on price alone, or
 - (b) It is expected that *negotiations* with one or more bidders may be required with respect to any aspect of the requirement.
- 7.06.01 The *Manager* and *C.E.O.* may jointly select a supplier without competition where;
- (a) The estimated total cost does not exceed \$50,000 and
 - (b) The cost of preparing a detailed *proposal* would deter suppliers from submitting *proposals*.
- 7.06.02 If estimated value is greater than \$50,000, the *Manager* shall issue a request for *proposal* in the same manner as a request for *tender*.
- 7.06.03 Where in the opinion of the *Manager* in consultation with the *C.E.O.* the requirement is not straightforward or an excessive workload would be required to evaluate *proposals*, either due to their complexity, length, number or any combination thereof, a multi-step procedure may be used that would include a pre-qualification stage to ensure the workload is manageable.
- 7.06.04 The *Manager* shall maintain a list of suggested *evaluation criteria* for assistance in formulating an evaluation process using a *request for proposal*. This may include, but is not limited to, factors such as approach, qualifications, experience, equipment, facilities, strategy, methodology, past performance, scheduling and price.



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- 7.06.05 An *Evaluation Committee* shall review all *proposals* against the established criteria, reach consensus on the final rating results and ensure that the final rating results, with supporting documents, are kept on file.
- 7.06.06 With respect to all reports initiated for *request for proposal*, there shall be a disclosure on the sources of financing, allocation of revenue and other financial commentary as considered appropriate by the *Director of Finance*.
- 7.06.07 The *Manager* shall follow the provisions of Section 8.16 of this Policy regarding the *award of contract* using a *purchase order* or *contract*.
- 7.06.08 *E.L.K.* reserves the right to accept or reject any submission.
- 7.06.09 The *award* of any *request for proposal* requires *Board approval*.
- 7.07 A **two-envelope approach** may be used when it is desirable to evaluate the technical and qualitative information of a given *Request for Proposal* without being influenced by pricing information. Appendix "B" outlines the process to be followed in a two-envelope approach.
- 7.08 The following section is for acquiring *goods* and/or *services* through the **negotiation process**.
- 7.08.01 The *C.E.O.* shall justify the need to use this policy prior to *E.L.K.* staff entering into any discussions with any vendor. This process may be adopted when any of the following conditions apply:
- (a) Due to abnormal market conditions, the *goods* and/or *services* required are in short supply;
 - (b) Where there is only one source of supply which would be acceptable and cost effective;
 - (c) When no bids are received in a *tender* or *quotation* call;
 - (d) When only one bid is received in a *tender* or *quotation* call;
 - (e) Where the lowest *tender* or *quotation* meeting *specifications* substantially exceeds the amount budgeted for the *purchase* and it is impractical to recall the *tender* or *quotation*;
 - (f) When all bids received fail to meet the *specifications* or *tender* terms and conditions and it is impractical to recall the *tender* or *quotation*;
 - (g) The *goods* and/or *services* are required as a result of *emergency*, which would not reasonably permit the use of method other than direct *negotiation*; or
 - (h) Where authorized by the *Board* to do so.
- 7.08.02 All methods of *negotiation* by *E.L.K.* shall employ fair and ethical practices.
- 7.08.03 When the *C.E.O.* in conjunction with the *Manager* deems *negotiations* to be necessary, they shall be carried out jointly in co-operation subject to the conditions of this Policy. Any negotiated *purchase* exceeding \$50,000 is subject to *Board approval*.



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- 7.09 The following section shall be followed for **leasing and financing services**.
- 7.09.01 *Managers* wishing to acquire or use *goods* or *services* via an **external third party financing lease** must receive the *approval* of the *Board* prior to requesting to undertake any competitive bidding process.
- 7.09.02 Before entering into a lease or financing arrangement, the *Director of Finance* shall prepare a report to the *Board* with a recommendation, assessing, in the opinion of the *Director of Finance* the costs and financial and other risks associated with the proposed lease or financing arrangement, include but not limited to:
- (a) A comparison between the fixed and estimated costs and the risks associated with the proposed financing lease and those associated with other methods of financing;
 - (b) A statement summarizing the effective rate or rates of financing for the financing lease, the ability for lease payment amount to vary and the methods or calculations, including possible financing rate changes, that may be used to establish that variance under the financing lease;
 - (c) A statement summarizing any contingent payment obligations under the financing lease that in the opinion of the *Director of Finance* would result in a material impact for *E.L.K.*, including lease termination provisions, equipment loss, equipment replacement options and guarantees and indemnities;
 - (d) An opinion about whether the costs of the financing for the proposed financing lease are lower than other methods of financing available to *E.L.K.* and whether the risks associated with the financing lease are reasonable;
 - (e) A summary of assumptions applicable to any possible variations in the financing lease payment and contingent payment obligations and
 - (f) Any other matters the *Director of Finance* or the *Board* considers advisable.
- 7.09.03 All purchasing activity including *request for proposals* for financing are to require that submissions include original equipment cost, length of lease, effective rate of interest, residual value and terms and date of payment.
- 7.10 A **blanket purchase order** may be utilized where *goods* and *services* ordered will not be used within a 3 month period and where:
- (a) One or more departments repetitively order the same *goods* and/or *services* and the actual demand is not known in advance, or
 - (b) A need is anticipated for a range of *goods* and/or *services* for a specific purpose, but the actual demand is not known at the outset and delivery is made when a requirement arises.
- 7.10.01 In utilizing a *blanket purchase order*, the expected quantity of the specified *goods* or *services* to be *purchased* over the time period of the *agreement* shall be as accurate an estimate as practical and be based to the extent possible on previous usage adjusted for any known factors that may change usage.



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7.10.02 *Blanket purchase orders* are not to exceed a one-year period to ensure that comparative pricing is obtained on a regular basis, unless it can be demonstrated that a supply/service agreement beyond one year will provide financial benefits to *E.L.K.*

7.10.03 The Finance Department shall establish and maintain *blanket purchase order* lists that define source and price with selected suppliers. Where purchasing action is initiated by departments for frequently used *goods* and/or *services*, it is to be made with the supplier or suppliers listed in the *blanket purchase order*.

7.10.04 Vendors are only authorized to fulfill their commitment by receipt of a *purchase order* or *blanket purchase order*.

7.11 The following section will be used for **emergency purchases**:

7.11.01 "*Emergency*" is defined but not limited to:

- (a) An imminent or actual danger to the life, health or safety of an official, the public or an employee while acting on *E.L.K.*'s behalf;
- (b) An imminent or actual danger of injury to or destruction of real or personal property belonging to *E.L.K.* for which *E.L.K.* would be liable;
- (c) An unexpected interruption or threat of an interruption of an essential public service;
- (d) An *emergency* as defined by the Emergency Management Act, and the Emergency Response Plan formulated there under by *E.L.K.* and
- (e) A spill of a pollutant as contemplated by the Environmental Protection Act.

7.11.02 When purchasing *goods* or *services* as a result of an *emergency* situation, the following policies apply:

(a) *Purchases* over \$1,000.00 but under \$10,000.00

A *Manager* may initiate or approve *purchases* under \$10,000.00 in an *emergency* situation. Immediately following such *purchase*, the *Manager* will notify the *C.E.O./Director of Finance* in writing of the *purchase* with full details concerning the circumstances under which the *purchase* was made. *Purchases* of this nature will require that a *purchase order* be prepared and that as many comparative quotes as practicable under the circumstances are obtained.

(b) *Purchases* over \$10,000.00

The initiating *Manager* must obtain the prior *approval* of the *C.E.O.* or, in the absence of the *C.E.O.*, the *Director of Finance* in consultation with the Chair or Vice-Chair for *E.L.K.*. As soon as reasonably possible following the *purchase*, the *Manager* will issue an information report to the *C.E.O.* and when the *purchase* was made. *Purchases* of this nature will require that a *purchase order* be prepared and that as many comparative quotes as practicable under the circumstances are obtained.

7.11.03 All *emergency purchases* made under this section shall be confirmed by the issuance of a *purchase order* or *contract* as *requisitioned* by the initiating *Manager* immediately or as soon as practicable following the commitment.



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7.12 This section applies to the *purchase* of **consulting and professional services** unless the *purchase* has been exempt from this Policy. The *acquisition* process described in this section is restricted to *acquisitions* that are predominantly or exclusively for *consulting and professional services*. *Acquisition of consulting and professional services* is defined in Section 5 and in accordance with this Policy.

7.12.01 *Consulting and Professional Services* shall be acquired in accordance with the general *acquisition* process where informal/formal *quotations* or *tenders/proposals* (Section 7.03 to 7.06) are required.

7.12.02 The department shall endeavor to see that individuals and firms providing *consulting and professional services* have fair access to *E.L.K.* assignments.

7.12.03 The department shall attempt to provide sufficient detail to outline the objective, type and scope of work to be conducted.

7.12.04 The *Board* upon the written recommendation of a *Manager* may waive the requirement for *quotations* or *proposals* when:

- (a) The works are the continuation of a previous project
- (b) The firm has demonstrated unique qualifications to undertake the project such as:
 - (i) in house expertise
 - (ii) historical data on *E.L.K.*
- (c) Time constraints are such that to seek *quotations* or *tenders* will result in:
 - (i) increased costs
 - (ii) loss of provincial or federal funding

8.0 BID AND CONTRACT REQUIREMENTS

8.01 **Construction contracts** shall comply with the requirements of this Policy with the provision that *contracts* shall be endorsed in either a *purchase order* and/or formal *contract* in a form satisfactory to *E.L.K.*

8.01.01 The successful bidder for a *construction* project shall submit the following documentation in a form satisfactory to *E.L.K.* within seven (7) working days after being notified in writing to do so by *E.L.K.* or its designate:

- (a) *Executed performance bonds* and labour and material payment bond(s),
- (b) *Executed agreement*,
- (c) Insurance documents in compliance with the *tender* documents,
- (d) Declarations respecting the Workplace Safety & Insurance Act,
- (e) *Certificate of Clearance* from the Workplace Safety & Insurance Board and
- (f) *Executed performance bond*.

8.02 The following conditions apply to all **bid submissions**:

8.02.01 Bid documents shall be submitted and received in the manner as specified in the bid document.



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- 8.02.02 Unless otherwise stated, the closing time for receiving bid documents shall be 11:30 a.m. on the date designated by the *Manager*.
- 8.02.03 Unless otherwise stated, the opening of the bids shall commence at 11:45 a.m. on the closing date.
- 8.02.04 Fax submissions will not be accepted.
- 8.02.05 Bid documents received by *E.L.K.* later than the specified closing time shall be returned unopened to the bidder.
- 8.02.06 A bidder who has already submitted a bid document may submit a further bid document at any time up to the official closing time. The last bid document received shall supersede and invalidate all bids previously submitted by that bidder.
- 8.02.07 A bidder may withdraw his or her bid document at any time up to official closing time, provided that the withdrawal is made in writing, is on company letterhead and is signed by an authorized signatory of the bidder. All bid documents submitted are irrevocable after the official closing time.
- 8.02.08 All bidders may be requested to supply a list of all subcontractors to be employed on a project. The *Manager* or designate responsible for the project thereto must approve any deletions or additions made to the list of subcontractors after the opening of the bid in question.
- 8.02.9 The bid documents shall clearly specify what action shall be taken with respect to informal or unbalanced bids and what penalties shall be imposed if the bidder fails to submit the appropriate documents in the manner specified and the *Manager* under whose jurisdiction the bid will be administered shall report such failures to the *Board* with appropriate recommendations.
- 8.02.10 *E.L.K.* reserves the right to accept or reject any bid document.
- 8.03 A *Manager* or designate with the concurrence of the *C.E.O.* may request the **cancellation of a bid solicitation** at any time up to *contract award*.
- 8.03.01 The *Manager* or designate and the *C.E.O.* shall ensure that the confidentiality of any bid submitted is maintained in accordance with the provisions of the Protection of Privacy Act, as amended.
- 8.04 Where bids are received in response to a *bid solicitation* but, in the opinion of the *Manager* under whose jurisdiction the bid will be administered acting together with the *C.E.O.* or *Director of Finance* exceed budget, are not responsive to the requirement or do not represent *Fair Market Value* a **revised solicitation** shall be issued in an effort to obtain an acceptable bid unless Section 8.04.01 applies.



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- 8.04.01 The *Manager* or designate and the *C.E.O.* or *Director of Finance* jointly may waive the need for a revised *bid solicitation* and enter *negotiations* with the lowest responsive bidder or the highest responsive bidder for a revenue-driven bid selection emanating from a *bid solicitation* under the following circumstances and shall be done in accordance with Section 7.08 of this Policy:
- (a) The total cost of the lowest responsive bid is in excess of the funds appropriated by the *Board* for the project or the highest responsive bid revenue is less than that made in appropriate accounts in the *Board approved budget* and
 - (b) The *Manager* or designate and the *C.E.O.* or *Director of Finance* agree that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the *bid solicitation*.
- 8.04.02 In the case of building *construction contracts*, where the total cost of the lowest responsive bid is in excess of the budget approved by the *Board*, *negotiations* shall be made in accordance with Section 7.08.
- 8.04.03 *E.L.K.* has the right to cease *negotiations* and reject any offer.
- 8.05 In the event **only one bid is received** in response to a request for *tender*, the *Manager* may return the unopened bid to the bidder when, in the opinion of the department or designate and the *C.E.O.* or *Director of Finance* additional bids could be secured. In returning the unopened bid the *Manager* shall inform the bidder that *E.L.K.* may be recalling the *tenders* at a later date.
- 8.05.01 In the event that only one bid is received in response to a request for *tenders*, the bid may be opened and evaluated in accordance with *E.L.K.* usual procedures when, in the opinion of the *Manager* or designate and the *C.E.O.* or *Director of Finance*, the bid should be considered by *E.L.K.* If, after evaluation by the *Manager* or designate and the *C.E.O.* or *Director of Finance*, the bid is not found to be acceptable, the procedures set out in Section 8.04 shall be followed.
- 8.06 If **two equal bids** are received the *Manager* will offer an opportunity for bidders to re-bid.
- 8.06.01 Should a tie persist, the *Manager* under whose jurisdiction the bid will be administered acting together with the *C.E.O.* shall evaluate the two tied bids giving consideration to several factors, including but not limited to the following:
- (a) Whether a prompt payment discount is being made available to *E.L.K.* and in what amount;
 - (b) When delivery is an important factor, which bidder can offer the best delivery date;
 - (c) The sales *service* record of both bidders and which bidder is, in the opinion of *E.L.K.*, in a better position to offer the best sales *service*; and
 - (d) The overall performance record of both bidders relative to their past business dealings, if any, with *E.L.K.*;



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- 8.06.02 If, after a consideration of the factors set out above the respective *Manager* acting together with the *C.E.O.* or *Director of Finance* cannot make a determination that will break the tie, then the names of the tied bidders shall be written on paper and placed into a container and one piece of paper shall be drawn randomly from the container by the *Manager* and the *tender* shall be awarded to the bidder whose name appears on the piece of paper drawn.
- 8.06.03 The *Manager* shall set the time and location of the draw and the bidders shall be advised in writing in order that they may be present. Bidders must provide written confirmation that they have received notification of the draw date/time either by fax or email. The following shall be present at the draw: the *C.E.O.* or *Director of Finance* and the *Manager* in charge of the *bid solicitation* or their designate(s), any of the bidders, or their authorized representatives. Should any bidder elect not to be represented at the draw, the draw will proceed regardless.
- 8.07 The process for administering and responding to **bid irregularities** contained in any and all *contracts* shall be set out in Appendix "C" attached hereto.
- 8.07.01 *E.L.K.* reserves the right to waive minor irregularities at its sole discretion.
- 8.08 **Analyzing of bid responses** shall be as follows. Request for *tenders*, *request for proposals* and bid response shall be tabulated and analyzed by the *Manager* or designate with a recommendation forwarded to the *C.E.O.* for review.
- 8.09 *E.L.K.* does not encourage **in-house bidding** as part of its procurement process.
- 8.10 The circumstances for **sole source purchasing** for *E.L.K.* shall be as set forth in Appendix "A" attached hereto.
- 8.11 Departments whose budget provides for the *acquisition of goods* and/or *services* shall be responsible for the preparation of **specifications** for a quote, *tender* or *proposal* call.
- 8.11.01 The *C.E.O.* or *Director of Finance* shall have the authority to review and recommend improvements to the *specifications* and resulting changes to *specifications* shall be made with the co-operation of the *Manager* or designate concerned.
- 8.11.02 *Specifications* should be detailed but not brand specific to leave room for potential vendors to provide alternatives in the event an equal or better-proven product or method is available and shall not deter a competitive process.
- 8.11.03 In cases where the *specification* will result in a *sole source purchase*, it shall be at the discretion of the *C.E.O.* or *Director of Finance* to require the department to bring forward a report for *Board approval*.



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- 8.11.04 Vendors or potential vendors shall not be requested to expend time, money or effort on design or in developing *specifications* or to otherwise help define a requirement beyond the normal level of *service* expected from vendors. When such *services* are required:
- (a) The *C.E.O.* or *Director of Finance* shall be advised,
 - (b) The *contracted* vendor will be considered as a consultant and unable to make an offer for the supply of the *goods* and/or *services*,
 - (c) A fee may be paid to the *contracted* vendor; and
 - (d) The detailed *specifications* shall become the property of *E.L.K.* for use in obtaining competitive bids.
- 8.11.05 Where, in the opinion of the respective *Manager* acting together with the *C.E.O.* or *Director of Finance* it is not possible to prepare precise *specifications* in order to issue a request for *tender* for the provision of *goods* and/or *services*, a *request for proposals* shall be issued. The *Manager* shall prepare *evaluation criteria* and weightings for the criteria. The document shall clearly distinguish those requirements that are deemed mandatory or non-mandatory and shall clearly outline how these items will be evaluated.
- 8.11.06 At the discretion of the *Manager* a refundable or non-refundable fee may be charged for *tenders*, *proposals*, *expression of interest* and *specification* packages.
- 8.12 The **total project cost or contract** amount shall be sum of all costs to be paid to the vendor/supplier under the *contract*, plus all taxes and less any rebate.
- 8.13 The initiating department is responsible to ensure that those vendors providing *services* to *E.L.K.* meet the necessary **Workplace Safety and Insurance Board** requirements as set out in Subsections of 18.13 and 18.14 of this Policy. The insurance policy shall be in a form satisfactory to *E.L.K.* prior to the commencement of any work being performed, for no less than the minimum amounts stated in Section 8.13.01 and in force for the entire *contract* period and subsequent maintenance period.
- 8.13.01 The minimum insurance requirements required by *E.L.K.* in Canadian dollars, shall be
- (a) Subdivision
 - \$5 million General Liability
 - \$5 million Environmental Pollution Liability
 - \$2 million Auto Liability
 - (b) Consultants
 - \$2 million General Liability
 - \$2 million Professional Errors or Omissions Liability
 - (c) *Contracts*
 - \$2 million General Liability
 - (d) Tenants
 - \$2 million General Liability
 - \$300,000 Tenant Legal Liability
 - (e) Other Types of *Contracts*



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At the direction of the *Board* acting on the recommendation of the *Manager*, the *Manager* or designate may determine any other risk requiring coverage.

- 8.13.02 *E.L.K.* shall be:
- (a) Named as an additional insured in the policy of insurance and the policy shall contain a cross-liability/separation clause;
 - (b) Indemnified from any and all claims, demands, losses, costs or damages resulting from the performance of a bidder's obligation under *contract*.
- 8.13.03 Vendor insurance policies shall not be altered, cancelled or allowed to lapse without thirty (30) days prior written notice to *E.L.K.* If the insurance policy is cancelled or changed in any manner that would affect *E.L.K.* as outlined in coverage specified in the policy for any reason, thirty (30) days prior notice by registered mail shall be given by the insurer to *E.L.K.* The contractor shall deliver the insurance policy or certificate prior to commencing any work pursuant to any *contracts*.
- 8.13.04 The contractor shall maintain such fire and theft insurance, including dishonesty of any employees or agents hired by the contractor, as well provide coverage for loss by burglary, fire or theft of any stock or equipment of the contractor's upon city premises.
- 8.13.05 Prior to payment to a supplier or vendor, a *certificate of clearance* from the Workplace Safety and Insurance *Board* shall be provided by the vendor to *E.L.K.* evidencing the payment of all required premiums or levies to the Workplace Safety and Insurance *Board* to the date of payment by *E.L.K.* to the vendor.
- 8.13.06 All bid documents shall clearly indicate requirements to be provided by the successful bidder.
- 8.13.07 *Manager* or designate shall be contacted for assistance where insurance requirements are unclear and where insurance requirements are waived. The *C.E.O.* in conjunction with *E.L.K.*'s insurer shall have the authority to waive any and/or all insurance requirements of this section.
- 8.14 The *Manager* or designate shall be satisfied that the contractor who accepts a *purchase order* and/or *contract* is fully knowledgeable of all terms and conditions of the **Occupational Health and Safety Act**, including the regulations applying to an employer, deemed or otherwise, of a sub-contractor.
- 8.14.01 The contractor shall strictly comply with all aspects of the Occupational Health and Safety Act and regulations there under.
- 8.14.02 The contractor shall agree to indemnify and hold harmless *E.L.K.* and its employees for all matters and claims pertaining or relating to the work to be performed by the contractor and/or its sub-contractors.



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- 8.14.03 The contractor shall assume responsibility for any and all breaches of health and safety requirements, including the cost of legal defense on a solicitor and own client basis should *E.L.K.* or any of its employees be charged with violating said Act or Regulations. In the event that *E.L.K.* or any of its employees thereof are convicted and fined for any such offence as having been a deemed employer or otherwise vicariously or definitively liable, the contractor shall forth with pay any such fine on behalf of such defendant.
- 8.14.04 The contractor shall deliver a *Certificate of Clearance* from the Workplace Safety and Insurance Board prior to commencing any work pursuant to any *contracts* ensuring all premiums or levies have been paid to the Workplace Safety and Insurance Board to the date of payment.
- 8.15 The *Manager* or designate may require that a bid be accompanied by a ***Bid Bond*** or other similar security to guarantee entry into a *contract*.
- 8.15.01 In addition to the security referred to in Section 8.15, the successful bidder may be required to provide,
- (a) A *performance bond* to guarantee the faithful performance of the *contract*, and
 - (b) A *Labour and Materials Payment Bond* to guarantee the payment for labour and materials to be supplied in connection with a *contract*.
- 8.15.02 The *Manager*, *C.E.O.* and *Director of Finance* shall select the appropriate means to guarantee execution and performance of the *contract*. Means may include one or more of but are not limited to:
- (a) Financial bonds for *contract* performance;
 - (b) Certified cheque, bank draft or money order drawn on any bank named in Schedule I or II to the Bank Act (Canada), any trust or loan company registered under the Loan and Trust Company Act (Ontario), the Province of Ontario Savings Office, or a credit union as defined in the Credit Unions and Caisses Populaires Act (Ontario),
 - (c) An *Irrevocable Letter of Credit* naming *E.L.K.* as the beneficiary,
 - (d) A *Bid Bond* issued by an approved guarantee company properly licensed in the Province of Ontario, on bond forms acceptable to *E.L.K.*,
 - (e) Canadian currency and
 - (f) Other forms of security deposits, provisions for liquidated damages, *progress payments* and *holdbacks*.
- 8.15.03 A *bid deposit* shall be required to accompany and be included in an envelope containing the bid documents in the following circumstances:
- (a) All bids for *construction* projects;
 - (b) Special maintenance *contracts*, except for those *contracts* whose price in the opinion of the *Manager* is disproportionate to the cost of the contractor of obtaining a *bid bond*;
 - (c) All demolition *contracts*;



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(d) In circumstances not mentioned in Section 8.15.03 (a) through (c) the *Manager* or designate in consultation with the *C.E.O.* or *Director of Finance* shall be authorized to determine whether or not a *bid deposit* is required prior to calling of *sealed bids*.

- 8.15.04 When a *bid bond* is required, the *Manager*, in conjunction with the *Director of Finance*, shall determine the amount of the *bid deposit*.
- 8.15.05 When a *Performance Bond* or Labour and Material Payment Bond is required, the amount of the bond shall be 50% of the amount of the *tender* bid, unless the *Manager* recommends and the *Board* approves a higher level of bonding.
- 8.15.06 The *Manager* and the *Director of Finance* shall ensure that the guarantee means selected will:
- (a) Not be excessive but will be sufficient to cover any financial risk to *E.L.K.*
 - (b) Provide flexibility in applying leverage on a supplier so that the penalty is proportional to any *contract* deficiencies and
 - (c) Comply with provincial statutes and regulations
- 8.15.07 All bidders shall include in the *tender/sealed bid* envelope the following:
- (a) The *tender/bid* form issued by *E.L.K.* or its agents and
 - (b) The satisfactory declaration if applicable
- 8.15.08 If, in the opinion of the *Manager* or designate the risk to *E.L.K.* is not adequately limited by the *progress payment* provisions of the *contract*, an additional minimum payment *holdback* of 10% may be required.
- 8.15.09 The *Manager* or designate may release the *holdback* funds on *construction contracts* upon:
- (a) The *contractor* submitting a statutory declaration that all accounts have been paid and all documents have been received for all damage claims,
 - (b) Receipt of clearance from the Workplace Safety and Insurance Board for any arrears of Workplace Safety and Insurance Board assessment,
 - (c) All the requirements of the Construction Liens Act being satisfied,
 - (d) Receipt of certification from *E.L.K.*'s Solicitor, where applicable, that liens have not been registered and
 - (e) Certification from the *Manager*, under whom the work has been performed that the conditions of the *contract* have been satisfied.
- 8.15.10 The conditions for release of *holdback* funds provided in Section 8.15.11 apply to other *goods* and/or *services contracts* with necessary modifications.
- 8.15.11 The *tender* documents shall clearly specify what action shall be taken with respect to informal or unbalanced bids and what penalties shall be imposed if the bidder fails to submit the appropriate documents in the manner specified and the *Manager* under whose jurisdiction the bid will be administered shall report such failures in consultation with the *C.E.O.* to the *Board* with appropriate recommendations.



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- 8.15.12 In all circumstances with respect to *tenders* the *Manager* or designate in consultation with the *Director of Finance* is authorized to determine whether or not a *Letter of Agreement to bond* is to be submitted with the bids. When the requirements of a *Letter of Agreement to bond* have been determined, the failure of a bidder to provide said *Letter of Agreement to bond* shall result in the bid being rejected.
- 8.15.13 A *tender* and/or *proposal* requiring an appropriate *bid deposit* shall be void if such security is not received in the manner specified in Section 8.15.02 or if the value of the *bid deposit* is less than required. The *Director of Finance* is authorized to cash and deposit any *bid bonds* and/or cheques in *E.L.K.*'s possession that are forfeited as a result of non-compliance with terms, conditions and/or *specifications* of a *sealed bid*.
- 8.15.14 The successful bidder for maintenance *contracts*, demolition *contracts*, *proposals* for the sale and/or removal of *E.L.K.* owned buildings, or structures and *tenders* shall submit the following documentation in a form satisfactory to *E.L.K.* within seven (7) working days after being notified in writing to do so by *E.L.K.*:
- (a) *Executed Performance Bond*,
 - (b) *Executed Agreement and Labour and Materials Payment Bond(s)*,
 - (c) Insurance Documents in compliance with *tender* documents
 - (d) *Certificate of Clearance* from the Workers' Safety Insurance Board and
 - (e) Declarations respecting the Worker's Compensation
- 8.16 The **award of a contract** may be made by way of:
- (a) *Purchase Order/Contract Order*
 - (b) *Formal Agreement*
- 8.16.01 A *Purchase Order* or *Contract Order* is to be used when the resulting *contract* is in the opinion of the *Manager* or designate, straightforward and will contain *E.L.K.*'s standard terms and conditions and is a binding *agreement* with the *contracted* vendor.
- 8.16.02 A *Formal Agreement* is to be used when the resulting *contract* is, in the opinion of the *Manager* or designate, complex and will contain terms and conditions other than *E.L.K.*'s standard terms and conditions.
- 8.16.03 It shall be the responsibility of the *Manager* initiating the *bid solicitation*, with the *Director of Finance* and/or Solicitor, to determine if it is in the best interest of *E.L.K.* to establish a formal *agreement* with the supplier.
- 8.16.04 Where it is determined that Section 8.16.03 applies, the formal *agreement* shall be reviewed and approved for execution by *E.L.K.*'s Solicitor or designate.
- 8.16.05 Where a *Formal Agreement* is required, as a result of the *award* of the *contract* by delegated authority, the Chair and *C.E.O.* shall *execute* the *agreement* in the name of *E.L.K.*



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8.16.06 Where a *Formal Agreement* is issued, the *Manager* or designate shall issue a *purchase order* or *contract order* incorporating the terms and conditions relevant to the *award* of a *contract*.

8.16.07 Where a *Formal Agreement* is not required, the *Manager* or designate shall issue a *purchase order* or *contract order* incorporating the terms and conditions relevant to the *award* of a *contract*.

8.16.08 *Requisitions* or *purchase orders* shall not be arbitrarily structured to alter the relationship of the price to the preauthorized expenditure limit.

8.16.09 For an approved form of *agreement* for major *purchases* of *goods* and/or *services*, a form of *agreement* prepared or approved by *E.L.K.*'s Solicitor shall be used at the discretion of the *Director of Finance*, when deemed advisable in *E.L.K.*'s best interest.

8.17 Where a *contract* contains an **option for renewal**, the *Manager* may authorize such option provided that all of the following apply:

- (a) The supplier's performance in supplying the *goods* and/or *services* is, in the opinion of the respective *Manager* acting together with the *C.E.O.* or *Director of Finance*, considered to have met the requirements of the *contract*,
- (b) The *Manager* or designate provides the *Director of Finance* with a written explanation as to why the renewal is in the best interest of *E.L.K.*
- (c) The *Manager* and the *Director of Finance* agree that the exercise of the option is in the best interest of *E.L.K.* and
- (d) Funds are available in appropriate accounts within the *Board approved budget* including authorized revisions to meet the proposed expenditure

Notwithstanding the foregoing options that exceed \$50,000.00 require *Board approval* in the same manner as was required in the original *contract*.

8.18 No **amendment or revision** to a *contract* shall be made unless the amendment, in the opinion of the *Board*, is in the best interest of *E.L.K.*

8.18.01 No amendment that changes the price of a *contract* shall be agreed to without a corresponding change in requirement or scope of work and where applicable, *Board approval* is required.

8.18.02 Managers or designate may recommend amendments to *contracts*.

8.18.03 Where expenditures for the proposed amendment combined with the price of the original *contract* exceeds the *Board approved budget* for the project, a report prepared by the Manager shall be submitted to the *Board* recommending the amendment and proposing the source of financing.

8.19 Where a requirement exists to initiate a project for which *goods* and/or *services* are required and **funds are not contained within the the *Board approved budget* to**



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meet the proposed expenditure, the Manager shall, prior to commencement of the purchasing process, submit a report to the *Board* containing:

- (a) Information surrounding the requirement to *contract*,
- (b) Information on the availability of the funds within existing budgets, which were originally approved by the *Board* for other purposes, or on the requirement of additional funds.

9 MATERIAL AND VENDOR MANAGEMENT

- 9.01 The Manager or designate shall be responsible for monitoring the prices of the *goods* required in **inventory** and establishing the necessary *purchase orders* and *blanket purchase order* so that staff can *requisition* their requirements in order to replenish the stock as needed.
 - 9.01.01 Upon receipt of an authorized *requisition*, the Manager or designate shall proceed to contact suppliers in order to fulfill the inventory requirement.
 - 9.01.02 The Manager or designate may from time to time alter the source or method of supply when it is, in his/her opinion, beneficial to do so.
 - 9.01.03 Managers or designate shall ensure a physical inventory of stock items be taken on a periodic basis and an adequate allowance of inventory obsolescence be maintained.
 - 9.01.04 Physical inventories can be taken periodically as designated by the Manager, but must be taken on December 31st of every year, or within 2 working days of December 31st and submitted to the Finance Department. All inventories should be kept only to the extent that they meet requirements within a 3-month period.
- 9.02 The Manager or designate shall,
 - (a) Arrange for the prompt **inspection of goods on receipt** to confirm conformance with the terms of the *purchase* or *blanket purchase order* and
 - (b) Inform the *C.E.O.* and *Director of Finance* of discrepancies immediately.
 - (c) Delivery receipts must be signed off by the Manager or designate and promptly forwarded to the Finance Department.
- 9.02.01 The *C.E.O.* or *Director of Finance* shall co-ordinate an appropriate course of action with the Manager or designate for any non-performance or discrepancies.
- 9.03 **Disposal of surplus and obsolete material and equipment** shall be done in accordance with this section.
 - 9.03.01 Each Manager or designate shall submit an annual report to the *C.E.O.* identifying all furniture, vehicles, equipment and surplus stock, which are no longer used or which have become obsolete, worn out, or incapable of being used.



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- 9.03.02 The *C.E.O.* shall have the authority to sell, exchange, or otherwise dispose of material declared surplus or obsolete to the needs of *E.L.K.* and where it is cost effective and in the best interest of *E.L.K.* to do so.
- 9.03.03 The Manager shall be responsible for ascertaining if the items can be of use to other departments rather than disposed of.
- 9.03.04 The *C.E.O.* shall have the authority to sell or dispose of the material by the most effective of following methods:
- (a) Offered to other departments at no cost ;
 - (b) Offered for sale to public agencies;
 - (c) Sold by external advertisement, including *tender*, *quotation*, public auction, or on-line auction;
 - (d) Sold or traded to the original supplier or others in that line of business where it is determined that a higher net return will be obtained than following other procedures;
 - (e) Donated to a charitable organization;
 - (f) Recycled;
 - (g) Other methods as deemed appropriate;
- 9.03.05 In the event that all other efforts to dispose of material by sale are unsuccessful, these items may be scrapped.
- 9.03.06 Where it is deemed appropriate, the *C.E.O.* and/or the initiating department, may set a reserve price for an article that is to be sold and
- (a) In case of *disposal* by *tender*, the reserve price shall be published and disclosed;
 - or
 - (b) In case of public auction, on-line auction or *quotation*, the reserve price shall be used as an internal estimate and not disclosed.
- 9.03.07 The revenue generated from the sale of surplus and obsolete material shall be credited to the appropriate general ledger account.
- 9.03.08 Departments are responsible for the *disposal* of hazardous material. Where *disposal* prices must be obtained, the *C.E.O.* shall be notified of the necessary information regarding the hazardous material.
- 9.03.09 No employee, elected official, or immediate member of their families, shall be permitted to receive surplus and obsolete material except by *purchase* at a public auction or on-line auction.
- 9.04 Managers in conjunction with the *C.E.O.* and *Director of Finance* shall institute a **vendor performance management** program for *E.L.K.*
- 9.04.01 A performance evaluation shall rate the performance of the vendor on criteria determined by the Manager to be appropriate in determining if *E.L.K.* has obtained a satisfactory level of performance by the vendor.



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- 9.04.02 Documented poor performance or non-performance may be used to determine the eligibility of a bidder to participate in future *E.L.K. contracts* in accordance with Section 9.06.
- 9.05 *E.L.K.* may, in its absolute discretion, **reject a tender** or *proposal* submitted by the bidder, if the bidder, or any officer or director of the bidder is or has been engaged, either directly or indirectly through another corporation, in a legal action against *E.L.K.* its elected or appointed officers and employees in relation to:
- (a) Any other *contract* or *service*; or
 - (b) Any matter arising from *E.L.K.*'s exercise of its powers, duties, or functions.
- 9.05.01 In determining whether or not to reject a *quotation*, *tender* or *proposal* under this clause, *E.L.K.* will consider whether the litigation is likely to affect the bidder's ability to work with *E.L.K.*, its consultants and representatives and whether *E.L.K.*'s experience with the bidder indicates that *E.L.K.* is likely to incur increased staff and legal costs in the administration of the *contract* if it is *awarded* to the bidder.
- 9.06 The Manager or designate shall document evidence and advise the *C.E.O.* and *Director of Finance* in writing where the **performance of a supplier** has been unsatisfactory in terms of failure to meet *specifications*, terms and conditions or for health and safety violations.
- 9.06.01 The *Director of Finance* may, in consultation with the Solicitor, prohibit an unsatisfactory supplier from bidding on future *contracts* for a period of up to three years.
- 9.06.02 Any supplier being excluded from a bidding process due to poor performance will be reported to the *Board* and will be notified in writing of their exclusion.
- 9.06.03 The supplier shall have the opportunity to respond to the *Board* regarding a notification sent pursuant to Section 9.06.02. The decision of the *Board* regarding the exclusion of a supplier shall be final.
- 9.07 This section shall be followed in situations where it is deemed by the Manager or designate to be necessary to **pre-qualify bidders** prior to the commencement of the competitive *sealed bid* process. The purpose of the pre-qualification is to ensure that each bidder can demonstrate they have ability to provide the necessary expertise and resources to satisfactorily complete the work required. Pre-qualification shall only be considered in the following circumstances:
- (a) The work involves complex, multi-disciplinary activities; specialized expertise, equipment, materials, or financial requirements,
 - (b) The work is such that *contract* administration costs (work inspection, follow-up, extra fee *negotiations*) could result in a substantial cost to *E.L.K.* if the work is not satisfactorily performed the first time,



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(c) The *goods* or equipment to be *purchased* must meet national safety standards, or if no standard has been established, has required a demonstrated acceptable level of performance, or

(d) The work is considered "high risk" with respect to regulations governed under Occupational Health and Safety.

9.07.01 This is a two-step process, where either a competitive *sealed bid* or a *proposal* call will follow. Pre-qualification is the first step and would set out criteria requiring bidders to provide information such as, but not limited to:

- (a) Experience on similar work
- (b) References provided from other customers for similar work
- (c) Verification of applicable licenses and certificates
- (d) Health and safety policies and staff training, and
- (e) Financial capability

9.07.02 Appropriate staff, at the direction of the *C.E.O.* and *Director of Finance* will evaluate and rank the submissions and then recommend a short list of acceptable bidders who will be invited to participate in the subsequent request for *tender* call.

9.07.03 Alternatively, *E.L.K.* may issue a request for information. A request for information can be used to build supplier interest and to see who the interested parties are to justify a full *request for proposal* competition. The request for information may request detailed information such as, but not limited to, company background, who the interested parties are, what they can offer and what they can do for *E.L.K.* Any resulting bid document will be advertised and will be open to vendors who wish to participate.

10 GENERAL ADMINISTRATIVE PROCEDURES

10.01 Where a supplier has **invoiced *E.L.K.* payments** the invoice shall be included in the appropriate monthly cheque register for the *Board* to be prepared by the *Director of Finance*.

10.02 The procedures in this section shall be used to **resolve any question involving the meaning or application of this Policy**. *E.L.K.* encourages the most open, competitive bidding process for the *purchase of goods* and/or *services* and the equitable treatment of all vendors. In the event that disputes arise during the administration of a *contract* that cannot be easily resolved, the vendor shall:

- (1) Request a meeting with the *C.E.O.* and *Director of Finance*. This request shall be in writing and shall provide a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents and shall identify the form of relief requested.



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(2) If, after the meeting, the vendor is satisfied that their concerns have been addressed and that the process has been fair and equitable, no further action shall be required.

(3) If, after the meeting, the *C.E.O.* and *Director of Finance* are convinced that there was an error or oversight on the part of the purchasing process, a report shall be issued to the *Board* for *approval*. The report shall set out the course of action recommended by the *C.E.O.* and *Director of Finance*.

(4) The *Board* will provide a final resolution to the conflict, subject to any litigation proceedings which may be commenced.

10.03 The public and the business community must have confidence in the integrity of *E.L.K.* officers and employees. Any officer, or employee who intentionally and knowingly **fails to act in accordance with this Policy** shall be subject to appropriate disciplinary action up to and including termination of employment.

10.03.01 Any bidder and existing suppliers who intentionally and knowingly fail to act in accordance with the purchasing Policy may be prohibited from bidding on future *contracts* for a period of three years in accordance with Section 9.06.

10.03.02 No *acquisition of goods* and/or *services* or *disposal* of surplus *goods*, or equipment shall be made where the quantity or delivery is divided or in any manner arranged so that the price or value of the *goods* and/or *services* to be acquired or disposed of is artificially reduced to circumvent the prescribed purchasing process.

10.03.03 No officer or employee or any relative of that officer, or employee shall be permitted to *purchase* any surplus *goods* to be disposed of except by successfully bidding on the same at a public auction or by *sealed bid* but in no case if the duties of that officer, or employee include making decisions regarding the *disposal* of such *goods* or activities relating to the conduct of the *disposal* process.

10.03.04 Officers and employees shall not knowingly cause or permit anything to be done or communicated to anyone which is likely to cause any potential vendor to have an unfair advantage or disadvantage in obtaining a *contract* for the supply of *goods* and/or *services* to *E.L.K.*

10.04 In order to contribute to waste reduction and to increase the development and awareness of **environmentally sound purchasing**, *acquisitions of goods* and/or *services* will ensure that wherever possible, *specifications* are amended to provide for expanded use of durable products, reusable products and products (including those used in *services*) that contain the maximum level of post-consumer waste and/or recyclable content, without significant affecting the intended use of the product or *service*.



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- 10.04.01 It is recognized that cost analysis is required in order to ensure that the products are made available at competitive prices.
- 10.05 All officers and employees of *E.L.K.* shall provide their **best efforts** to comply with the terms and conditions of this Policy.
- 10.06 All officers and employees of *E.L.K.* shall not have a **pecuniary interest**, either directly or indirectly, in any *contract* with *E.L.K.* or with any person acting for *E.L.K.* in any *contract* for the supply of *goods* and/or *services* for which *E.L.K.* pays or is liable, directly or indirectly to pay.
- 10.06.01 All staff and others participating in the evaluation of *proposals* shall disclose any *conflict of interest* prior to the evaluation process.
- 10.06.02 All consultants *awarded* a *contract* by *E.L.K.* shall disclose to *E.L.K.* prior to accepting an assignment, any potential *conflict of interest*. If such a *conflict of interest* exists, *E.L.K.* as directed by the *C.E.O.* may, at its discretion, withhold the assignment from the consultant until the matter is resolved. And furthermore, if during the conduct of an *E.L.K.* assignment, a consultant is retained by another client giving rise to a potential *conflict of interest*, then the consultant shall so inform *E.L.K.*
- 10.07 The Province of Ontario's Discriminatory Business Practices Act (R.S.O. 1990) was established to prevent **discrimination** in Ontario on the grounds of race, creed, colour, nationality, ancestry, place or origin, sex or geographical location of persons employed or engaged in business. As such, granting **preference to local suppliers** to provide *goods* and/or *services* to *E.L.K.* cannot be undertaken.
- 10.08 Where a *contract* may extend beyond the **term of the Board**, the *contract* shall contain provisions to minimize the financial liability of *E.L.K.* should the subsequent *Board* not approve sufficient funds to complete the *contract* and *E.L.K.* may terminate the *contract*.
- 10.09 The **disclosure of information** received relevant to the issue of *bid solicitations* or the *award of contracts* emanating from *bid solicitations* shall be made by the appropriate officers in accordance with the provisions of the Protection of Privacy Act, as amended.
- 10.09.01 All **records and information** pertaining to *tenders*, *proposals* and other *sealed bids*, which reveal a trade secret or scientific, unit process, technical, commercial, financial or other labour relations information, supplied in confidence implicitly or explicitly shall remain confidential if the disclosure could reasonably be expected to:
- (a) Prejudice significantly the competitive position or interfere significantly with the contractual or other *negotiations* of a person, group of persons, organizations;
 - (b) Result in similar information no longer being supplied to *E.L.K.* where it is in the public interest that similar information continue to be so supplied;
 - (c) Result in undue loss or gain to any person, group, committee or financial institution or agency; or



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(d) Result in information whose disclosure could reasonably be expected to be injurious to the financial and/or security interests of *E.L.K.*

- 10.10 Managers shall be authorized to co-operate with local municipalities, *boards* and commissions of such other organizations performing *services* for or on behalf of *E.L.K.* with respect to co-operative or **bulk purchasing** of *goods* and with respect to providing general advice, information or assistance pursuant to such requests.
- 10.11 Where, in the opinion of the Manager or designate it would be effective, *tenders* and *proposals* shall be placed on *E.L.K.* internet website and if *E.L.K.* so desires, in the local press.
 - 10.11.01 Advertisements, where applicable, must appear with sufficient time between *advertising* and *tender* closing to permit a contractor to examine the advertisement, obtain the *tender* documents, complete and submit his/her *proposal*.
 - 10.11.02 *Tender* and *proposals* may be advertised on other government operated and/or purchasing association internet websites, where practicable, to attract competent bidders.
- 10.12 The purpose of this policy is to determine **how effective the Purchasing Policy has been** in achieving the objectives set out in Section 3 of the Policy.
 - 10.12.01 The Purchasing Policy shall be reviewed within eighteen (18) months of passage.
 - 10.12.02 The Purchasing Policy shall be reviewed subsequently thereafter prior to the end of each *Board* term.
- 10.13 All background information, information submitted by vendors, analysis, *purchase order* and other relevant information involved in obtaining prices for *goods* and/or *services* shall be **retained** in compliance with *E.L.K.*'s Retention By-Law.
- 10.14 In the absence of the Manager or designate the *C.E.O.* or *Director of Finance* shall act as the **department purchasing agent**.
 - 10.14.01 Any commitments being made where it is recommended that a *contract* be *executed* by the Chair or *C.E.O.* must first be approved by the *Board* where the expenditure is over \$5,000.00 or *contracts* not terminable on 30 days' notice.
 - 10.14.02 No employee or elected official shall *purchase* or offer to *purchase*, on behalf of *E.L.K.*, any *goods* and/or *services*, except in accordance with this Policy.
 - 10.14.03 The Tables "A", "B" & "C", Appendix "A", "B", "C", "D" and "E" attached hereto may be amended from time to time with report to the *Board*. Such amendments do not invalidate any other portion of this Policy.



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- 10.14.04 The Manager or *Director of Finance* may randomly review departments purchasing related files on an on-going basis to review the effectiveness and integrity of the process and policy adherence.
- 10.14.05 The Manager in conjunction with the *Director of Finance* shall establish procedures consistent with the purposes, goals and objectives and be used as guidelines and for information on purchasing *goods* and/or *services* in compliance with this Policy.
- 10.14.06 The *Director of Finance* shall initiate and submit the recommendation with respect to the *award* for group benefits, auditors, banking and professional *services* to the *Board* with the assistance and consultation of the departments.
- 10.14.07 The *C.E.O.* shall initiate and submit the recommendation to the *Board* with respect to the sale of *E.L.K.* owned real property.
- 10.14.08 The *Director of Finance* shall initiate and submit the recommendation with respect to general insurance to the *Board*.
- 10.14.09 Managers shall review unsolicited *proposals* received by *E.L.K.* Any purchasing activity resulting from the receipt of an unsolicited *proposal* shall comply with the provisions of this Policy.
- 10.14.10 To ensure standardization of corporate equipment and software, prior *approval* shall be required from the Manager and the *Director of Finance* for computer equipment.
- 10.15 Information to be included in ***purchase orders*** is as follows:
- (a) Documentation of comparative pricing obtained (either written or verbal) or a copy of the RFQ, RFP or RFT submitted by the successful bidder and a summary of the criteria used to rate the bid
 - (b) Information concerning the vendor (name, address, telephone/fax number)
 - (c) Ship To/Bill To Information
 - (d) Details concerning the *goods* or *services purchased* and pricing, including estimated shipping charges, if extra payment terms
 - (e) Account to be charged
 - (f) Authorization for the *purchase* according to the requirements set out in Table "B"; where *Board* authorization is obtained, reference to the resolution is to be noted on the *purchase order*.



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Table A – Methods of Purchasing

Method	Definition	Goals
<i>Request for Proposal</i> (RFP)	Process for obtaining unique <i>proposals</i> designed to meet broad outcomes to a complex problem or need for which there is no clear or single solution. Solicitation of requests for <i>proposal</i> may be by invitation and/or by <i>advertising</i> (website/newspapers) and may include a “two envelope” approach. (See appendix B)	To implement an objective, fair, open, transparent, accountable and efficient process. <i>Proposals</i> to be selected on the basis of 1) the highest score and 2) that the <i>proposal</i> meets the requirements specified in the competition, based on qualitative, technical and pricing considerations.
Request for <i>Tender</i> (RFT)	Process of obtaining competitive bids based on precisely defined requirements for which a clear or single solution exists. Bid solution performed on the basis of an advertisement (website, newspaper(s) and/or trade magazines.	To implement an effective, objective, fair, open, transparent, accountable and efficient competitive bids. <i>Tenders</i> to be accepted on the basis of the lowest bid that meets all of the requirements specified in the competition.
<i>Request for Quotation</i> (RFQ)	Same as Request for <i>Tender</i> , except that <i>bid solicitation</i> is done on an invitational basis from a pre-determined list of bidders that may be supplemented with public <i>advertising</i> at the discretion of management.	To implement an effective, objective, fair, open, transparent, accountable and efficient process for obtaining competitive bids. Quotes to be accepted on the basis of the lowest bid that meets all of the requirements specified in the competition.
Informal, Low Value Purchasing	Process for obtaining competitive pricing for <i>goods</i> and <i>services</i> through phone, fax, email, vendor advertisements or catalogues.	To obtain competitive pricing in an expeditious and cost effective manner.
<i>Sole Source</i> Procurement	Process for obtaining <i>goods</i> and <i>services</i> without seeking competitive pricing. Refer to Appendix A for full details of when this process may be used.	To allow for purchasing in an efficient and timely manner.



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Table B: Circumstances for Purchasing Methods – *Competitive Purchasing*

Estimated Value of Goods or Service	Method of Purchasing Required	Purchasing Paperwork Required	Authorization Required
\$0 to \$1,000	Information Low Value Purchasing <i>Comparative pricing may be obtained at the discretion of purchaser; the requirement for comparative pricing at purchasing values less than \$1,000 may be required on a departmental basis of the discretion of the Manager.</i>	None	Employee designed by a Manager; Managers have the option to reduce maximum purchasing \$ levels requiring <i>approval</i> by Manager at their discretion.
\$1,001 to \$5,000	Informal Low Value Purchasing <i>Three comparative quotes required: Purchases under \$2,500 – verbal quotes Purchases \$2,501 to \$5,000 – written quotes</i>	<i>Purchase Order</i> with three verbal quotes noted on P.O. or three written quotes attached to P.O.	Manager – up to the amount in <i>approved Budget</i> . Managers have the option to reduce maximum purchasing \$ levels requiring <i>approval</i> by Manager at their discretion.
\$5,001 to \$50,000 where requirements can be definitively specified or defined	<i>Request for Quotation</i>	<i>Purchase Order</i>	Manager and <i>Director of Finance</i> or <i>C.E.O.</i> (up to the amount in <i>approved Budget</i>)
\$5,001 to \$50,000 where requirements cannot be definitively specified or defined	<i>Request for Proposal</i>	<i>Purchase Order</i>	Manager and <i>Director of Finance</i> or <i>C.E.O.</i> (up to the amount in <i>approved Budget</i>)
Greater than \$50,000 where requirements can be definitively specified or	<i>Request for Tender</i>	<i>Purchase Order</i> or <i>Contract</i>	<i>Board</i> on recommendations of Manager/ <i>C.E.O.</i>



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defined			
Greater than \$50,000 where requirements cannot be definitively specified or defined	<i>Request for Proposal</i>	<i>Purchase Order or Contract</i>	<i>Board on recommendations of Manager/C.E.O.</i>



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Table C : Circumstances for Purchasing Methods – Non-Competitive Purchasing

Estimated Value of Goods or Service	Method of Purchasing Required	Purchasing Paperwork Required	Authorization Required
\$0 to \$500	<i>Non-competitive purchasing</i>	None	Manager
\$501 to \$50,000	<i>Non-competitive purchasing</i>	<i>Purchase Order</i>	Manager and <i>Director of Finance</i> or <i>C.E.O.</i> (up to the amount in <i>approved Budget</i>)
Greater than \$50,001	<i>Non-competitive purchasing</i>	<i>Purchase Order or Contract</i>	<i>Board</i> on recommendations of Manager/ <i>C.E.O.</i>



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Appendix A – Non-Competitive (*Sole Source*) Purchasing

Non-competitive purchasing is deemed acceptable by *E.L.K.* in the following circumstances:

- a) Where a statutory or market-based monopoly exists for the item(s) to be *purchased*;
- b) Where no bids were received in a competitive process;
- c) Where an item is required by an exclusive right such as patent, copyright or exclusive license;
- d) Where it is necessary to ensure compatibility with existing products to avoid violating warranty/guarantee requirements when *service* is required;
- e) Where, in the opinion of the responsible Manager acting in conjunction with the *Director of Finance* or *C.E.O.*, the compatibility of a *purchase* with existing equipment, facilities or *services* is a paramount consideration;
- f) Where *goods* are *purchased* for testing or trial use;
- g) Where *goods* or *services* are in short supply due to market conditions;
- h) Where *E.L.K.* *purchases goods* for resale;
- i) Where *E.L.K.* has a rental *contract* with a *purchase* option and such *purchase* option is beneficial to *E.L.K.*;
- j) When competitive procurement is impractical for certain items such as meal allowances, incidental travel expenses and training and education expenses;
- k) Where compatibility between existing products is necessary to maintain consistency within the organization (ie software);
- l) Where the sources of supply are restricted to the extent that there is not effective price competition, or consideration of substitutes is precluded due to any of the following:
 - i) Components or replacement parts for which there is no substitute;
 - ii) Compatibility with an existing product, facility or *services* is required;
 - iii) Specific standards authorized by the *Board* or other regulatory body with which compliance is required.
- m) When only one bid/*proposal* is received through the procurement process and it is impractical to proceed with another call for *quotations/proposal*.
- n) Where the cost of competitive purchasing exceeds the benefits. For example: in the case where transformers would need to be shipped to three vendors to obtain quotes and the shipping costs are significant to the anticipated cost of repair.



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Appendix B: Two-Envelope Approach” to Requests for *Proposal*

A “two-envelope” approach may be used by *E.L.K.* when *E.L.K.* wishes to evaluate the technical and qualitative information of a given *proposal* without being influenced by pricing information. The Chief Executive Officer of *E.L.K.* will determine and approve instances when a “Two-Envelope Approach” should be used in a *Request for Proposal* process.

The following summarizes the key aspects of a “Two-Envelope Approach” for Requests for *Proposal*:

- (1) Each proponent must submit qualitative and technical information in a sealed envelope (“Envelope One”) and pricing information is a second sealed envelope (“Envelope Two”).
- (2) The contents of Envelope One for each company submitting a bid shall be opened and evaluated by the Manager in conjunction with the *C.E.O.* in terms of technical and qualitative *services*.
- (3) After reviewing the contents of Envelope One for all bidders, the Manager will open and evaluate “Envelope Two” for only those bids that meet the *specifications* for the *Request for Proposal* in terms of technical and qualitative *services*.
- (4) In the event that a *proposal* is not eligible to proceed to price evaluation, the proponent shall be disqualified from further consideration and the second envelope will be returned to the proponent unopened, along with the contents of the first envelope.
- (5) A higher point rating of a top proponent is not deemed to be sufficient evidence for the decision to open one pricing envelope. The decision to open only one pricing envelope must be made after determination that only one proponent is qualified and capable of performing the project or *service*. This would only be expected to occur in unique situations where artistic merit, proven design capability or other unique, non-quantifiable characteristics exist.
- (6) Where only one pricing envelope is opened, the pricing envelopes of other proponents shall remain sealed and retained until such time as the *Board* has reviewed and approved the *award* of the *contract*, after which time any sealed envelopes will be returned the proponents unopened.
- (7) In the event that the process identified above results in two or more bidders satisfying *E.L.K.*’s requirements in terms of qualitative and technical information and pricing, *E.L.K.* reserves the right to accept or reject any submission.



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Appendix C – Responses to Irregularities Contained in Bids

The following irregularities result in **automatic rejection and returned to the bidder**:

1. Bid or *proposal* received after the closing date/time.
2. Bid envelope received unsealed.
3. A bid is received by an excluded bidder.

The following irregularities result in **automatic rejection**:

1. The bid does not contain sufficient financial security as defined in the bid document prepared by *E.L.K.*
2. The bid has been completed and/or signed in an erasable medium (i.e. pencil).
3. The bid has been completed and is not legible.
4. Failure to *execute Agreement* to Bond or Bonding company's corporate seal or signature missing from *Agreement* to Bond.
5. Corporate seal or signature of the bidder missing; the signatory does not have the authority to bind the corporation and the signature is missing.
6. The bid documents do not acknowledge the necessary addendums which have a financial implication
7. The cheque has not been certified,
8. Failure to attend mandatory site visit.
9. Failure to insert the *Tenderer's* business name in the Form of *Tender*.
10. Pricing page missing.
11. The bid documents contain changes to the bid document that have not been initialed and unit prices in the schedule of prices have been changed but not initialed and the *contract* totals are not consistent with the amended unit prices.

The following irregularities result in **automatic rejection unless**, in the opinion of the *C.E.O.* in cooperation with the applicable Manager, the incomplete information is deemed to be trivial or not significant:

1. All required sections of the Bid documents have not been completed
2. The bid is qualified or restricted.
3. Bids received on documents other than those provided by *E.L.K.*

	Description of Irregularity	Response to Irregularity
	Corporate seal or signature of the bidder is missing; the signatory does not have the authority to bind the corporation or the signature is missing.	Bidder permitted 48 hours to obtain missing corporate seal or signature or obtain the signature of a person authorized to bind the corporation
	The bid documents contain changes to the bid document that have not been initialed: a) Changes to information other than unit prices and <i>contract</i> totals	a) 48 hours to initial changes, as determined by the <i>C.E.O.</i> , in cooperation with the Manager b) 48 hours to initial changes as



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	b) Unit prices in the schedule of prices have been changed but not initialed and the <i>contract</i> totals are consistent with the amended unit prices	determined by the <i>C.E.O.</i> with the Manager
	The bid contains mathematical errors which are not consistent with the unit prices	48 hours to make and initial corrections, unit prices will govern.
	Part bids (all items not bid)	Acceptable unless complete bid has been specified in the request.
	Bids containing minor clerical errors	48 hours to correct initial errors. <i>E.L.K.</i> reserves the right to waive initialing and accept bid.
	Other mathematical errors	<ul style="list-style-type: none"> a) If both the unit price and the total price are left blank, then both shall be considered as zero b) If the unit price is left blank but a total price is shown for the item, the unit price shall be established by dividing the total price by the estimated quantity c) If the total price is left blank for a lump sum item, it shall be considered as zero d) If the <i>tender</i> contains an error in addition and/or subtraction and/or transcription in the approved <i>tender</i> documentation format requested (i.e. not the additional supporting documentation supplied), the error shall be corrected and the corrected total <i>contract</i> price shall govern
	Bid documents which suggest that the bidder has made a major mistake in calculations or bid	Consultation with a Solicitor on a case-by-case basis.
	Any other irregularity	The <i>C.E.O.</i> in cooperation with the Manager and acting in consensus, shall have the authority to waive other irregularities or grant 48 hours to initial such other irregularities which jointly the <i>C.E.O.</i> and Manager consider to be of a minor nature.



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Appendix D: Exemptions from the Purchasing Policy

While *purchases* identified below are exempt from the policy, such *purchases* must be within the spending limits provided in the budget approved by the *Board*.

The *acquisition* methods described in this policy do not apply to the following items:

- 1) *Purchases* made through petty cash.
- 2) Training and Education, including:
 - a) Conferences, conventions, courses and seminars
 - b) Magazines, books, periodicals and subscriptions
 - c) Memberships including licensing
 - d) Staff training and development/workshops/relations
- 3) Reimbursable *Board* and Employee Expenses as permitted by the Travel Policy
 - a) Advances and meal allowances
 - b) Travel
 - c) Hotel accommodation and mileage
 - d) Miscellaneous, non-travel expenses
- 4) General Expenses
 - a) Payroll deduction remittances, medical and insurance premiums (group benefits), tax remittances and any other payment for employment
 - b) Licenses (vehicles, equipment, etc.), certificates, and other *approvals* required
 - c) Postage
 - d) Replenishment of petty cash funds
 - e) Insurance claims, legal settlements and arbitration *awards* or other payment of damages
 - f) Charges to and from other government bodies, including Federal, Provincial or Municipal
- 5) Professional & Other *Services*
 - a) Legal fees for expert or professional legal *services*
 - b) Insurance premiums
 - c) Payments to Health agencies that are subject to *service agreements*
 - d) Ongoing maintenance for existing computer hardware and software
- 6) Real Estate
 - a) Including land, building, leasehold interest, easements, encroachments, licenses etc.
 - b) Realty *services* regarding the lease, *acquisition*, demolition, sale of land and appraisal of land
- 7) Utilities
 - a) Water and sewer
 - b) Electricity
 - c) Natural gas



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- d) Telephone *services*
- e) Internet charges
- f) *Advertising service* required by *E.L.K.* on or in but not limited to radio, television, newspaper and magazines
- g) Consulting *services*
- h) Additional non-recurring accounting and auditing *services*
- i) Bank *services* where covered by *agreements*
- j) Postage



Statement of Policy and Procedure

Manual:	Finance and Accounting	SPP No.	
Section:	Purchasing Cycle	Issued:	December 1, 2021
Subject:	Purchasing	Effective:	December 1, 2021
Issue to:	All Manual Holders	Page:	45 of 48
Issued by:		Replaces:	January 17, 2008
		Dated:	January 17, 2008

Appendix E: Sample Purchase Order

Vendor:

Telephone No.: _____
Fax No.: _____

Ship to:

E.L.K. Energy Inc.
172 Forest Ave, Essex ON N8M 3E4

Invoice to:

E.L.K. Energy Inc.
172 Forest Ave, Essex ON N8M 3E4

Description of Item(s)/Services Purchased:

Date of P.O.: _____

Vendor Terms: _____

Deliver by: _____

Stock No.	Qty	Description	G/L Account	Unit price	Total
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -

Shipping charges (indicate one) :

☐ Included
☐ Extra

If quoted, please provide the cost of shipping ⇒

Sub-total \$ -

GST @ 6% \$ -

PST @ 8% \$ -

Total \$ -

Buyer:

Approved By:

Manager (purchases less than \$5,000)

Approved By:

Director of Finance/C.E.O./Board Resolution Number



Statement of Policy and Procedure

Manual:	Finance and Accounting	SPP No.	
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General Purchasing Policies:

The Purchasing Policy sets out the policies and procedures to be followed when purchasing goods and services for E.L.K. Energy. Purchase Orders for goods and services exceeding \$1,000 must include information concerning comparative quotes obtained or a copy of the Request for Proposal, Request for Quotation or Invitation to Tender from the successful bidder, along with any documentation summarizing the evaluation process for such bids. Proper authorization must be obtained prior to purchasing as follows:

\$0 to \$5,000	Manager (<i>up to the amount in approved budget</i>)
\$5,001 to \$50,000	Manager and Director of Finance or C.E.O. (<i>up to the amount in approved budget</i>)
Greater than \$50,001	Board, on recommendation of Manager and C.E.O.

Purchase orders should be forwarded to accounts payable upon completion/

Supporting Documentation for Comparative Quotes:

Supplier Name	Item Description/Stock No.	Price/Unit	Total Price

Notes:

Purchase Order Numbers:

The sequential numbering system for Purchase Orders will consist of the purchaser's initials, followed by a 2-digit number signifying the year and a 3-digit sequential number (for example, SS-06-001). Purchasers must maintain a log of Purchase Order Numbers used during any given calendar year. Following the end of the calendar year, the sequential log must be submitted to the Finance Department for audit purposes.

Packing Slips & Invoices:

All invoices from suppliers must be forwarded to Accounts Payable. Packing slips received by the department upon receipt of the goods or services must be signed off as received and submitted to the Finance Department where they will be matched with the appropriated Purchase Order and invoice for payment.



Statement of Policy and Procedure

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Statement of Policy and Procedure

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TAB 7 - CHARITABLE DONATIONS/LEAP

1.0 Low-income Energy Assistance Programs (LEAP)

E.L.K. continues to participate in the Low Income Energy Assistance Program (LEAP). The amount of funding is based on the greater of 0.12% of a distributor's Board approved distribution revenue requirement or \$2,000. E.L.K. has included \$5,414 ($\$4,511,397 \times 0.12\%$) in LEAP costs in the 2022 Test Year. E.L.K. has partnered with Housing Information Services Windsor and Essex County to assist in the LEAP program and the funds are intended to provide emergency relief to eligible low-income customers who may be experiencing difficulty paying current arrears to E.L.K.

2.0 Charitable and Political Donations

E.L.K. confirms that there are no charitable donations included in the 2022 Test Year revenue requirement. E.L.K. does not make any political donations.

TAB 8 - DEPRECIATION AND AMORTIZATION

1.0 Overview

On July 17, 2012 the Board issued a statement that changes to depreciation rates and capitalization policies that would have been implemented under IFRS could be made in 2012 under CGAAP (i.e. effective January 1, 2012), and must be made no later than 2013 (i.e. effective January 1, 2013), regardless of whether the Canadian Accounting Standards Board (AcSB) permitted further deferrals beyond 2013 for the changeover to IFRS (Board Letter, July 17, 2013 “Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2013 and 2014”). In 2013, E.L.K. implemented the change to depreciation rates and the componentization of PP&E. Useful lives were guided by the Kinectrics report and an assessment was made of remaining service lives for the purposes of determining the computation of depreciation expense on a go-forward basis. E.L.K. confirms that significant parts or components of each item of PP&E are being depreciated separately.

E.L.K.’s 2015 financial statements were the Corporation’s first financial statements prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

Items of property, plant and equipment (“PP&E”) used in rate regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

E.L.K.’s capital assets related to the distribution system and capital contributions are amortized on a straight- line basis, applying the “half-year” rule in the year of addition, over the deemed life of the assets. This is in accordance with Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications. Construction in progress assets are not amortized until the project is complete and the asset is available for use.

1 Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon
2 the weighted average cost of debt incurred on the Corporation's borrowings.

3 When parts of an item of PP&E have different useful lives, they are accounted for as separate
4 items (major components) of PP&E.

5 When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined
6 by comparing the proceeds from disposal, if any, with the carrying amount of the item and is
7 included in profit or loss.

8 Major spare parts and standby equipment are recognized as items of PP&E.

9 The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if
10 it is probable that the future economic benefits embodied within the part will flow to the Corporation
11 and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and
12 the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E
13 are recognized in profit or loss as incurred.

14 The need to estimate the decommissioning costs at the end of the useful lives of certain assets
15 is reviewed periodically. The Corporation has concluded it does not have any legal or constructive
16 obligation to remove PP&E.

17 Depreciation expense is calculated to reflect the amount of an asset consumed on an annual
18 basis over its estimated service life. E.L.K uses the straight-line method of depreciation consistent
19 with the Kinectrics report. Depreciation methods, useful lives, and residual values are reviewed
20 at each reporting date and adjusted prospectively if appropriate. Land is not depreciated.
21 Construction-in-progress assets are not depreciated until the project is complete, capitalized and
22 the asset is available for use.

23 E.L.K.'s depreciation by year is provided in Table 4-42 to Table 4-48, which provide a summary
24 by year for 2016 - 2020 Actual, 2021 Bridge Year and 2022 Test Year of E.L.K.'s depreciation
25 expense including asset amounts and rates of depreciation or amortization. These tables are
26 consistent with the accumulated depreciation balances in the Fixed Asset Continuity Schedules
27 provided in Exhibit 2, Tab 1, Section 3, that are consistent with Board Appendix 2-BA.

Table 4-40 Depreciation and Amortization Expense 2016 - Actual

2016		Book Values						Service Lives				Depreciation Expense						Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance ⁶
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁵	Total Current Year Depreciation Expense			
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = i+m+n	p	q = p-o	
1611	Computer Software (Formally known as Account 1925)	\$ 20,803	\$ 19,638	\$ 1,164	\$ 18,230		\$ 18,230	\$ 35,042	4.50	22.22%	5	20.00%	\$ 259	\$ 3,646	\$ 3,504	\$ 7,409	\$ 7,409	\$ 0	
1612	Land Rights (Formally known as Account 1906)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1805	Land	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1808	Buildings	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1810	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1815	Transformer Station Equipment >50 kV	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1820	Distribution Station Equipment <50 kV	\$ 1,084		\$ 1,084			\$ -		17.50	5.71%	30	3.33%	\$ 62	\$ -	\$ -	\$ 62	\$ 62	\$ 0	
1825	Storage Battery Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1830	Poles, Towers & Fixtures	\$ 679,189		\$ 679,189	\$ 176,826		\$ 176,826	\$ 46,855	38.40	2.60%	45	2.22%	\$ 17,685	\$ 3,929	\$ 521	\$ 22,135	\$ 22,135	\$ 0	
1835	Overhead Conductors & Devices	\$ 1,827,528		\$ 1,827,528	\$ 121,066		\$ 121,066	\$ 22,724	51.13	1.96%	60	1.67%	\$ 35,740	\$ 2,018	\$ 189	\$ 37,947	\$ 37,947	\$ 0	
1840	Underground Conduct	\$ 1,079,518		\$ 1,079,518	\$ 867,700		\$ 867,700	\$ 208,657	44.37	2.25%	50	2.00%	\$ 24,331	\$ 17,354	\$ 2,087	\$ 43,771	\$ 43,771	\$ 0	
1845	Underground Conductors & Devices	\$ 2,661,614		\$ 2,661,614	\$ 891,651		\$ 891,651	\$ 250,831	30.83	3.24%	40	2.50%	\$ 86,335	\$ 22,291	\$ 3,135	\$ 111,762	\$ 111,762	\$ 0	
1850	Line Transformers	\$ 2,196,136		\$ 2,196,136	\$ 698,656		\$ 698,656	\$ 109,892	31.77	3.15%	40	2.50%	\$ 69,134	\$ 17,466	\$ 1,374	\$ 87,974	\$ 87,974	\$ 0	
1851	Line Transformers- Pad Mounted Switchgear	\$ -		\$ -	\$ 8,515		\$ 8,515	\$ 5,397	-	0.00%	20	5.00%	\$ -	\$ 426	\$ 135	\$ 561	\$ 561	\$ -	
1852	Line Transformers- Underground Foundations & Underground Vaults	\$ -		\$ -	\$ 83,998		\$ 83,998	\$ 18,821	60.00	1.67%	60	1.67%	\$ -	\$ 1,400	\$ 157	\$ 1,557	\$ 1,557	\$ -	
1855	Services (Overhead & Underground)	\$ 605,658		\$ 605,658	\$ 295,493		\$ 295,493	\$ 82,215	19.59	5.11%	25	4.00%	\$ 30,921	\$ 11,820	\$ 1,644	\$ 44,385	\$ 44,385	\$ 0	
1861	Meters- Residential SM (including repeaters) and data collectors	\$ 912,144		\$ 912,144	\$ 56,724		\$ 56,724	\$ 981	7.18	13.94%	10	10.00%	\$ 127,115	\$ 5,672	\$ 49	\$ 132,837	\$ 132,837	\$ 0	
1862	Meters- Industrial/Commercial	\$ 315,847	\$ 535	\$ 315,312	\$ 19,438		\$ 19,438	\$ 7,224	9.43	10.61%	15	6.67%	\$ 33,448	\$ 1,296	\$ 241	\$ 34,985	\$ 34,985	\$ 0	
1863	Meters-Wholesale	\$ -		\$ -	\$ 1,013		\$ 1,013	\$ 8,464	-	-	15	6.67%	\$ -	\$ 68	\$ 282	\$ 350	\$ 350	\$ -	
1864	Meters-CTs & PTs	\$ 108,480		\$ 108,480	\$ 5,938		\$ 5,938	\$ 4,945	34.49	-	40	2.50%	\$ 3,145	\$ 148	\$ 62	\$ 3,356	\$ 3,356	\$ 0	
1905	Land	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1908	Buildings & Fixtures	\$ 301,246		\$ 301,246	\$ 572		\$ 572	\$ 151,974	20.79	4.81%	50	2.00%	\$ 14,490	\$ 11	\$ 1,520	\$ 12,981	\$ 12,981	\$ 0	
1910	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1915	Office Furniture & Equipment (10 years)	\$ 31,400	\$ 5,373	\$ 26,027	\$ 10,038		\$ 10,038	\$ 40,795	6.76	14.78%	10	10.00%	\$ 3,848	\$ 1,004	\$ 2,040	\$ 6,891	\$ 6,891	\$ 0	
1915	Office Furniture & Equipment (5 years)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1920	Computer Equipment - Hardware	\$ 12,189	\$ 5,916	\$ 6,273	\$ 38,153		\$ 38,153	\$ 24,058	5.11	19.57%	5	20.00%	\$ 1,228	\$ 7,631	\$ 2,406	\$ 11,264	\$ 11,264	\$ 0	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1930	Transportation Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1931	Transportation equipment- Heavy Vehicles - Including Trailers	\$ 94,305		\$ 94,305	\$ 21,756		\$ 21,756	\$ -	9.00	11.11%	15.0	6.67%	\$ 10,478	\$ 1,450	\$ -	\$ 11,929	\$ 11,929	\$ 0	
1932	Transportation equipment- Light Vehicles	\$ 146,879	\$ 88,536	\$ 58,343	\$ 24,300		\$ 24,300	\$ 26,310	4.43	22.57%	8.0	12.50%	\$ 13,170	\$ 3,038	\$ 1,644	\$ 17,852	\$ 17,852	\$ 0	
1933	Transportation equipment- Underground Vehicles/Dump Trucks	\$ -		\$ -	\$ 70,712		\$ 70,712	\$ -	-	0.00%	10.0	10.00%	\$ -	\$ 7,071	\$ -	\$ 7,071	\$ 7,071	\$ -	
1935	Stores Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1940	Tools, Shop & Garage Equipment	\$ 46,401	\$ 9,609	\$ 36,792	\$ 20,423		\$ 20,423	\$ 5,647	5.63	17.76%	10	10.00%	\$ 6,534	\$ 2,042	\$ 282	\$ 8,859	\$ 8,859	\$ 0	
1945	Measurement & Testing Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1950	Power Operated Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1955	Communications Equipment	\$ 9,439	\$ 110	\$ 9,328	\$ 1,042		\$ 1,042	\$ -	7.45	13.43%	10	10.00%	\$ 1,252	\$ 104	\$ -	\$ 1,357	\$ 1,357	\$ 0	
1955	Communication Equipment (Smart Meters)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1960	Miscellaneous Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1970	Load Management Controls Customer Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1975	Load Management Controls Utility Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1980	System Supervisor Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1985	Miscellaneous Fixed Assets	\$ 0		\$ 0			\$ -		10.00	10.00%	10	10.00%	\$ 0	\$ -	\$ -	\$ 0	\$ 0	\$ 0	
1990	Other Tangible Property	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1995	Contributions & Grants	\$ 3,125,399		\$ 3,125,399	\$ 2,025,598		\$ 2,025,598	\$ 438,399	17.94	5.57%	25	4.00%	\$ 174,230	\$ 81,024	\$ 8,768	\$ 264,022	\$ 264,022	\$ 0	
2005	Property Under Finance Lease	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total	\$ 7,924,460	\$ 129,717	\$ 7,794,743	\$ 1,406,645	\$ -	\$ 1,406,645	\$ 308,485					\$ 304,945	\$ 28,862	\$ 9,464	\$ 343,271	\$ 343,271	\$ 0	

Table 4-41 Depreciation and Amortization Expense 2017 - Actual

2017		Book Values							Service Lives				Depreciation Expense								
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁴	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁵	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance ⁶			
		a	b	c = a-b	d	e	f = d-e	g	h	i = f/h	j	k = f/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o			
1611	Computer Software (Formally known as Account 1925)	\$ 20,803	\$ 19,638	\$ 1,164	\$ 53,272		\$ 53,272	\$ 2,438	9.00	11.11%	5	20.00%	\$ 129	\$ 10,654	\$ 244	\$ 11,028	\$ 11,028	\$ 0			
1612	Land Rights (Formally known as Account 1906)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1805	Land	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1808	Buildings	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1810	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1815	Transformer Station Equipment >50 kV	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1820	Distribution Station Equipment <50 kV	\$ 1,084		\$ 1,084			\$ -		17.50	5.71%	30	3.33%	\$ 62	\$ -	\$ -	\$ 62	\$ 62	\$ 0			
1825	Storage Battery Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1830	Poles, Towers & Fixtures	\$ 679,189		\$ 679,189	\$ 223,681		\$ 223,681	\$ 46,122	38.40	2.60%	45	2.22%	\$ 17,685	\$ 4,971	\$ 512	\$ 23,168	\$ 23,168	\$ 0			
1835	Overhead Conductors & Devices	\$ 1,827,528		\$ 1,827,528	\$ 143,791		\$ 143,791	\$ 19,879	51.13	1.96%	60	1.67%	\$ 35,740	\$ 2,397	\$ 166	\$ 38,302	\$ 38,302	\$ 0			
1840	Underground Conduit	\$ 1,079,518		\$ 1,079,518	\$ 1,076,356		\$ 1,076,356	\$ 162,310	44.37	2.25%	50	2.00%	\$ 24,331	\$ 21,527	\$ 1,623	\$ 47,481	\$ 47,481	\$ 0			
1845	Underground Conductors & Devices	\$ 2,661,614		\$ 2,661,614	\$ 1,142,482		\$ 1,142,482	\$ 176,062	30.83	3.24%	40	2.50%	\$ 86,335	\$ 28,562	\$ 2,201	\$ 117,098	\$ 117,099	\$ 1			
1850	Line Transformers	\$ 2,196,136		\$ 2,196,136	\$ 808,548		\$ 808,548	\$ 157,427	31.77	3.15%	40	2.50%	\$ 69,134	\$ 20,214	\$ 1,968	\$ 91,315	\$ 91,315	\$ 0			
1851	Line Transformers- Pad Mounted Switchgear	\$ -		\$ -	\$ 13,911		\$ 13,911	\$ 12,005	-	0.00%	20	5.00%	\$ -	\$ 696	\$ 300	\$ 996	\$ 996	\$ -			
1852	Line Transformers- Underground Foundations & Underground Vaults	\$ -		\$ -	\$ 102,820		\$ 102,820	\$ 34,275	60.00	1.67%	60	1.67%	\$ -	\$ 1,714	\$ 286	\$ 1,999	\$ 1,999	\$ 0			
1855	Services (Overhead & Underground)	\$ 605,658		\$ 605,658	\$ 377,708		\$ 377,708	\$ 142,218	19.59	5.11%	25	4.00%	\$ 30,921	\$ 15,108	\$ 2,844	\$ 48,874	\$ 48,874	\$ 0			
1861	Meters- Residential SM (including repeaters) and data collectors	\$ 912,144		\$ 912,144	\$ 57,705		\$ 57,705	\$ 19,499	7.18	13.94%	10	10.00%	\$ 127,115	\$ 5,770	\$ 975	\$ 133,861	\$ 133,861	\$ 0			
1862	Meters- Industrial/Commercial	\$ 315,847	\$ 611	\$ 315,236	\$ 26,662		\$ 26,662	\$ 4,428	9.43	10.60%	15	6.67%	\$ 33,429	\$ 1,777	\$ 148	\$ 35,354	\$ 35,354	\$ 0			
1863	Meters-Wholesale	\$ -		\$ -	\$ 9,477		\$ 9,477	\$ 9,624	-	-	15	6.67%	\$ -	\$ 632	\$ 321	\$ 953	\$ 953	\$ 0			
1864	Meters-CTs & PTs	\$ 108,480		\$ 108,480	\$ 10,883		\$ 10,883	\$ 3,900	34.49	-	40	2.50%	\$ 3,145	\$ 272	\$ 49	\$ 3,466	\$ 3,466	\$ 0			
1905	Land	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1908	Buildings & Fixtures	\$ 301,246		\$ 301,246	\$ 151,402		\$ 151,402	\$ -	20.79	4.81%	50	2.00%	\$ 14,490	\$ 3,028	\$ -	\$ 11,461	\$ 11,462	\$ 0			
1910	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1915	Office Furniture & Equipment (10 years)	\$ 31,400	\$ 8,857	\$ 22,543	\$ 50,833		\$ 50,833	\$ 988	7.33	13.64%	10	10.00%	\$ 3,074	\$ 5,083	\$ 49	\$ 8,207	\$ 8,207	\$ 0			
1915	Office Furniture & Equipment (5 years)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1920	Computer Equipment - Hardware	\$ 12,189	\$ 8,010	\$ 4,179	\$ 62,211		\$ 62,211	\$ 1,406	9.00	11.11%	5	20.00%	\$ 464	\$ 12,442	\$ 141	\$ 13,047	\$ 13,047	\$ 0			
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1930	Transportation Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1931	Transportation equipment- Heavy Vehicles - Including Trailers	\$ 94,305		\$ 94,305	\$ 21,756		\$ 21,756	\$ 19,695	9.00	11.11%	15.0	6.67%	\$ 10,478	\$ 1,450	\$ 657	\$ 12,585	\$ 12,585	\$ 0			
1932	Transportation equipment- Light Vehicles	\$ 146,879	\$ 129,892	\$ 16,988	\$ 50,610		\$ 50,610	\$ -	6.00	16.67%	8.0	12.50%	\$ 2,831	\$ 6,326	\$ -	\$ 9,158	\$ 9,158	\$ 0			
1933	Transportation equipment- Underground Vehicles/Dump Trucks	\$ -		\$ -	\$ 70,712		\$ 70,712	\$ -	-	0.00%	10.0	10.00%	\$ -	\$ 7,071	\$ -	\$ 7,071	\$ 7,071	\$ -			
1935	Stores Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1940	Tools, Shop & Garage Equipment	\$ 46,401	\$ 12,498	\$ 33,903	\$ 26,070		\$ 26,070	\$ 3,513	6.14	16.28%	10.0	10.00%	\$ 5,520	\$ 2,607	\$ 176	\$ 8,302	\$ 8,302	\$ 0			
1945	Measurement & Testing Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1950	Power Operated Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1955	Communications Equipment	\$ 9,439	\$ 1,019	\$ 8,420	\$ 1,042		\$ 1,042	\$ -	7.50	13.33%	10	10.00%	\$ 1,123	\$ 104	\$ -	\$ 1,227	\$ 1,227	\$ 0			
1955	Communication Equipment (Smart Meters)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1960	Miscellaneous Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1970	Load Management Controls Customer Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1975	Load Management Controls Utility Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1980	System Supervisor Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1985	Miscellaneous Fixed Assets	\$ -	0	\$ -	0		\$ -		10.00	10.00%	10	10.00%	\$ 0	\$ -	\$ -	\$ -	\$ 0	\$ 0			
1990	Other Tangible Property	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
1995	Contributions & Grants	\$ 3,125,399		\$ 3,125,399	\$ 2,463,997		\$ 2,463,997	\$ 242,709	17.94	5.57%	25	4.00%	\$ 174,230	\$ 98,560	\$ 4,854	\$ 277,644	\$ 277,644	\$ 0			
2005	Property Under Finance Lease	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
	Total	\$ 7,924,460	\$ 180,525	\$ 7,743,936	\$ 1,715,130	\$ -	\$ 1,715,130	\$ 573,080					\$ 291,776	\$ 47,790	\$ 7,804	\$ 347,371	\$ 347,372	\$ 1			

Table 4-42 Depreciation and Amortization Expense – 2018 Actual

2018		Book Values						Service Lives				Depreciation Expense						Variance ⁶
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁵	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/	o = l+m+n	p	
																		q = p-o
1611	Computer Software (Formally known as Account 1925)	\$ 20,803	\$ 20,803	\$ -	\$ 55,710	\$ 1,358	\$ 54,352	\$ 3,882		0.00%	5	20.00%	\$ -	\$ 10,870	\$ 388	\$ 11,259	\$ 11,259	\$ -
1612	Land Rights (Formally known as Account 1906)	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1805	Land	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1808	Buildings	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1810	Leasehold Improvements	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1815	Transformer Station Equipment >50 kV	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1820	Distribution Station Equipment <50 kV	\$ 1,084	\$ -	\$ 1,084			\$ -		17.50	5.71%	30	3.33%	\$ -	\$ 62	\$ -	\$ 62	\$ 62	\$ 0
1825	Storage Battery Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 679,189	\$ -	\$ 679,189	\$ 269,802	\$ -	\$ 269,802	\$ 49,147	38.40	2.60%	45	2.22%	\$ 17,685	\$ 5,996	\$ 546	\$ 24,227	\$ 24,227	\$ 0
1835	Overhead Conductors & Devices	\$ 1,827,528	\$ -	\$ 1,827,528	\$ 163,669	\$ -	\$ 163,669	\$ 27,148	51.13	1.96%	60	1.67%	\$ 35,740	\$ 2,728	\$ 226	\$ 38,694	\$ 38,694	\$ 0
1840	Underground Conduit	\$ 1,079,518	\$ -	\$ 1,079,518	\$ 1,238,667	\$ -	\$ 1,238,667	\$ 92,701	44.37	2.25%	50	2.00%	\$ 24,331	\$ 24,773	\$ 927	\$ 50,031	\$ 50,031	\$ 0
1845	Underground Conductors & Devices	\$ 2,661,614	\$ -	\$ 2,661,614	\$ 1,318,544	\$ -	\$ 1,318,544	\$ 222,982	30.83	3.24%	40	2.50%	\$ 86,335	\$ 32,964	\$ 2,787	\$ 122,086	\$ 122,086	\$ 0
1850	Line Transformers	\$ 2,196,136	\$ -	\$ 2,196,136	\$ 965,975	\$ -	\$ 965,975	\$ 386,967	31.77	3.15%	40	2.50%	\$ 69,134	\$ 24,149	\$ 4,837	\$ 98,120	\$ 98,120	\$ 0
1851	Line Transformers- Pad Mounted Switchgear	\$ -	\$ -	\$ -	\$ 25,917	\$ -	\$ 25,917	\$ 11,262	-	0.00%	20	5.00%	\$ -	\$ 1,296	\$ 282	\$ 1,577	\$ 1,577	\$ -
1852	Line Transformers- Underground Foundations & Underground Vaults	\$ -	\$ -	\$ -	\$ 137,095	\$ -	\$ 137,095	\$ 35,626	60.00	1.67%	60	1.67%	\$ -	\$ 2,285	\$ 297	\$ 2,582	\$ 2,582	\$ -
1855	Services (Overhead & Underground)	\$ 605,658	\$ -	\$ 605,658	\$ 519,926	\$ -	\$ 519,926	\$ 152,918	19.59	5.11%	25	4.00%	\$ 30,921	\$ 20,797	\$ 3,058	\$ 54,776	\$ 54,776	\$ 0
1861	Meters- Residential SM (including repeaters) and data collectors	\$ 912,144	\$ -	\$ 912,144	\$ 77,203	\$ -	\$ 77,203	\$ 60,301	7.18	13.94%	10	10.00%	\$ 127,115	\$ 7,720	\$ 3,015	\$ 137,851	\$ 137,851	\$ 0
1862	Meters- Industrial/Commercial	\$ 315,847	\$ 635	\$ 315,212	\$ 31,090	\$ -	\$ 31,090	\$ 9,969	9.43	10.60%	15	6.67%	\$ 33,425	\$ 2,073	\$ 332	\$ 35,829	\$ 35,829	\$ -
1863	Meters-Wholesale	\$ -	\$ -	\$ -	\$ 19,101	\$ -	\$ 19,101	\$ 22,167	-	-	15	6.67%	\$ -	\$ 1,273	\$ 739	\$ 2,012	\$ 2,012	\$ 0
1864	Meters-CT's & PT's	\$ 108,480	\$ -	\$ 108,480	\$ 14,783	\$ -	\$ 14,783	\$ -	34.49	-	40	2.50%	\$ 3,145	\$ 370	\$ -	\$ 3,515	\$ 3,515	\$ 0
1905	Land	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1908	Buildings & Fixtures	\$ 301,246	\$ -	\$ 301,246	\$ 151,402	\$ -	\$ 151,402	\$ 10,121	20.79	4.81%	50	2.00%	\$ 14,490	\$ 3,028	\$ 101	\$ 11,563	\$ 11,563	\$ 0
1910	Leasehold Improvements	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 31,400	\$ 11,339	\$ 20,062	\$ 51,821	\$ -	\$ 51,821	\$ 2,805	7.44	13.45%	10	10.00%	\$ 2,697	\$ 5,182	\$ 140	\$ 8,020	\$ 8,020	\$ 0
1915	Office Furniture & Equipment (5 years)	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1920	Computer Equipment - Hardware	\$ 12,189	\$ 12,189	\$ 0	\$ 63,616	\$ 1,082	\$ 62,534	\$ 2,345	-	0.00%	5	20.00%	\$ -	\$ 12,507	\$ 234	\$ 12,741	\$ 12,741	\$ 0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1930	Transportation Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1931	Transportation equipment- Heavy Vehicles - Including Trailers	\$ 94,305	\$ -	\$ 94,305	\$ 41,451	\$ -	\$ 41,451	\$ -	9.00	11.11%	15	6.67%	\$ 10,478	\$ 2,763	\$ -	\$ 13,242	\$ 13,242	\$ 0
1932	Transportation equipment- Light Vehicles	\$ 146,879	\$ 129,892	\$ 16,988	\$ 50,610	\$ -	\$ 50,610	\$ -	6.00	16.67%	8	12.50%	\$ 2,831	\$ 6,326	\$ -	\$ 9,158	\$ 9,158	\$ 0
1933	Transportation equipment- Underground Vehicles/Dump Trucks	\$ -	\$ -	\$ -	\$ 70,712	\$ -	\$ 70,712		-	0.00%	10	10.00%	\$ -	\$ 7,071	\$ -	\$ 7,071	\$ 7,071	\$ -
1935	Stores Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1940	Tools, Shop & Garage Equipment	\$ 46,401	\$ 17,913	\$ 28,487	\$ 29,583	\$ -	\$ 29,583	\$ 14,697	9.65	10.36%	10	10.00%	\$ 2,951	\$ 2,958	\$ 735	\$ 6,644	\$ 6,644	\$ 0
1945	Measurement & Testing Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1950	Power Operated Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1955	Communications Equipment	\$ 9,439	\$ 1,019	\$ 8,420	\$ 1,042	\$ -	\$ 1,042	\$ -	7.50	13.33%	10	10.00%	\$ 1,123	\$ 104	\$ -	\$ 1,227	\$ 1,227	\$ 0
1955	Communication Equipment (Smart Meters)	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1960	Miscellaneous Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1970	Load Management Controls Customer Premises	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1975	Load Management Controls Utility Premises	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1980	System Supervisor Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1985	Miscellaneous Fixed Assets	\$ -	\$ 0	\$ -	\$ 0	\$ -	\$ -		10.00	10.00%	10	10.00%	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0
1990	Other Tangible Property	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995	Contributions & Grants	\$ 3,125,399	\$ -	\$ 3,125,399	\$ 2,706,706	\$ -	\$ 2,706,706	\$ 172,754	17.94	5.57%	25	4.00%	\$ 174,230	\$ 108,268	\$ 3,455	\$ 285,953	\$ 285,953	\$ 0
2005	Property Under Finance Lease	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total	\$ 7,924,460	\$ 193,788	\$ 7,730,672	\$ 2,288,210	\$ 2,440	\$ 2,285,769	\$ 932,284					\$ 288,233	\$ 62,910	\$ 15,191	\$ 366,333	\$ 366,333	\$ 0

Table 4-43 Depreciation and Amortization Expense – 2019 Actual

2019		Book Values							Service Lives				Depreciation Expense							
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ³	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁵	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance ⁶		
		a	b	c = a-b	d	e	f = d - e	g	h	i = f/h	j	k = f/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o		
1611	Computer Software (Formally known as Account 1925)	\$ 20,803	\$ 20,803	\$ -	\$ 59,592	\$ 9,372	\$ 50,220	\$ 2,398	-	0.00%	5	20.00%	\$ -	\$ 10,044	\$ 240	\$ 10,284	\$ 10,284	\$ 0		
1612	Land Rights (Formally known as Account 1906)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1805	Land	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1808	Buildings	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1810	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1815	Transformer Station Equipment >50 kV	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1820	Distribution Station Equipment <50 kV	\$ 1,084		\$ 1,084			\$ -		17.50	5.71%	30	3.33%	\$ 62	\$ -	\$ -	\$ 62	\$ 62	\$ 0		
1825	Storage Battery Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1830	Poles, Towers & Fixtures	\$ 679,189		\$ 679,189	\$ 318,950		\$ 318,950	\$ 50,332	38.40	2.60%	45	2.22%	\$ 17,685	\$ 7,088	\$ 559	\$ 25,332	\$ 25,332	\$ 0		
1835	Overhead Conductors & Devices	\$ 1,827,528		\$ 1,827,528	\$ 190,817		\$ 190,817	\$ 13,825	51.13	1.96%	60	1.67%	\$ 35,740	\$ 3,180	\$ 115	\$ 39,036	\$ 39,036	\$ 0		
1840	Underground Conduit	\$ 1,079,518		\$ 1,079,518	\$ 1,331,368		\$ 1,331,368	\$ 144,442	44.37	2.25%	50	2.00%	\$ 24,331	\$ 26,627	\$ 1,444	\$ 52,402	\$ 52,402	\$ 0		
1845	Underground Conductors & Devices	\$ 2,661,614		\$ 2,661,614	\$ 1,541,526		\$ 1,541,526	\$ 264,865	30.83	3.24%	40	2.50%	\$ 86,335	\$ 38,538	\$ 3,311	\$ 128,184	\$ 128,184	\$ 0		
1850	Line Transformers	\$ 2,196,136		\$ 2,196,136	\$ 1,352,942		\$ 1,352,942	\$ 247,861	31.77	3.15%	40	2.50%	\$ 69,134	\$ 33,824	\$ 3,098	\$ 106,055	\$ 106,055	\$ 0		
1851	Line Transformers- Pad Mounted Switchgear	\$ -		\$ -	\$ 37,178		\$ 37,178	\$ 7,559	-	0.00%	20	5.00%	\$ -	\$ 1,859	\$ 189	\$ 2,048	\$ 2,048	\$ -		
1852	Line Transformers- Underground Foundations & Underground Vaults	\$ -		\$ -	\$ 172,721		\$ 172,721	\$ 37,517	60.00	1.67%	60	1.67%	\$ -	\$ 2,879	\$ 313	\$ 3,191	\$ 3,191	\$ -		
1855	Services (Overhead & Underground)	\$ 605,658		\$ 605,658	\$ 672,844		\$ 672,844	\$ 111,819	19.59	5.11%	25	4.00%	\$ 30,921	\$ 26,914	\$ 2,236	\$ 60,071	\$ 60,071	\$ 0		
1861	Meters- Residential SM (including repeaters) and data collectors	\$ 912,144		\$ 912,144	\$ 137,505		\$ 137,505	\$ 22,520	7.18	13.94%	10	10.00%	\$ 127,115	\$ 13,750	\$ 1,126	\$ 141,992	\$ 141,992	\$ 0		
1862	Meters- Industrial/Commercial	\$ 315,847	\$ 745	\$ 315,102	\$ 41,059		\$ 41,059	\$ 4,265	9.43	10.60%	15	6.67%	\$ 33,406	\$ 2,737	\$ 142	\$ 36,286	\$ 36,286	\$ 0		
1863	Meters-Wholesale	\$ -		\$ -	\$ 41,267		\$ 41,267	\$ 14,584	-	-	15	6.67%	\$ -	\$ 2,751	\$ 486	\$ 3,237	\$ 3,237	\$ 0		
1864	Meters-CT's & PT's	\$ 108,480		\$ 108,480	\$ 14,783		\$ 14,783	\$ 851	34.49	-	40	2.50%	\$ 3,145	\$ 370	\$ 11	\$ 3,526	\$ 3,526	\$ 0		
1905	Land	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1908	Buildings & Fixtures	\$ 301,246		\$ 301,246	\$ 141,281		\$ 141,281	\$ 6,477	20.79	4.81%	50	2.00%	\$ 14,490	\$ 2,826	\$ 65	\$ 11,729	\$ 11,729	\$ 0		
1910	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1915	Office Furniture & Equipment (10 years)	\$ 31,400	\$ 12,452	\$ 18,948	\$ 54,626		\$ 54,626	\$ 364	8.13	12.30%	10	10.00%	\$ 2,330	\$ 5,463	\$ 18	\$ 7,811	\$ 7,811	\$ 0		
1915	Office Furniture & Equipment (5 years)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1920	Computer Equipment - Hardware	\$ 12,189	\$ 12,189	\$ 0	\$ 65,961	\$ 7,805	\$ 58,156	\$ 10,346	-	0.00%	5	20.00%	\$ -	\$ 11,631	\$ 1,035	\$ 12,666	\$ 12,666	\$ 0		
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1930	Transportation Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1931	Transportation equipment- Heavy Vehicles - Including Trailers	\$ 94,305		\$ 94,305	\$ 41,451		\$ 41,451	\$ 110,750	9.00	11.11%	15	6.67%	\$ 10,478	\$ 2,763	\$ 3,692	\$ 16,933	\$ 16,933	\$ 0		
1932	Transportation equipment- Light Vehicles	\$ 146,879	\$ 146,879	\$ -	\$ 50,610		\$ 50,610	\$ 39,917	6.00	16.67%	8	12.50%	\$ -	\$ 6,326	\$ 2,495	\$ 8,821	\$ 8,821	\$ -		
1933	Transportation equipment- Underground Vehicles/Dump Trucks	\$ -		\$ -	\$ 70,712		\$ 70,712		-	0.00%	10	10.00%	\$ -	\$ 7,071	\$ -	\$ 7,071	\$ 7,071	\$ -		
1935	Stores Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1940	Tools, Shop & Garage Equipment	\$ 46,401	\$ 39,548	\$ 6,853	\$ 44,280		\$ 44,280	\$ 3,326	10.20	9.80%	10	10.00%	\$ 672	\$ 4,428	\$ 166	\$ 5,266	\$ 5,266	\$ 0		
1945	Measurement & Testing Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1950	Power Operated Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1955	Communications Equipment	\$ 9,439	\$ 1,019	\$ 8,420	\$ 1,042		\$ 1,042	\$ 552	7.50	13.33%	10	10.00%	\$ 1,123	\$ 104	\$ 28	\$ 1,254	\$ 1,254	\$ 0		
1955	Communication Equipment (Smart Meters)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1960	Miscellaneous Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1970	Load Management Controls Customer Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1975	Load Management Controls Utility Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1980	System Supervisor Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1985	Miscellaneous Fixed Assets	\$ 0		\$ 0			\$ -		10.00	10.00%	10	10.00%	\$ 0	\$ -	\$ -	\$ 0	\$ 0	\$ 0		
1990	Other Tangible Property	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1995	Contributions & Grants	\$ 3,125,399		\$ 3,125,399	\$ 2,879,459		\$ 2,879,459	\$ 701,507	17.94	5.57%	25	4.00%	\$ 174,230	\$ 115,178	\$ 14,030	\$ 303,439	\$ 303,439	\$ 0		
2005	Property Under Finance Lease	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total	\$ 7,924,460	\$ 233,634	\$ 7,690,826	\$ 3,220,494	\$ 17,177	\$ 3,203,317	\$ 393,062					\$ 282,736	\$ 90,344	\$ 6,738	\$ 379,818	\$ 379,818	\$ 0		

Table 4-44 Depreciation and Amortization Expense – 2020 Actual

2020		Book Values							Service Lives				Depreciation Expense							
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁸	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁵	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance ⁶		
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o		
1611	Computer Software (Formally known as Account 1925)	\$ 20,803	\$ 20,803	\$ -	\$ 61,990	\$ 17,129	\$ 44,861	\$ 76,208	-	0.00%	5	20.00%	\$ -	\$ 8,972	\$ 7,621	\$ 16,593	\$ 16,593	\$ 0		
1612	Land Rights (Formally known as Account 1906)	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1805	Land	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1808	Buildings	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1810	Leasehold Improvements	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1815	Transformer Station Equipment >50 kV	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1820	Distribution Station Equipment <50 kV	\$ 1,084		\$ 1,084			\$ -		17.50	5.71%	30	3.33%	\$ 62	\$ -	\$ -	\$ 62	\$ 62	\$ 0		
1825	Storage Battery Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1830	Poles, Towers & Fixtures	\$ 679,189		\$ 679,189	\$ 369,281		\$ 369,281	\$ 100,842	38.40	2.60%	45	2.22%	\$ 17,685	\$ 8,206	\$ 1,120	\$ 27,012	\$ 27,012	\$ 0		
1835	Overhead Conductors & Devices	\$ 1,827,528		\$ 1,827,528	\$ 204,642		\$ 204,642	\$ 69,829	51.13	1.96%	60	1.67%	\$ 35,740	\$ 3,411	\$ 582	\$ 39,733	\$ 39,733	\$ 0		
1840	Underground Conduit	\$ 1,079,518		\$ 1,079,518	\$ 1,475,810		\$ 1,475,810	\$ 256,790	44.37	2.25%	50	2.00%	\$ 24,331	\$ 29,516	\$ 2,568	\$ 56,415	\$ 56,415	\$ 0		
1845	Underground Conductors & Devices	\$ 2,661,614		\$ 2,661,614	\$ 1,806,391		\$ 1,806,391	\$ 264,077	30.83	3.24%	40	2.50%	\$ 86,335	\$ 45,160	\$ 3,301	\$ 134,796	\$ 134,796	\$ 0		
1850	Line Transformers	\$ 2,196,136		\$ 2,196,136	\$ 1,600,803		\$ 1,600,803	\$ 276,866	31.77	3.15%	40	2.50%	\$ 69,134	\$ 40,020	\$ 3,461	\$ 112,614	\$ 112,614	\$ 0		
1851	Line Transformers- Pad Mounted Switchgear	\$ -		\$ -	\$ 44,738		\$ 44,738	\$ 1,281	-	0.00%	20	5.00%	\$ -	\$ 2,237	\$ 32	\$ 2,269	\$ 2,269	\$ -		
1852	Line Transformers- Underground Foundations & Underground Vaults	\$ -		\$ -	\$ 210,238		\$ 210,238	\$ 23,085	60.00	1.67%	60	1.67%	\$ -	\$ 3,504	\$ 192	\$ 3,696	\$ 3,696	\$ -		
1855	Services (Overhead & Underground)	\$ 605,658		\$ 605,658	\$ 784,663		\$ 784,663	\$ 153,959	19.59	5.11%	25	4.00%	\$ 30,921	\$ 31,387	\$ 3,079	\$ 65,387	\$ 65,387	\$ 0		
1861	Meters- Residential SM (including repeaters) and data collectors	\$ 912,144	\$ 743,934	\$ 168,211	\$ 160,025		\$ 160,025	\$ 55,698	8.07	12.39%	10	10.00%	\$ 20,839	\$ 16,002	\$ 2,785	\$ 39,626	\$ 39,626	\$ 0		
1862	Meters- Industrial/Commercial	\$ 315,847	\$ 1,184	\$ 314,663	\$ 45,324		\$ 45,324	\$ 13,889	9.44	10.60%	15	6.67%	\$ 33,343	\$ 3,022	\$ 463	\$ 36,828	\$ 36,828	\$ 0		
1863	Meters-Wholesale	\$ -		\$ -	\$ 55,851		\$ 55,851	\$ -	-	-	15	6.67%	\$ -	\$ 3,723	\$ -	\$ 3,723	\$ 3,723	\$ -		
1864	Meters-CTs & PTs	\$ 108,480		\$ 108,480	\$ 15,633		\$ 15,633	\$ 1,296	34.49	-	40	2.50%	\$ 3,145	\$ 391	\$ 16	\$ 3,552	\$ 3,552	\$ 0		
1905	Land	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1908	Buildings & Fixtures	\$ 301,246		\$ 301,246	\$ 134,804		\$ 134,804	\$ 22,278	20.79	4.81%	50	2.00%	\$ 14,490	\$ 2,696	\$ 223	\$ 12,016	\$ 12,016	\$ 0		
1910	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1915	Office Furniture & Equipment (10 years)	\$ 31,400	\$ 15,912	\$ 15,488	\$ 54,990		\$ 54,990	\$ 11,279	14.98	6.68%	10	10.00%	\$ 1,034	\$ 5,499	\$ 564	\$ 7,097	\$ 7,097	\$ 0		
1915	Office Furniture & Equipment (5 years)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1920	Computer Equipment - Hardware	\$ 12,189	\$ 12,189	\$ 0	\$ 76,307	\$ 25,798	\$ 50,509	\$ 21,162	-	0.00%	5	20.00%	\$ -	\$ 10,102	\$ 2,116	\$ 12,218	\$ 12,218	\$ 0		
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1930	Transportation Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1931	Transportation equipment- Heavy Vehicles - Including Trailers	\$ 94,305		\$ 94,305	\$ 152,201		\$ 152,201	\$ 407,380	9.00	11.11%	15	6.67%	\$ 10,478	\$ 10,147	\$ 13,579	\$ 34,204	\$ 34,204	\$ 0		
1932	Transportation equipment- Light Vehicles	\$ 146,879	\$ 146,879	\$ -	\$ 90,527		\$ 90,527	\$ -	6.00	16.67%	8	12.50%	\$ -	\$ 11,316	\$ -	\$ 11,316	\$ 11,316	\$ -		
1933	Transportation equipment- Underground Vehicles/Dump Trucks	\$ -		\$ -	\$ 70,712		\$ 70,712		-	0.00%	10	10.00%	\$ -	\$ 7,071	\$ -	\$ 7,071	\$ 7,071	\$ -		
1935	Stores Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1940	Tools, Shop & Garage Equipment	\$ 46,401	\$ 43,615	\$ 2,786	\$ 47,606		\$ 47,606	\$ 1,008	12.82	7.80%	10	10.00%	\$ 217	\$ 4,761	\$ 50	\$ 5,028	\$ 4,978	\$ 50		
1945	Measurement & Testing Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1950	Power Operated Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1955	Communications Equipment	\$ 9,439	\$ 1,019	\$ 8,420	\$ 1,594		\$ 1,594	\$ 112	15.00	6.67%	10	10.00%	\$ 561	\$ 159	\$ 6	\$ 726	\$ 726	\$ 0		
1955	Communication Equipment (Smart Meters)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1960	Miscellaneous Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1970	Load Management Controls Customer Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1975	Load Management Controls Utility Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1980	System Supervisor Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1985	Miscellaneous Fixed Assets	\$ 0		\$ 0			\$ -		10.00	10.00%	10	10.00%	\$ 0	\$ -	\$ -	\$ 0	\$ -	\$ 0		
1990	Other Tangible Property	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1995	Contributions & Grants	\$ 3,125,399		\$ 3,125,399	\$ 3,580,967		\$ 3,580,967	\$ 529,593	17.94	5.57%	25	4.00%	\$ 174,230	\$ 143,239	\$ 10,592	\$ 328,061	\$ 328,061	\$ 0		
2005	Property Under Finance Lease	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total		\$ 7,924,460	\$ 985,534	\$ 6,938,926	\$ 3,613,556	\$ 42,928	\$ 3,570,628	\$ 1,227,446					\$ 174,086	\$ 98,671	\$ 31,167	\$ 303,923	\$ 303,873	\$ 50		

Table 4-45 Depreciation and Amortization Expense - Bridge Year 2021

2021		Book Values							Service Lives				Depreciation Expense							
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ³	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ⁴	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁵	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁸	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance ⁶		
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = l+m+n	p	q = p-o		
1611	Computer Software (Formally known as Account 1925)	\$ 20,803	\$ 20,803	\$ -	\$ 138,198	\$ 35,751	\$ 102,447	\$ 45,000	-	0.00%	5	20.00%	\$ -	\$ 20,489	\$ 4,500	\$ 24,989	\$ 24,969	\$ 20		
1612	Land Rights (Formally known as Account 1906)	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1805	Land	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1808	Buildings	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1810	Leasehold Improvements	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1815	Transformer Station Equipment >50 kV	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1820	Distribution Station Equipment <50 kV	\$ 1,084		\$ 1,084			\$ -		17.50	5.71%	30	3.33%	\$ 62	\$ -	\$ -	\$ 62	\$ 62	\$ 0		
1825	Storage Battery Equipment	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1830	Poles, Towers & Fixtures	\$ 679,189		\$ 679,189	\$ 470,124		\$ 470,124	\$ 301,000	38.40	2.60%	45	2.22%	\$ 17,685	\$ 10,447	\$ 3,344	\$ 31,477	\$ 31,476	\$ 1		
1835	Overhead Conductors & Devices	\$ 1,827,528		\$ 1,827,528	\$ 274,471		\$ 274,471	\$ 47,000	51.13	1.96%	60	1.67%	\$ 35,740	\$ 4,575	\$ 392	\$ 40,706	\$ 40,706	\$ 0		
1840	Underground Conduit	\$ 1,079,518		\$ 1,079,518	\$ 1,732,599		\$ 1,732,599	\$ 211,000	44.37	2.25%	50	2.00%	\$ 24,331	\$ 34,652	\$ 2,110	\$ 61,093	\$ 61,093	\$ 0		
1845	Underground Conductors & Devices	\$ 2,661,614		\$ 2,661,614	\$ 2,070,469		\$ 2,070,469	\$ 209,000	30.83	3.24%	40	2.50%	\$ 86,335	\$ 51,762	\$ 2,613	\$ 140,709	\$ 140,709	\$ 0		
1850	Line Transformers	\$ 2,196,136		\$ 2,196,136	\$ 1,877,669		\$ 1,877,669	\$ 486,000	31.77	3.15%	40	2.50%	\$ 69,134	\$ 46,942	\$ 6,075	\$ 122,150	\$ 122,150	\$ 0		
1851	Line Transformers- Pad Mounted Switchgear	\$ -		\$ -	\$ 46,018		\$ 46,018	\$ 2,000	-	0.00%	20	5.00%	\$ -	\$ 2,301	\$ 50	\$ 2,351	\$ 2,351	\$ -		
1852	Line Transformers- Underground Foundations & Underground Vaults	\$ -		\$ -	\$ 233,324		\$ 233,324	\$ 29,000	60.00	1.67%	60	1.67%	\$ -	\$ 3,889	\$ 242	\$ 4,130	\$ 4,130	\$ -		
1855	Services (Overhead & Underground)	\$ 605,658		\$ 605,658	\$ 938,622		\$ 938,622	\$ 168,000	19.59	5.11%	25	4.00%	\$ 30,921	\$ 37,545	\$ 3,360	\$ 71,826	\$ 71,826	\$ 0		
1861	Meters- Residential SM (including repeaters) and data collectors	\$ 912,144	\$ 898,657	\$ 13,487	\$ 215,723		\$ 215,723	\$ 35,000	9.00	11.11%	10	10.00%	\$ 1,499	\$ 21,572	\$ 1,750	\$ 24,821	\$ 24,821	\$ 0		
1862	Meters- Industrial/Commercial	\$ 315,847	\$ 29,860	\$ 285,987	\$ 59,212		\$ 59,212	\$ 20,000	9.61	10.41%	15	6.67%	\$ 29,759	\$ 3,947	\$ 667	\$ 34,373	\$ 34,373	\$ 0		
1863	Meters-Wholesale	\$ -		\$ -	\$ 55,851		\$ 55,851		-	-	15	6.67%	\$ -	\$ 3,723	\$ -	\$ 3,723	\$ 3,723	\$ -		
1864	Meters-CT's & PT's	\$ 108,480		\$ 108,480	\$ 16,929		\$ 16,929	\$ 1,000	34.49	-	40	2.50%	\$ 3,145	\$ 423	\$ 13	\$ 3,581	\$ 3,581	\$ 0		
1905	Land	\$ -	\$ -	\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1908	Buildings & Fixtures	\$ 301,246		\$ 301,246	\$ 112,526		\$ 112,526	\$ 2,000	20.79	4.81%	50	2.00%	\$ 14,490	\$ 2,251	\$ 20	\$ 12,259	\$ 12,259	\$ 0		
1910	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1915	Office Furniture & Equipment (10 years)	\$ 31,400	\$ 31,358	\$ 43	\$ 66,269		\$ 66,269	\$ 2,000	9.50	10.53%	10	10.00%	\$ 4	\$ 6,627	\$ 100	\$ 6,731	\$ 6,731	\$ 0		
1915	Office Furniture & Equipment (5 years)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1920	Computer Equipment - Hardware	\$ 12,189	\$ 12,189	\$ 0	\$ 97,469	\$ 50,182	\$ 47,287	\$ 5,000	-	0.00%	5	20.00%	\$ -	\$ 9,457	\$ 500	\$ 9,957	\$ 9,957	\$ -		
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1930	Transportation Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1931	Transportation equipment- Heavy Vehicles - Including Trailers	\$ 94,305		\$ 94,305	\$ 559,581		\$ 559,581	\$ 10,000	9.00	11.11%	15	6.67%	\$ 10,478	\$ 37,305	\$ 333	\$ 48,117	\$ 48,117	\$ 0		
1932	Transportation equipment- Light Vehicles	\$ 146,879	\$ 146,879	\$ -	\$ 90,527	\$ 12,750	\$ 77,777	\$ 35,000	-	0.00%	8	12.50%	\$ -	\$ 9,722	\$ 2,188	\$ 11,910	\$ 11,910	\$ -		
1933	Transportation equipment- Underground Vehicles/Dump Trucks	\$ -		\$ -	\$ 70,712		\$ 70,712		-	0.00%	10	10.00%	\$ -	\$ 7,071	\$ -	\$ 7,071	\$ 7,071	\$ -		
1935	Stores Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1940	Tools, Shop & Garage Equipment	\$ 46,401	\$ 45,736	\$ 665	\$ 48,615		\$ 48,615	\$ 20,000	13.93	7.18%	10	10.00%	\$ 48	\$ 4,861	\$ 1,000	\$ 5,909	\$ 5,909	\$ -		
1945	Measurement & Testing Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1950	Power Operated Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1955	Communications Equipment	\$ 9,439	\$ 9,439	\$ -	\$ 1,706		\$ 1,706	\$ -	-	0.00%	10	10.00%	\$ -	\$ 171	\$ -	\$ 171	\$ 171	\$ 0		
1955	Communication Equipment (Smart Meters)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1960	Miscellaneous Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1970	Load Management Controls Customer Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1975	Load Management Controls Utility Premises	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1980	System Supervisor Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1985	Miscellaneous Fixed Assets	\$ 0		\$ 0			\$ -		10.00	10.00%	10	10.00%	\$ 0	\$ -	\$ -	\$ 0	\$ 0	\$ 0		
1990	Other Tangible Property	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1995	Contributions & Grants	\$ 3,125,399		\$ 3,125,399	\$ 4,110,560		\$ 4,110,560	\$ 467,951	17.94	5.57%	25	4.00%	\$ 174,230	\$ 164,422	\$ 9,359	\$ 348,011	\$ 348,011	\$ 0		
2005	Property Under Finance Lease	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total	\$ 7,924,460	\$ 1,194,920	\$ 6,729,540	\$ 4,841,002	\$ 98,683	\$ 4,742,320	\$ 1,160,049					\$ 149,400	\$ 150,810	\$ 19,896	\$ 320,106	\$ 320,085	\$ 21		

Table 4-46 Depreciation and Amortization Expense - Test Year 2022

2022		Book Values							Service Lives				Depreciation Expense						
Account	Description	Opening Net Book Value of Existing Assets as at Date of Policy Change (Jan. 1) ¹	Less Fully Depreciated ⁷	Net Amount of Existing Assets Before Policy Change to be Depreciated	Opening Gross Book Value of Assets Acquired After Policy Change ²	Less Fully Depreciated ⁴	Net Amount of Assets Acquired After Policy Change to be Depreciated	Current Year Additions	Average Remaining Life of Assets Existing Before Policy Change ³	Depreciation Rate Assets Acquired After Policy Change	Life of Assets Acquired After Policy Change ⁴	Depreciation Rate on New Additions	Depreciation Expense on Assets Existing Before Policy Change	Depreciation Expense on Assets Acquired After Policy Change	Depreciation Expense on Current Year Additions ⁵	Total Current Year Depreciation Expense	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance ⁶	
		a	b	c = a-b	d	e	f = d-e	g	h	i = 1/h	j	k = 1/j	l = c/h	m = f/j	n = g*0.5/j	o = i+m+n	p	q = p-o	
1611	Computer Software (Formally known as Account 1925)	\$ 20,803	\$ 20,803	\$ -	\$ 183,198	\$ 54,491	\$ 128,707	\$ 8,000	-	0.00%	5	20.00%	\$ -	\$ 25,741	\$ 800	\$ 26,541	\$ 26,541	\$ 0	
1612	Land Rights (Formally known as Account 1906)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1805	Land	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1808	Buildings	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1810	Leasehold Improvements	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1815	Transformer Station Equipment >50 kV	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1820	Distribution Station Equipment <50 kV	\$ 1,084		\$ 1,084			\$ -		17.50	5.71%	30	3.33%	\$ 62	\$ -	\$ -	\$ 62	\$ 62	\$ 0	
1825	Storage Battery Equipment	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1830	Poles, Towers & Fixtures	\$ 679,189		\$ 679,189	\$ 771,124		\$ 771,124	\$ 213,000	38.40	2.60%	45	2.22%	\$ 17,685	\$ 17,136	\$ 2,367	\$ 37,188	\$ 37,188	\$ 20	
1835	Overhead Conductors & Devices	\$ 1,827,528		\$ 1,827,528	\$ 321,471		\$ 321,471	\$ 54,000	51.13	1.96%	60	1.67%	\$ 35,740	\$ 5,358	\$ 450	\$ 41,548	\$ 41,548	\$ 0	
1840	Underground Conduit	\$ 1,079,518		\$ 1,079,518	\$ 1,943,599		\$ 1,943,599	\$ 200,000	44.37	2.25%	50	2.00%	\$ 24,331	\$ 38,872	\$ 2,000	\$ 65,203	\$ 65,203	\$ 0	
1845	Underground Conductors & Devices	\$ 2,661,614		\$ 2,661,614	\$ 2,279,469		\$ 2,279,469	\$ 200,000	30.83	3.24%	40	2.50%	\$ 86,335	\$ 56,987	\$ 2,500	\$ 145,822	\$ 145,822	\$ 0	
1850	Line Transformers	\$ 2,196,136		\$ 2,196,136	\$ 2,363,669		\$ 2,363,669	\$ 315,000	31.77	3.15%	40	2.50%	\$ 69,134	\$ 59,092	\$ 3,938	\$ 132,163	\$ 132,163	\$ 0	
1851	Line Transformers- Pad Mounted Switchgear	\$ -		\$ -	\$ 48,018		\$ 48,018	\$ 1,000	-	0.00%	20	5.00%	\$ -	\$ 2,401	\$ 25	\$ 2,426	\$ 2,426	\$ -	
1852	Line Transformers- Underground Foundations & Underground Vaults	\$ -		\$ -	\$ 262,324		\$ 262,324	\$ 19,000	60.00	1.67%	60	1.67%	\$ -	\$ 4,372	\$ 158	\$ 4,530	\$ 4,530	\$ -	
1855	Services (Overhead & Underground)	\$ 605,658		\$ 605,658	\$ 1,106,622		\$ 1,106,622	\$ 180,000	19.59	5.11%	25	4.00%	\$ 30,921	\$ 44,265	\$ 3,600	\$ 78,786	\$ 78,786	\$ 0	
1861	Meters- Residential SM (including repeaters) and data collectors	\$ 912,144		\$ 912,144	\$ 250,723		\$ 250,723	\$ 21,000	-	0.00%	10	10.00%	\$ -	\$ 25,872	\$ 1,050	\$ 26,122	\$ 26,122	\$ 0	
1862	Meters- Industrial/Commercial	\$ 315,847	\$ 190,365	\$ 125,482	\$ 79,212		\$ 79,212	\$ 10,000	10.52	9.50%	15	6.67%	\$ 11,925	\$ 5,281	\$ 333	\$ 17,539	\$ 17,539	\$ 0	
1863	Meters-Wholesale	\$ -		\$ -	\$ 55,851		\$ 55,851	\$ -	-	6.67%	15	6.67%	\$ -	\$ 3,723	\$ -	\$ 3,723	\$ 3,723	\$ -	
1864	Meters-CT's & PT's	\$ 108,480		\$ 108,480	\$ 17,929		\$ 17,929	\$ 2,000	34.49	-	40	2.50%	\$ 3,145	\$ 448	\$ 25	\$ 3,619	\$ 3,619	\$ 0	
1905	Land	\$ -		\$ -	\$ -		\$ -	\$ -	-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1908	Buildings & Fixtures	\$ 301,246		\$ 301,246	\$ 110,526		\$ 110,526	\$ 2,000	20.79	4.81%	50	2.00%	\$ 14,490	\$ 2,211	\$ 20	\$ 12,299	\$ 12,300	\$ 1	
1910	Leasehold Improvements	\$ -		\$ -	\$ -		\$ -	\$ -	-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1915	Office Furniture & Equipment (10 years)	\$ 31,400	\$ 31,358	\$ 43	\$ 68,269		\$ 68,269	\$ 2,000	19.00	5.26%	10	10.00%	\$ 2	\$ 6,827	\$ 100	\$ 6,929	\$ 6,929	\$ 0	
1915	Office Furniture & Equipment (5 years)	\$ -		\$ -	\$ -		\$ -	\$ -	-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1920	Computer Equipment - Hardware	\$ 12,189	\$ 12,189	\$ 0	\$ 102,469	\$ 62,913	\$ 39,555	\$ 27,000	-	0.00%	5	20.00%	\$ -	\$ 7,911	\$ 2,700	\$ 10,611	\$ 10,611	\$ 0	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -		\$ -			\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1930	Transportation Equipment	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1931	Transportation equipment- Heavy Vehicles - Including Trailers	\$ 94,305	\$ 94,305	\$ 0	\$ 569,581		\$ 569,581	\$ 370,000	9.00	11.11%	15	6.67%	\$ 0	\$ 37,972	\$ 12,333	\$ 50,305	\$ 50,305	\$ 0	
1932	Transportation equipment- Light Vehicles	\$ 146,879	\$ 146,879	\$ -	\$ 125,527	\$ 24,900	\$ 100,627	\$ -	-	0.00%	8	12.50%	\$ -	\$ 12,578	\$ -	\$ 12,578	\$ 12,578	\$ -	
1933	Transportation equipment- Underground Vehicles/Dump Trucks	\$ -		\$ -	\$ 70,712		\$ 70,712		-	0.00%	10	10.00%	\$ -	\$ 7,071	\$ -	\$ 7,071	\$ 7,071	\$ -	
1935	Stores Equipment	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1940	Tools, Shop & Garage Equipment	\$ 46,401	\$ 46,215	\$ 186	\$ 68,615		\$ 68,615	\$ 10,000	19.00	5.26%	10	10.00%	\$ 10	\$ 6,861	\$ 500	\$ 7,371	\$ 7,371	\$ 0	
1945	Measurement & Testing Equipment	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1950	Power Operated Equipment	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1955	Communications Equipment	\$ 9,439	\$ 9,439	\$ -	\$ 1,706		\$ 1,706	\$ -	-	0.00%	10	10.00%	\$ -	\$ 171	\$ -	\$ 171	\$ 171	\$ 0	
1955	Communication Equipment (Smart Meters)	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1960	Miscellaneous Equipment	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1970	Load Management Controls Customer Premises	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1975	Load Management Controls Utility Premises	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1980	System Supervisor Equipment	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1985	Miscellaneous Fixed Assets	\$ 0		\$ 0	\$ -		\$ -		10.00	10.00%	10	10.00%	\$ 0	\$ -	\$ -	\$ 0	\$ 0	\$ 0	
1990	Other Tangible Property	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1995	Contributions & Grants	\$ 3,125,399		\$ 3,125,399	\$ 4,578,511		\$ 4,578,511	\$ 467,951	17.94	5.57%	25	4.00%	\$ 174,230	\$ 183,140	\$ 9,359	\$ 366,730	\$ 366,730	\$ 0	
2005	Property Under Finance Lease	\$ -		\$ -	\$ -		\$ -		-	0.00%	-	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total	\$ 7,924,460	\$ 551,552	\$ 7,372,908	\$ 6,001,051	\$ 142,305	\$ 5,858,746	\$ 1,166,049					\$ 119,549	\$ 182,789	\$ 23,540	\$ 325,878	\$ 325,859	\$ 19	

2.0 Asset and Retirement Obligations

E.L.K. does not have any Asset Retirement Obligations (“AROs”), associated depreciation or accretion expenses in relation to the AROs to report as part of this Application.

3.0 Depreciation Practices - Useful Lives and Componentization

The following outlines the depreciation practices used by E.L.K. in this Application and provides a summary of changes since the last cost of service Application.

E.L.K. retained the services of KPMG to assist with determining the level of property, plant and equipment (PP&E) componentization required under IFRS and establishing updated useful lives based on the Kinectrics report. KPMG facilitated discussions with E.L.K.’s Operations and Finance departments in order to determine a reasonable estimate of the useful lives of the assets of E.L.K. KPMG and E.L.K. worked together to determine an appropriate level of componentization on historical assets to reflect an updated January 1st, 2013 opening balance that incorporated all material components of historical costs, adjusted the service lives to reflect the typical useful life identified in the Kinectrics report and provided an assessment of remaining service lives for which to calculate depreciation expense for 2013 forward. E.L.K confirms that the useful lives for its asset group’s fall within the range allowed in the Board sponsored Kinectrics study, except for account 1862 which has a 15 year service life, and those significant parts or components of each item of PP&E are being depreciated separately.

E.L.K. confirms that no further depreciation expense policy changes or changes in asset service lives have been made subsequent to those made January 1, 2013. Please refer to Note 3(d) of the 2020 E.L.K. Financial Statements (Exhibit 1, Tab 7, Attachment 3) for the E.L.K. position regarding service lives and componentization.

4.0 Adoption of Half Year Rule

E.L.K. confirms that it has applied the half-year rule for the purposes of computing the net book value of Property, Plant and Equipment and General Plant to include in rate base. Under the half-year rule acquisitions and investments made during the year are depreciated assuming they entered service at the mid-point of the year. E.L.K. confirms that no further depreciation expense

1 policy changes or changes in asset service lives have been made subsequent to those made
2 January 1, 2013.

3 **5.0 Typical Useful Lives Study**

4 Asset service lives based on the Kinectrics study, and on which E.L.K. has based its depreciation
5 rates, are presented in Table 4-49 below – Comparison of Depreciation Rates, which is OEB
6 Appendix 2-BB.

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Table 4-47 – Comparison of Depreciation Rates

Appendix 2-BB Service Life Comparison Table F-1 from Kinetrics Report ¹																
		Asset Details			Useful Life			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?		
Parent*	#	Category| Component | Type			MIN UL	TUL	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL	
OH	1	Fully Dressed Wood Poles	Overall	Wood	35	45	75	1830	Overhead Poles, Tower & Fixtures	45	2%	45	2%	No	No	
			Cross Arm	Steel	20	40	55									
					30	70	95									
	2	Fully Dressed Concrete Poles	Overall	Wood	50	60	80									
			Cross Arm	Steel	20	40	55									
					30	70	95									
	3	Fully Dressed Steel Poles	Overall	Wood	60	60	80									
			Cross Arm	Steel	20	40	55									
					30	70	95									
	4	OH Line Switch			30	45	55									
	5	OH Line Switch Motor			15	25	25									
6	OH Line Switch RTU			15	20	20										
7	OH Integral Switches			35	45	60										
8	OH Conductors			50	60	75	1835	Overhead Line Switches, Conductors & Devices	60	2%	60	2%	No	No		
9	OH Transformers & Voltage Regulators			30	40	60	1850	Line Transformers- OH & UG Transformers	40	3%	40	3%	No	No		
10	OH Shunt Capacitor Banks			25	30	40										
11	Reclosers			25	40	55										
TS & MS	12	Power Transformers	Overall		30	45	60									
			Bushing		10	20	30									
			Tap Changer		20	30	60									
	13	Station Service Transformer			30	45	55	1820	Station Equipment	30	3%	30	3%	No	No	
	14	Station Grounding Transformer			30	40	40									
	15	Station DC System	Overall		10	20	30									
			Battery Bank		10	15	15									
			Charger		20	20	30									
	16	Station Metal Clad Switchgear	Overall		30	40	60									
			Removable Breaker		25	40	60									
	17	Station Independent Breakers			35	45	65									
18	Station Switch			30	50	60										
19	Electromechanical Relays			25	35	50										
20	Solid State Relays			10	30	45										
21	Digital & Numeric Relays			15	20	20										
22	Rigid Busbars			30	55	60										
23	Steel Structure			35	50	90										
UG	24	Primary Paper Insulated Lead Covered (PILC) Cables			60	65	75									
	25	Primary Ethylene-Propylene Rubber (EPR) Cables			20	25	25									
	26	Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried			20	25	30									
	27	Primary Non-TR XLPE Cables in Duct			20	25	30									
	30	Secondary PILC Cables			70	75	80									
	31	Secondary Cables Direct Buried			25	35	40									
	32	Secondary Cables in Duct			35	40	60	1845	Underground Conductors & devices	40	3%	40	3%	No	No	
	33	Network Transformers	Overall		20	35	50									
			Protector		20	35	40									
	34	Pad-Mounted Transformers			25	40	45									
	35	Submersible/Vault Transformers			25	35	45									
36	UG Foundation			35	55	70										
37	UG Vaults	Overall		40	60	80	1852	Line Transformers- UG Foundations & UG Vaults	60	2%	60	2%	No	No		
		Roof		20	30	45										
38	UG Vault Switches			20	35	50										
39	Pad-Mounted Switchgear			20	30	45	1851	Line Transformers- Pad Mounted Switchgear	20	5%	20	5%	No	No		
40	Ducts			30	50	85	1840	Underground Conduit- Ducts & Concrete Encased	50	2%	50	2%	No	No		
41	Concrete Encased Duct Banks			35	55	80										
42	Cable Chambers			50	60	80										
S	43	Remote SCADA			15	20	30									
Table F-2 from Kinetrics Report ¹																
		Asset Details			Useful Life Range			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?		
#		Category| Component | Type								Years	Rate	Years	Rate	Below Min Range	Above Max Range	
1	Office Equipment				5	15		1915	Office Furniture & Equipment	10	10%	10	10%	No	No	
2	Vehicles		Trucks & Buckets		5	15		1931	Transportation Equipment- Heavy	15	7%	15	7%	No	No	
			Trailers		5	20		1933	Transportation Equipment - Underground	10	10%	10	10%	No	No	
3	Administrative Buildings		Vans		5	10		1932	Transportation Equipment- Light	8	13%	8	13%	No	No	
4	Leasehold Improvements				Lease dependent											
5	Station Buildings		Station Buildings		50	75		1908	Building & Fixtures	50	2%	50	2%	No	No	
			Parking		25	30										
			Fence		25	60										
6	Computer Equipment		Hardware		3	5		1920	Computer Equipment - Hardware	5	20%	5	20%	No	No	
			Software		2	5		1925	Computer Equipment - Software	5	20%	5	20%	No	No	
			Power Operated		5	10										
7	Equipment		Stores		5	10										
			Tools, Shop, Garage Equipment		5	10		1940	Tools, Shop & Garage Equipment	10	10%	10	10%	No	No	
			Measurement & Testing Equipment		5	10										
8	Communication		Towers		60	70										
			Wireless		2	10		1955	Communication Equipment	10	10%	10	10%	No	No	
9	Residential Energy Meters				25	35										
10	Industrial/Commercial Energy Meters				25	35		1862	Meters- Industrial/Commercial	15	7%	15	7%	Yes	No	
11	Wholesale Energy Meters				15	30		1863	Meters- Wholesale	15	7%	15	7%	No	No	
12	Current & Potential Transformer (CT & PT)				35	50		1864	Meters- CTs & PTs	40	3%	40	3%	No	No	
13	Smart Meters				5	15		1861	Meters- Residential SM	10	10%	10	10%	No	No	
14	Repeaters - Smart Metering				10	15										
15	Data Collectors - Smart Metering				15	20										

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6.0 Contributed Capital

Contributions in aid of construction consist of third-party contributions toward the cost of constructing distribution assets and may be partially refunded by E.L.K. based on the economic evaluation process, in accordance with the OEB's Distribution System Code. They are accounted for as reductions to the cost of related capital assets and are amortized at rates corresponding with the useful lives of the related capital assets.

Under MIFRS, contributions in aid of construction received since 2012 are treated as deferred revenue for financial statement reporting purposes. E.L.K. applies the half-year rule when calculating the first year of amortization.

TAB 9 - TAXES OR PAYMENTS IN LIEU OF TAXES

1.0 PILS and Capital Taxes

E.L.K. makes Payments in Lieu of Taxes (PILs) calculated in accordance with the rules for computing taxable income, taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario), as modified by the Electricity Act, 1998, and related regulations. E.L.K. does not pay Section 89 proxy taxes and is exempt from the payment of incomes taxes under the *Income Tax Act* (Canada) and the Ontario Corporations Tax Act. In the 2022 Test Year, E.L.K. is including a PILs recovery of \$0.

Table 4-50 below provides a summary of the 2016 - 2020 Actual Income Tax as recorded in the audited statements and the 2021 Bridge Year and 2022 Test Year PIL's estimates. These estimates are based on the rates prescribed by the Board in the Board's Income Tax/PILs Work form for 2022 Filers. Copies of E.L.K.'s 2020 annual tax returns have been provided as Exhibit 4, Tab 9, Attachment 1. In accordance with the 2022 Filing Requirements the Board's PILs model has also been completed and submitted and is consistent with the PILs included in the 2022 revenue requirement.

Table 4-48 Income and Capital Tax Summary

Description	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Income Taxes	\$140,325	\$188,118	\$181,732	\$178,888	\$168,285	\$-	\$-
Ontario Capital Tax	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total Taxes	\$140,325	\$188,118	\$181,732	\$178,888	\$168,285	\$-	\$-

2.0 Loss Carry Forwards

E.L.K. does not have any losses being carried forward.

3.0 Other Additions and Deductions

In accordance with the Filing Requirements, E.L.K. has excluded the deferral and variance accounts for Regulatory Assets and Liabilities from the reserve balances for 2021 Bridge Year and 2022 Test Year.

4.0 Tax Credits

E.L.K. does not have any tax credits.

5.0 Detailed Tax Calculations

Table 4-51 below summarizes the tax calculations for historical years 2016-2020, 2021 Bridge Year and 2022 Test Year. The table itemizes all additions and deductions that are part of E.L.K.'s tax calculations.

1

Table 4-49 Tax Calculations

Item	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Net Income before Taxes	1,103,152	964,403	1,224,111	1,073,321	1,868,352	611,606	478,758
<u>Additions:</u>							
Amortization of tangible assets	607,293	625,016	652,286	683,257	607,312	252,817	255,733
Interest and Penalties on taxes	712				24,738		
Amortization of intangible assets							
Other reserves on lines 270 and 275	2,486,211	3,102,839	2,841,329	2,700,496	3,195,558	4,321,462	3,758,510
Reserves from Financial Statements - balance end of year	3,628,584	3,359,231	3,157,878	3,666,115	4,745,247	4,205,681	4,475,464
Charitable Donations and gifts S2							
Non deductible meals and entertainment	81	1,263	605	144			
Smart Meter Revenue							
Taxable/non-deductible other comprehensive income items							
OPEB adjusted through opening OCI							
Inducement under 12(1)(x)				2,000			
<u>Deductions:</u>							
Capital cost allowance from Schedule 8	751,669	742,299	713,928	796,697	1,041,813	887,824	988,212
Gain on disposal of assets per financial statements	100,644					10,000	
Reserves at End of Year - Post-Employment Benefits							
Unrealized gain on investment	12,398	487	(9,727)	20,546	(3,852)	1,926	(963)
Cumulative Eligible Capital Deduction	20,414						
Other Reserves on line 280 from S13	3,102,839	2,841,329	2,700,496	3,195,558	4,321,462	3,758,510	4,039,986
Reserves from Financial Statements - balance beginning of year	3,067,788	3,628,584	3,359,231	3,157,878	3,666,115	4,745,247	4,205,681

Item	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Miscellaneous deduction			285,953	303,439	328,061		
Equity in income from subsidiary or affiliates							
Taxes included in movement of regulatory assets	200,000	123,000	133,000	151,473	290,940		
Total Tax Adjustments to Accounting Income	(532,871)	(247,350)	(530,783)	(573,579)	(1,047,062)	(623,547)	(743,209)
Income for Tax Purposes	570,281	717,053	693,328	499,742	608,623	(11,941)	(264,451)
Tax Rate Reflecting Tax Credits (Federal + Provincial)	24.61%	26.23%	26.21%	35.80%	26.50%	20.68%	23.24%
Total Income Taxes	140,325	188,118	181,732	178,888	168,285	-	-
Ontario Capital Tax	0	0	0	0	0	0	0
Total Taxes	140,325	188,118	181,732	178,888	168,285	-	-

6.0 Reconciling Items

Table 4-52 below reconciles the differences between the Audited Financial Statements and the accompanying tax returns.

Table 4-50 – Financial Statements Reconciled to Tax Returns

Current Taxes	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals
Financial Statements					
Capital taxes	-	-	-	-	-
Current PILS	126,500	196,374	184,000	181,275	212,666
Total Financial Statements	126,500	196,374	184,000	181,275	212,666
Tax Returns					
Capital taxes	-	-	-	-	-
Current PILS	140,325	188,118	181,732	178,888	161,285
Total Tax Returns	140,325	188,118	181,732	178,888	161,285
Variance	(13,825)	8,256	2,268	2,387	51,381
Cumulative Variance		(5,569)	(3,301)	(914)	50,467

7.0 Integrity Checks

E.L.K. has completed the integrity checks for the following information as detailed in the filing requirements.

- The depreciation and amortization added back in the PILs model agree with the numbers disclosed in the rate base section of the application.
- The capital additions and deductions in the UCC/CCA schedule 8 agree with the rate base section for historic, bridge and test years.

- 1 • Schedule 8 of the most recent federal T2 tax return filed as a closing December 31, 2020
2 agrees with the opening 2021 Bridge Year UCC. E.L.K. confirms that non-distribution tax
3 amounts on Schedule 8 were \$0 on the December 31, 2020 tax return.
- 4 • The CCA deductions in the PILs tax model for historic, bridge and test years agree with
5 the numbers in the UCC schedules for the same years filed in the application.
- 6 • E.L.K. does not have any loss carry-forwards.
- 7 • CAA is maximized since E.L.K. does not have any loss carry-forwards.
- 8 • E.L.K. does not have any loss carry-forwards to utilize.
- 9 • Post-retirement benefit obligations added back on Schedule 1, the reconciliation of
10 accounting income to net income for tax purposes, agree with the amounts provided in the
11 OM&A analysis for compensation.
- 12 • The income tax rate used to calculate the tax expense is consistent with the E.L.K.'s actual
13 tax facts and the evidence filed in the application.

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E.L.K. Energy Inc.
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Canada Revenue Agency Agence du revenu du Canada

T2 Corporation Income Tax Return

200

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.

055 Do not use this area

Identification

Business number (BN) 001 86656 7787 RC0001

Corporation's name

002 E.L.K. Energy Inc.

Address of head office

Has this address changed since the last time we were notified? 010 Yes ☐ No ☒

If yes, complete lines 011 to 018.

011 172 Forest Avenue

012

City Province, territory, or state

015 Essex

016 ON

Country (other than Canada) Postal or ZIP code

017 018 N8M 3E4

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? 020 Yes ☐ No ☒

If yes, complete lines 021 to 028.

021 c/o

022

023

City Province, territory, or state

025 Essex

026 ON

Country (other than Canada) Postal or ZIP code

027 028 N8M 3E4

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 ☒

If yes, complete lines 031 to 038.

031 172 Forest Avenue

032

City Province, territory, or state

035 Essex

036 ON

Country (other than Canada) Postal or ZIP code

037 038 N8M 3E4

040 Type of corporation at the end of the tax year (tick one)

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

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

To which tax year does this return apply?

Tax year start Tax year-end
Year Month Day Year Month Day
060 2020-01-01 061 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 ☒

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 ☒

Is the corporation a professional partnership? 067 Yes ☐ No ☒

Is this the first year of filing after:
Incorporation? 070 Yes ☐ No ☒
Amalgamation? 071 Yes ☐ No ☒

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 ☒
If yes, complete and attach Schedule 24.

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

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

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

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

081
Is the non-resident corporation claiming an exemption under an income tax treaty? 082 Yes ☐ No ☒
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 (f)
☐ 2 Exempt under paragraph 149(1)(i)
☐ 3 Exempt under paragraph 149(1)(l) (for tax years starting before 2019)
☐ 4 Exempt under other paragraphs of section 149

Do not use this area

095 096 898

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E.L.K. Energy Inc.
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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 <input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	160 <input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders who own voting shares?	151 <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	11
If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter?	166 <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167 <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168 <input type="checkbox"/>	22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169 <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	170 <input type="checkbox"/>	29
Did the corporation have a total amount over CAN\$1 million of reportable transactions with non-arm's length non-residents?	171 <input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172 <input type="checkbox"/>	
Does the corporation earn income from one or more Internet web pages or websites?	180 <input type="checkbox"/>	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations, gifts of cultural or ecological property, or gifts of medicine?	202 <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input type="checkbox"/>	3
Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206 <input type="checkbox"/>	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 <input checked="" type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	213 <input checked="" type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	217 <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	221 <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	231 <input checked="" type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232 <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233 <input checked="" type="checkbox"/>	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	234 <input checked="" type="checkbox"/>	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	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 <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit?	253 <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit?	254 <input type="checkbox"/>	T1177
Is the corporation claiming a Canadian journalism labour tax credit?	272 <input type="checkbox"/>	58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255 <input type="checkbox"/>	92

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Attachments (continued)

	Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> 259	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/> 260	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/> 261	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/> 262	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/> 263	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/> 264	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input type="checkbox"/> 265	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/> 266	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/> 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?	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> 269	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	<input checked="" type="checkbox"/> 270	Yes	<input checked="" type="checkbox"/> No
Is the corporation inactive?	<input type="checkbox"/> 280	Yes	<input checked="" type="checkbox"/> No
What is the corporation's main revenue-generating business activity?	335920 Communication and Energy Wire and Cable Manufacturing		
Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284 Electricity distribution	285 100.000 %	
	286	287 %	
	288	289 %	
Did the corporation immigrate to Canada during the tax year?	<input type="checkbox"/> 291	Yes	<input checked="" type="checkbox"/> No
Did the corporation emigrate from Canada during the tax year?	<input type="checkbox"/> 292	Yes	<input checked="" type="checkbox"/> No
Do you want to be considered as a quarterly instalment remitter if you are eligible?	<input type="checkbox"/> 293	Yes	<input type="checkbox"/> No
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	<input type="checkbox"/> 294	Year Month Day	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	<input type="checkbox"/> 295	Yes	<input type="checkbox"/> No

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF	300	608,623	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			
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		608,623	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	608,623	
Income exempt under paragraph 149(1)(t) (for tax years starting before 2019)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		608,623	Z
Taxable income for the year from a personal services business			Z.1

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

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Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income eligible for the small business deduction from Schedule 7	400	568,623	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	608,623	B
Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:

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

Business limit reduction

Taxable capital business limit reduction

Amount C	500,000	x	415 ***	116,274	D	=	5,167,733	E
				11,250				

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7****	417	196,293	-	50,000	=	146,293	F
----------------------------------------------------------	-----	---------	---	--------	---	---------	---

Amount C	500,000	x	Amount F	146,293	=	731,465	G
	100,000						

The greater of amount E and amount G	422	5,167,733	H
--------------------------------------	-----	-----------	---

Reduced business limit for tax years starting before 2019 (amount C minus amount E) (if negative, enter "0")	425		I
--------------------------------------------------------------------------------------------------------------	-----	--	---

Reduced business limit for tax years starting after 2018 (amount C minus amount H) (if negative, enter "0")	426		J
-------------------------------------------------------------------------------------------------------------	-----	--	---

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 on page 5)			J
-------------------------------------------------------------------------------------	--	--	---

Reduced business limit after assignment for tax years starting before 2019 (line 425 minus amount J)	427		K
------------------------------------------------------------------------------------------------------	-----	--	---

Reduced business limit after assignment for tax years starting after 2018 (amount J minus amount J)	428		K
-----------------------------------------------------------------------------------------------------	-----	--	---

Small business deduction

Tax years starting before 2019

Amount A, B, C, or line 427 whichever is the least	x	Number of days in the tax year after December 31, 2017, and before January 1, 2019	x	18 %	=	1
		Number of days in the tax year	366			

Amount A, B, C, or line 427 whichever is the least	x	Number of days in the tax year after December 31, 2018	x	19 %	=	2
		Number of days in the tax year	366			

Tax years starting after 2018

Amount A, B, C, or K, whichever is the least	x	19 %	=	3
----------------------------------------------	---	------	---	---

Small business deduction (total of amounts 1 to 3)	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. Each corporation with such income has to file a Schedule 7, which includes a line 744 and a line 745. For the first tax year starting after 2018, use the total of lines 744. Otherwise, use the total of lines 745 of the preceding tax year.

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Small business deduction (continued)

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	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L ³	N Business limit assigned to corporation identified in column L ⁴
	490	500	505
1.			
Total		510	515

Notes:

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)	608,623	A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		B
Amount 13K from Part 13 of Schedule 27		C
Personal services business income	432	D
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least		E
Aggregate investment income from line 440 on page 6*	40,000	F
Subtotal (add amounts B to F)	40,000	G
Amount A minus amount G (if negative, enter "0")	568,623	H
General tax reduction for Canadian-controlled private corporations – Amount H multiplied by 13 %	73,921	I
Enter amount I on line 638 on page 8.		

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

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)		J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27		K
Amount 13K from Part 13 of Schedule 27		L
Personal services business income	434	M
Subtotal (add amounts K to M)		N
Amount J minus amount N (if negative, enter "0")		O
General tax reduction – Amount O multiplied by 13 %		P
Enter amount P on line 639 on page 8.		

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Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7	440	40,000	x 30 2 / 3 % =	12,267	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")				12,267	E
Taxable income from line 360 on page 3		608,623	F		
Amount from line 400, 405, 410, or 427 (428 instead of 427 for tax years starting after 2018) on page 4, whichever is the least					
G					
Foreign non-business income tax credit from line 632 on page 8			x 75 / 29 =		H
Foreign business income tax credit from line 636 on page 8			x 4 =		I
Subtotal (add amounts G to I)					
Subtotal (amount F minus amount J) (if negative, enter "0")				608,623	K
				x 30 2 / 3 % =	186,644
					L
Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 9)				98,761	M
Refundable portion of Part I tax – Amount E, L, or M, whichever is the least				450	12,267
					N

Refundable dividend tax on hand (for tax years starting before 2019)

Refundable dividend tax on hand at the end of the previous tax year	460	
Dividend refund for the previous tax year	465	
Subtotal (line 460 minus line 465)		O
Refundable portion of Part I tax from line 450 above	12,267	P
Total Part IV tax payable from Schedule 3		Q
Net refundable dividend tax on hand transferred on an amalgamation or the wind-up of a subsidiary	480	
Subtotal (amount P plus amount Q plus line 480)		R
Refundable dividend tax on hand at the end of the tax year – Amount O plus amount R		485

Dividend refund (for tax years starting before 2019)

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3		x 38 1 / 3 % =	S
Refundable dividend tax on hand at the end of the tax year from line 485 above			T
Dividend refund – Amount S or T, whichever is less			U
Enter amount U on line 784 on page 9.			

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

Refundable dividend tax on hand (RDTOH) at the end of the previous tax year	460		
Dividend refund for the previous tax year	465		
Net RDTOH transferred on an amalgamation or the wind-up of a subsidiary	480		
Subtotal (line 460 minus line 465 plus line 480)			A
General rate income pool (GRIP) at the end of the previous tax year (from line 100 of schedule 53)			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	60,197	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)		12,267	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	72,464	Z
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")			
ERDTOH at the end of the tax year* (total of amounts J, O, and Z minus amount P) (if negative, enter "0")	530		

* For more information, consult the Help (F1).

Dividend refund (for tax years starting after 2018)

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)		AA
ERDTOH balance at the end of the tax year (line 530)		BB
Eligible dividend refund (amount AA or BB, whichever is less)		CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)		DD
NERDTOH balance at the end of the tax year (line 545)		72,464 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.		

* For more information, consult the Help (F1).

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Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by 38 % 550 231,277 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 40,000 D

Taxable income from line 360 on page 3 608,623 E

Deduct:

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

Net amount (amount E minus amount F) 608,623 G

Refundable tax on CCPC's investment income – 10 2 / 3 % of whichever is less: amount D or amount G 604 4,267 H

Subtotal (add amounts A, B, C, and H) 235,544 I

Deduct:

Small business deduction from line 430 on page 4 J

Federal tax abatement 608 60,862

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 73,921

General tax reduction from amount P on page 5 639

Federal logging tax credit from Schedule 21 640

Eligible Canadian bank deduction under section 125.21 641

Federal qualifying environmental trust tax credit 648

Investment tax credit from Schedule 31 652 2,000

Subtotal 136,783 K

Part I tax payable – Amount I minus amount K 98,761 L

Enter amount L on line 700 on page 9.

Privacy statement

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

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Summary of tax and credits

Federal tax

Part I tax payable from amount L on page 8	700	98,761
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	

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	69,992
Total federal tax	770	168,753 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from amount U on page 6 or JJ on page 7	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit (Form T1131)	796	
Film or video production services tax credit (Form T1177)	797	
Canadian journalism labour tax credit from Schedule 58	798	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	170,748
Total credits	890	170,748 B
Balance (amount A minus amount B)		-1,995

Refund code 894 1 Refund 1,995

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 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.

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?

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

896 Yes ☐ No ☒

920 C5622

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Certification

I, 950 Danelon 951 Mark 954 Director Finance

Last name First name 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 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation 956 (519) 776-5291 Telephone number

Is the contact person the same as the authorized signing officer? If no, complete the information below

957 Yes ☒ No ☐ 959 Telephone number

958 Name of other authorized person

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

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E.L.K. Energy Inc.
86656 7787 RC0001

Canada Revenue Agency Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name E.L.K. Energy Inc.	Business number 86656 7787 RC0001	Tax year-end Year Month Day 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 **1,176,701 A**

Add:

Provision for income taxes – current	101	478,984
Interest and penalties on taxes	103	24,738
Amortization of tangible assets	104	631,934
Other reserves on lines 270 and 275 from Schedule 13	125	3,195,558
Reserves from financial statements – balance at the end of the year	126	4,745,247
Subtotal of additions		9,076,461

Other additions:

Miscellaneous other additions:

1 Description	2 Amount		
605	295		
1 Unrealized loss on investments	3,852		
Total of column 2	3,852	296	3,852
Subtotal of other additions	199	3,852	3,852 D
Total additions	500	9,080,313	9,080,313

Amount A plus line 500 **10,257,014 B**

Deduct:

Capital cost allowance from Schedule 8	403	1,041,813
Other reserves on line 280 from Schedule 13	413	4,321,462
Reserves from financial statements – balance at the beginning of the year	414	3,666,115
Subtotal of deductions		9,029,390

Other deductions:

Miscellaneous other deductions:

1 Description	2 Amount		
705	395		
1 Movement in regulatory assets re tax	290,940		
2 Amortization of capital contributions	328,061		
Total of column 2	619,001	396	619,001
Subtotal of other deductions	499	619,001	619,001 E
Total deductions	510	9,648,391	9,648,391

Net income (loss) for income tax purposes (amount B minus line 510) **608,623 C**

Enter amount C on line 300 of the T2 return.

T2 SCH 1 E (19)

Canada

2020-12-31

E.L.K. Energy Inc.
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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
E.L.K. Energy Inc.	86656 7787 RC0001	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 one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes 608,623 A

Deduct: (increase a loss)

Net capital losses deducted in the year (enter as a positive amount) a
 Taxable dividends deductible under section 112 or subsections 113(1) or 138(6) b
 Amount of Part VI.1 tax deductible under paragraph 110(1)(k) c
 Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2) d
 Amount of an employer for non-qualified securities under an employee stock options agreement deductible under paragraph 110(1)(e) 1d
 Subtotal (total of amounts a to 1d) B
 Subtotal (amount A minus amount B; if positive, enter "0") C

Deduct: (increase a loss)

Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions D
 Subtotal (amount C minus amount D) E

Add: (decrease a loss)

Current-year farm loss (the lesser of: the net loss from farming or fishing included in income and the non-capital loss before deducting the farm loss) F
 Current-year non-capital loss (amount E plus amount F; if positive, enter "0") G
 If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year e
 Deduct: Non-capital loss expired (note 1) 100 f
 Non-capital losses at the beginning of the tax year (amount e minus amount f) 102 H
 Add:
 Non-capital losses transferred on an amalgamation or on the wind-up of a subsidiary (note 2) corporation 105 g
 Current-year non-capital loss (from amount G) 110 h
 Subtotal (amount g plus amount h) I
 Subtotal (amount H plus amount I) J

Note 1: A non-capital loss expires as follows:

- after 10 tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after 20 tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after 10 tax years if it arose in a tax year ending after March 22, 2004.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

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Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	150	i
Section 80 – Adjustments for forgiven amounts	140	j
Subsection 111(10) – Adjustments for fuel tax rebate		j.1
Non-capital losses of previous tax years applied in the current tax year	130	k
Enter amount k on line 331 of the T2 Return.		
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax (note 3)	135	l
Subtotal (total of amounts i to l)		K
Non-capital losses before any request for a carryback (amount J minus amount K)		L

Deduct – Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901	m
Second previous tax year to reduce taxable income	902	n
Third previous tax year to reduce taxable income	903	o
First previous tax year to reduce taxable dividends subject to Part IV tax	911	p
Second previous tax year to reduce taxable dividends subject to Part IV tax	912	q
Third previous tax year to reduce taxable dividends subject to Part IV tax	913	r
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)		M
Closing balance of non-capital losses to be carried forward to future tax years (amount L minus amount M)	180	N

Note 3: Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200	14,189	a
Capital losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	205		b
Subtotal (amount a plus amount b)		14,189	A

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	250	c
Section 80 – Adjustments for forgiven amounts	240	d
Subtotal (amount c plus amount d)		B
Subtotal (amount A minus amount B)		14,189 C

Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*)

Unused non-capital losses that expired in the tax year (note 4)			e
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year (note 5)			f
Enter amount e or f, whichever is less	215		g
ABILs expired as non-capital losses: line 215 multiplied by 2.000000		220	E
Subtotal (total of amounts C to E)			14,189 F

Note

If there has been an amalgamation or a wind-up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary corporation. Add all these amounts and enter the total on line 220 above.

Note 4: If the loss was incurred in a tax year ending after March 22, 2004, determine the amount of the loss from the 11th previous tax year and enter the part of that loss that was not used in previous years and the current year on line e.

Note 5: If the ABILs were incurred in a tax year ending after March 22, 2004, enter the amount of the ABILs from the 11th previous tax year. Enter the full amount on line f.

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Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain (note 6) **225** **G**
Capital losses before any request for a carryback (amount F minus amount G) **14,189** **H**

Deduct – Request to carry back capital loss to (note 7):

	Capital gain (100%)	Amount carried back (100%)	
First previous tax year	951	.....	h
Second previous tax year	952	.....	i
Third previous tax year	953	.....	j
Subtotal (total of amounts h to j)			I
Closing balance of capital losses to be carried forward to future tax years (amount H minus amount I) 280			14,189 J

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current-year tax, enter the amount from line 225 divided by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, divide this amount by 2. The result represents the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year **a**
Deduct: Farm loss expired (note 8) **300** **b**
Farm losses at the beginning of the tax year (amount a minus amount b) **302** **A**

Add:

Farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation **305** **c**
Current-year farm loss (amount F in Part 1) **310** **d**
Subtotal (amount c plus amount d) **B**
Subtotal (amount A plus amount B) **C**

Deduct:

Other adjustments (includes adjustments for an acquisition of control) **350** **e**
Section 80 – Adjustments for forgiven amounts **340** **f**
Farm losses of previous tax years applied in the current tax year **330** **g**
Enter amount g on line 334 of the T2 Return.
Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (note 9) **335** **h**
Subtotal (total of amounts e to h) **D**
Farm losses before any request for a carryback (amount C minus amount D) **E**

Deduct – Request to carry back farm loss to:

First previous tax year to reduce taxable income	921	.....	i
Second previous tax year to reduce taxable income	922	.....	j
Third previous tax year to reduce taxable income	923	.....	k
First previous tax year to reduce taxable dividends subject to Part IV tax	931	.....	l
Second previous tax year to reduce taxable dividends subject to Part IV tax	932	.....	m
Third previous tax year to reduce taxable dividends subject to Part IV tax	933	.....	n
Subtotal (total of amounts i to n)			F
Closing balance of farm losses to be carried forward to future tax years (amount E minus amount F) 380			G

Note 8: A farm loss expires as follows:

- after 10 tax years if it arose in a tax year ending before 2006; and
- after 20 tax years if it arose in a tax year ending after 2005.

Note 9: Amount h is the total of lines 340 and 345 from Schedule 3.

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Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business 485 A

Minus the deductible farm loss:

(amount A above – \$2,500) divided by 2 = a

Amount a or \$ 15,000 (note 10), whichever is less b

2,500 c

Subtotal (amount b plus amount c) 2,500 2,500 B

Current-year restricted farm loss (amount A minus amount B) C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year d

Deduct: Restricted farm loss expired (note 11) 400 e

Restricted farm losses at the beginning of the tax year (amount d minus amount e) 402 D

Add:

Restricted farm losses transferred on an amalgamation or on the wind-up
of a subsidiary corporation 405 f

Current-year restricted farm loss (from amount C) 410 g

Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.

Subtotal (amount f plus amount g) E

Subtotal (amount D plus amount E) F

Deduct:

Restricted farm losses from previous tax years applied against current farming income 430 h

Enter amount h on line 333 of the T2 return.

Section 80 – Adjustments for forgiven amounts 440 i

Other adjustments 450 j

Subtotal (total of amounts i to j) G

Restricted farm losses before any request for a carryback (amount F minus amount G) H

Deduct – Request to carry back restricted farm loss to:

First previous tax year to reduce farming income 941 k

Second previous tax year to reduce farming income 942 l

Third previous tax year to reduce farming income 943 m

Subtotal (total of amounts k to m) I

Closing balance of restricted farm losses to be carried forward to future tax years (amount H minus amount I) 480 J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 10: For tax years that end before March 21, 2013, use \$6,250 instead of \$15,000.

Note 11: A restricted farm loss expires as follows:

- after 10 tax years if it arose in a tax year ending before 2006; and
- after 20 tax years if it arose in a tax year ending after 2005.

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Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year a

Deduct: Listed personal property loss expired after 7 tax years 500 b

Listed personal property losses at the beginning of the tax year (amount a minus amount b) ... 502 **A**

Add: Current-year listed personal property loss (from Schedule 6) 510 **B**

Subtotal (amount A plus amount B) **C**

Deduct:

Listed personal property losses from previous tax years applied against listed personal property gains 530 c

Enter amount c on line 655 of Schedule 6.

Other adjustments 550 d

Subtotal (amount c plus amount d) **D**

Listed personal property losses remaining before any request for a carryback (amount C minus amount D) **E**

Deduct – Request to carry back listed personal property loss to:

First previous tax year to reduce listed personal property gains 961 e

Second previous tax year to reduce listed personal property gains 962 f

Third previous tax year to reduce listed personal property gains 963 g

Subtotal (total of amounts e to g) **F**

Closing balance of listed personal property losses to be carried forward to future tax years (amount E minus amount F) 580 **G**

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Part 7 – Limited partnership losses

Current-year limited partnership losses

1	2	3	4	5	6	7
Partnership account number	Tax year ending yyyy/mm/dd	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 minus column 5 (if negative, enter "0")	Current -year limited partnership losses (column 3 minus column 6)
600	602	604	606	608		620

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	Tax year ending yyyy/mm/dd	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	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	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)
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future tax years

1	2	3	4	5	6
Partnership account number	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary	Current-year limited partnership losses (from line 620)	Limited partnership losses applied in the current year (must be equal to or less than line 650)	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)
660	662	664	670	675	680

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)(f)

If you are making an election under paragraph 88(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*.

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E.L.K. Energy Inc.
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Tax Calculation Supplementary – Corporations

Schedule 5

Corporation's name	Business Number	Tax year-end Year Month Day
E.L.K. Energy Inc.	86656 7787 RC0001	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

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 <input type="checkbox"/>	103		143		
Newfoundland and Labrador Offshore	004 Yes <input type="checkbox"/>	104		144		
Prince Edward Island	005 Yes <input type="checkbox"/>	105		145		
Nova Scotia	007 Yes <input type="checkbox"/>	107		147		
Nova Scotia Offshore	008 Yes <input type="checkbox"/>	108		148		
New Brunswick	009 Yes <input type="checkbox"/>	109		149		
Quebec	011 Yes <input type="checkbox"/>	111		151		
Ontario	013 Yes <input type="checkbox"/>	113		153		
Manitoba	015 Yes <input type="checkbox"/>	115		155		
Saskatchewan	017 Yes <input type="checkbox"/>	117		157		
Alberta	019 Yes <input type="checkbox"/>	119		159		
British Columbia	021 Yes <input type="checkbox"/>	121		161		
Yukon	023 Yes <input type="checkbox"/>	123		163		
Northwest Territories	025 Yes <input type="checkbox"/>	125		165		
Nunavut	026 Yes <input type="checkbox"/>	126		166		
Outside Canada	027 Yes <input type="checkbox"/>	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:

- 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.
- If your corporation has provincial or territorial tax payable, complete Part 2.
- 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.

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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
608,623		608,623	69,992

Ontario basic income tax (from Schedule 500) **270** **69,992**

Ontario small business deduction (from Schedule 500) **402**

Subtotal (line 270 minus line 402) **69,992** ▶ **69,992** 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) **69,992** 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") **69,992** 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") **69,992** 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") **69,992** 5G

Ontario corporate minimum tax (from Schedule 510) **278**

Ontario special additional tax on life insurance corporations (from Schedule 512) **280**

Subtotal (line 278 plus line 280) ▶ 5H

Total Ontario tax payable before refundable tax credits (amount 5G plus amount 5H) **69,992** 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) **290** **69,992**

(if a credit, enter amount in brackets) Include this amount on line 255.

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** **69,992**

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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 Canada Revenue Agency Agence du revenu du Canada

Schedule 7

Aggregate Investment Income and Income Eligible for the Small Business Deduction

Corporation's name E.L.K. Energy Inc.	Business number 86656 7787 RC0001	Tax year-end Year Month Day 2020-12-31
-------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- Use this schedule if you are a Canadian-controlled private corporation (CCPC) to calculate:
 - your aggregate investment income and foreign investment income, as defined in subsection 129(4), to determine the refundable portion of Part I tax, and your adjusted aggregate investment income, as defined in subsection 125(7), for the purpose of the business limit reduction
 - your **specified partnership income**, as defined in subsection 125(7), if you are a member (or **designated member**) of one or more partnerships, and
 - your income from an active business carried on in Canada eligible for the small business deduction including any **specified corporate income** as defined in subsection 125(7)
- Use this schedule if another CCPC is making an assignment of **business limit** under subsection 125(3.2) to you.
- Use this schedule if you are a corporation that is a member of a partnership to assign **specified partnership business limit** to a **designated member** under subsection 125(8).
Note: If you are a corporation that is not a CCPC, only complete Table 1 (columns A1, B1, C1, G1, H1 and J1) and Table 3 to make this assignment.
- The adjusted aggregate investment income, for the purpose of the business limit reduction, also applies to a tax year of a corporation that begins before 2019 and ends after 2018 under the following circumstances:
 - the corporation's preceding tax year was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series, and
 - one of the reasons for the transaction, event or series was to defer the application of subsections 125(5.1), (5.2) and (7) to the corporation
- All legislative references are to the Income Tax Act.
- For more information, see **Small Business Deduction and Refundable Portion of Part I Tax** in *Guide T4012, T2 Corporation – Income Tax Guide*.
- See the notes at the end of the form.

Part 1 – Aggregate investment income

Aggregate investment income is all world source income.

Eligible portion of taxable capital gains for the year	002	
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	012	
Net capital losses of previous years claimed on line 332 on the T2 return	022	
Subtotal (line 012 plus line 022)		A
Line 002 minus amount A (if negative, enter "0")		B
Total income from property (include income from a specified investment business carried on in Canada other than income from a source outside Canada)	032	40,000
Exempt income	042	
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year	052	
Taxable dividends deductible (total of column F on Schedule 3 minus related expenses)	062	
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	072	
Subtotal (add lines 042, 052, 062 and 072)		C
Subtotal (line 032 minus amount C)		40,000
Amount B plus amount D		40,000 D
		40,000 E
Total losses from property (include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	082	
Amount E minus line 082 (if negative, enter "0") (enter on line 440 of the T2 return)	092	40,000

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Part 2 – Adjusted aggregate investment income

Eligible portion of taxable capital gains for the year (other than taxable capital gains from the disposition of an active asset ^{note 13})	705	
Eligible portion of allowable capital losses for the year (including allowable business investment losses) (other than allowable capital losses from the disposition of an active asset ^{note 13})	710	
Subtotal (line 705 minus line 710) (if negative, enter "0")		F
Total income from property ^{note 14}	715	40,000
Exempt income	720	
Amounts received from AgrilInvest Fund No. 2 that were included in computing the corporation's income for the year	725	
Dividends from connected corporations	730	
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	735	
Subtotal (add lines 720, 725, 730 and 735)		G
Subtotal (line 715 minus amount G)		40,000 H
Amount F plus amount H		40,000 I
Total losses from property ^{note 14}	740	
Amount, if any, deducted under subsection 91(4) in computing the corporation's income for the year	741	
Adjusted aggregate investment income (amount I minus line 740, plus line 741) (if negative, enter "0")	745	40,000
If this is your first tax year starting after 2018, complete the following portion.		
Eligible portion of taxable capital gains for each tax year that ended in the preceding calendar year (other than taxable capital gains from the disposition of an active asset ^{note 13})		2A
Eligible portion of allowable capital losses for each tax year that ended in the preceding calendar year (including allowable business investment losses)(other than allowable capital losses from the disposition of an active asset ^{note 13})		2B
Subtotal (amount 2A minus amount 2B) (if negative, enter "0")		2C
Total income from property for each tax year that ended in the preceding calendar year ^{note 14}		2D
Exempt income for each tax year that ended in the preceding calendar year		2E
Amounts received from AgrilInvest Fund No. 2 that were included in computing the corporation's income for each tax year that ended in the preceding calendar year		2F
Dividends from connected corporations for each tax year that ended in the preceding calendar year		2G
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a) for each tax year that ended in the preceding calendar year		2H
Subtotal (add amounts 2E, 2F, 2G and 2H)		2I
Subtotal (amount 2D minus amount 2I)		2J
Amount 2C plus amount 2J		2K
Total losses from property for each tax year that ended in the preceding calendar year ^{note 14}		2L
Amount, if any, deducted under subsection 91(4) in computing the corporation's income for each tax year that ended in the preceding calendar year	742	
Adjusted aggregate investment income (amount 2K minus amount 2L, plus line 742) (if negative, enter "0")	744	
(enter the total of line 744 and the adjusted aggregate investment income of all associated corporations on line 417 of the T2 return)		

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Part 3 – Foreign investment income

Foreign investment income is all income from sources **outside Canada**.

Eligible portion of taxable capital gains for the year	001	
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	009	
Subtotal (line 001 minus line 009) (if negative, enter "0")		J
Total income from property from a source outside Canada (net of related expenses)	019	
Exempt income	029	
Taxable dividends deductible (total of column F on Schedule 3 minus related expenses)	049	
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	059	
Subtotal (add lines 029, 049, and 059)		K
Subtotal (line 019 minus amount K)		L
Amount J plus amount L		M
Total losses from property from a source outside Canada	069	
Amount M minus line 069 (if negative, enter "0") (enter on line 445 of the T2 return)	079	

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Part 3A – Canadian and foreign investment income and adjusted aggregate investment income calculation

	A Canadian investment income	B Foreign investment income	C Adjusted aggregate investment income*
Eligible portion of the taxable capital gains for the year before taking into account the capital gains reserves (federal) of Schedule 13*			1.1
Eligible portion of capital gains reserves (addition/deduction)**			1.2
Taxable capital gains under section 34.2 (line 275 on Schedule 73)**			1.3
Eligible portion of the taxable capital gains for the year (add amounts 1.1, 1.2, and 1.3)			1
Eligible portion of allowable capital losses for the year (including allowable business investment losses)*			2.1
Net capital losses of previous years (line 332 on the T2 return)			2.2
Allowable capital losses under section 34.2 (line 285 of Schedule 73)**			2.3
Allowable capital losses for the year (add amounts 2.1, 2.2 and 2.3)			2
Amount 1 minus amount 2 (if negative, enter "0")			3
Taxable dividends			4.1
Rental property income (under regulation 1100(11))			4.2
Other property income*	40,000		40,000 4.3
Property income under section 34.2 (line 280 of Schedule 73)**			4.4
Total property income (add amounts 4.1, 4.2, 4.3 and 4.4)	40,000		40,000 4
Exempt income			5.1
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year			5.2
Taxable dividends deductible (total of column F on Schedule 3 minus related expenses)*			5.3
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)			5.4
Add amounts 5.1, 5.2, 5.3 and 5.4			5
Amount 4 minus amount 5	40,000		40,000 6
Amount 3 plus amount 6	40,000		40,000 7
Rental property losses (under regulation 1100(11))			8.1
Dividend losses			8.2
Other property losses*			8.3
Property losses under section 34.2 (line 280 of Schedule 73)**			8.4
Total property losses (add amounts 8.1, 8.2, 8.3 and 8.4)			8
Amount 7 minus amount 8 (if negative, enter "0")	40,000		9
Amount, if any, deducted under subsection 91(4) in computing the corporation's income for the year			10
Amount 7 minus amount 8 plus amount 10 (if negative, enter "0")			40,000 11

* To calculate the adjusted aggregate investment income under column C:

- On lines 1.1, 1.2 and 2.1, only capital gains and losses resulting from the disposition of property other than an active asset (as defined under subsection 125(7) ITA) are to be taken into account.
- On line 4.3, include amounts in respect of a life insurance policy that are included in computing the corporation's income for the year (even if those amounts are not included in the calculation of the corporation's investment income in column A and B) as well as the income from a specified foreign investment business.
- On line 5.3, only the dividends received from a connected corporation should be included.
- On line 8.3, include the loss from a specified foreign investment business.

For more information on the calculation of the adjusted aggregate investment income, consult notes 13 and 14 at the end of this form as well as the Help (F1).

**When an amount is entered on these lines in column B, it reduces the corresponding amount in column A. For more information, consult the Help (F1).

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Part 4 – Specified partnership income

Table 1 – Specified partnership income

A		A1				1A		
Is the corporation a designated member of the partnership?		Partnership name				Partnership's account number		
Yes	No	200						
		B1	C1	D1	1D	2D	E1	F1
		Total income (loss) of partnership from an active business	Corporation's share of amount in column B1	Income of the corporation from providing (directly or indirectly) services or property to the partnership	Prorated amounts calculated under section 34.2 <small>note 1</small>	Expenses the corporation incurred to earn partnership income	Adjustments (column 1D minus column 2D)	Corporation's income (loss) in respect of the partnership <small>note 2</small> (add columns C1, D1 and E1)
		300	310	311			315	320
								Total 350
G1	H1	I1	J1	K1	L1	M1		
Number of days in the partnership's fiscal period	Prorated business limit <small>notes 2 and 3</small> (column C1 + column B1) × [\$ 500 000 × (column G1 + 365)] (if column C1 is negative, enter "0")	Specified partnership business limit assigned to you (from H2 in Table 2) <small>note 5</small>	Specified partnership business limit assigned by you (from F3 in Table 3) <small>note 6</small>	Specified partnership business limit amount (column H1 plus column I1, minus column J1)	Column F1 minus column K1 (if negative, enter "0")	Lesser of columns F1 and K1 (if column F1 is negative, enter "0") <small>note 4</small>		
325	330	335	336			340		
						Total 385	360	
Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) – enter as a positive amount							370	
Specified partnership loss of the corporation for the year – enter as a positive amount (total of all negative amounts in column F1)							380	
Subtotal (line 370 plus line 380)							N	
Amount at line 385 or amount N, whichever is less							390	
Specified partnership income (line 360 plus line 390) (enter at amount R in Part 5)							400	

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Part 4 – Specified partnership income (continued)

Tables 2 and 3 are used to make an assignment of **specified partnership business limit** under subsection 125(8). A person that is a member of a partnership can make an assignment of **specified partnership business limit** under subsection 125(8) to a **designated member**.

If you are a CCPC that is a designated member and receiving specified partnership business limit from a person that is a member of the partnership, complete Table 2.

If you are a corporation that is a member of the partnership and assigning specified partnership business limit to a designated member, complete Table 3.

Table 2 – A member is assigning to you specified partnership business limit under subsection 125(8)

A2		2A	B2		
Partnership name		Partnership's account number	Name of the member		
405			406		

C2	D2	E2	F2	G2	H2
Business number of the member (if applicable)	Social insurance number of the member (if applicable)	Trust account number of the member (if applicable)	Tax year start of the member (yyyymmdd)	Tax year-end of the member (yyyymmdd)	Specified partnership business limit assigned to you by the member note 7
410	411	412	415	416	420

Table 3 – You are assigning to a designated member (CCPC) specified partnership business limit under subsection 125(8)

A3		3A	B3	
Partnership name		Partnership's account number	Name of the designated member	
425			426	

C3	D3	E3	F3
Business number of the designated member	Tax year start of the designated member (yyyymmdd)	Tax year-end of the designated member (yyyymmdd)	Specified partnership business limit assigned by you to the designated member note 8
430	435	436	440

Part 5 – Partnership income not eligible for the small business deduction

Corporation's income from active businesses carried on in Canada as a member or designated member of a partnership (after deducting related expenses) – from line 350 in Part 4 (if the net amount is negative, enter "0" on line 450)

Specified partnership loss (from line 380 in Part 4)

Subtotal (amount O plus amount P)

Specified partnership income (from line 400 in Part 4)

Partnership income not eligible for the small business deduction (amount Q minus amount R)

(enter at amount Z in Part 6)

450

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Part 6 – Income eligible for the small business deduction

Net income for income tax purposes from line 300 of the T2 return	608,623	S	
Allowable business investment loss from line 406 of Schedule 1		T	
Subtotal (amount S plus amount T)	608,623		608,623 U
Foreign business income after deducting related expenses ^{note 9}	500		
Taxable capital gains from line 113 of Schedule 1		V	
Net property income (line 032 ^{note 10} minus the total of lines 042, 052 and 082 ^{note 9} in Part 1)	40,000	W	
Personal services business income after deducting related expenses ^{note 9}		e1	
Other income after deducting related expenses ^{note 9}		e2	
Subtotal (amount e1 plus amount e2) ^{note 9}	520		
Subtotal (add line 500, amount V, amount W and line 520)	40,000		40,000 X
Net amount (amount U minus amount X)			568,623 Y
Partnership income not eligible for the small business deduction (line 450 in Part 5)		Z	
Partnership income allocated to your corporation under subsection 96(1.1)	530		
Income referred to in clause 125(1)(a)(i)(C)	540		
Income referred to in clause 125(1)(a)(i)(B) (from line 615 in Part 7)		AA	
Subtotal (add amount Z, line 530, line 540 and amount AA)			BB
Specified corporate income (from line 625 in Part 7)			CC
Income eligible for the small business deduction (amount Y minus amount BB, plus amount CC)			568,623 DD

(enter amount DD on line 400 of the T2 return - if negative, enter "0")

Part 7 – Specified corporate income and assignment under subsection 125(3.2)

1EE Name of the corporation	EE Business number of the corporation	FF Income described under clause 125(1)(a)(i)(B) received from the corporation identified in column EE ^{note 11}	GG Business limit assigned from the corporation identified in column EE ^{note 12}
1	600	610	620
		Total 615	Total 625

See the privacy statement on your return.

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Notes

Note 1 Do not include expenses that were deducted in computing the income of the corporation in column D1.

In general, amounts included under subsections 34.2(2) and 34.2(3) or claimed under subsection 34.2(4) are deemed to have the same character and be in the same proportions as the partnership income they relate to. For example, if a corporation receives \$100,000 of partnership income for the partnership's fiscal period ending in its tax year, and that income is made up of \$40,000 of active business income, \$30,000 of income from property, and \$30,000 as a taxable capital gain, the corporation's adjusted stub period accrual (ASPA) in respect of the partnership would be 40% active business income, 30% property income, and 30% taxable capital gains. Add or deduct only the portion of the following amounts that are characterized as active business income in accordance with subsection 34.2(5):

Add:

- the ASPA under subsection 34.2(2) (column 4 of Schedule 73)
- the income inclusion for a new corporate member of a partnership under subsection 34.2(3) (column 6 of Schedule 73)
- the previous-year transitional reserve under subsection 34.2(12) (column 12 of Schedule 73)

Deduct:

- the previous-year ASPA under subsection 34.2(4) (column 5 of Schedule 73)
- the previous-year income inclusion for a new corporate member of a partnership under subsection 34.2(4) (column 7 of Schedule 73)

Note 2 When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income when calculating the prorated business limit (column H1). Enter on line 380 the total of all losses from column F1.

Note 3 If you are a designated member of the partnership, enter "0".

Note 4 You must enter "0" if the partnership provides services or property to either:

(A) a private corporation (directly or indirectly in any manner whatever) in the year, if:

- you (or one of your shareholders) or a person that does not deal at arm's length with you (or one of your shareholders) holds a direct or indirect interest in the private corporation, and
- it is not the case that all or substantially all of the partnership's income for the year from an active business is from providing services or property to
 - persons (other than the private corporation) that deal at arm's length with the partnership and each person that holds a direct or indirect interest in the partnership, or
 - partnerships with which the partnership deals at arm's length, other than a partnership in which a person that does not deal at arm's length with you holds a direct or indirect interest, or

(B) a particular partnership (directly or indirectly in any manner whatever) in the year, if:

- you (or one of your shareholders) do not deal at arm's length with the particular partnership or a person that holds a direct or indirect interest in the particular partnership, and
- it is not the case that all or substantially all of the partnership's income for the year from an active business is from providing services or property to
 - persons that deal at arm's length with the partnership and each person that holds a direct or indirect interest in the partnership, or
 - partnerships (other than the particular partnership) with which the partnership deals at arm's length, other than a partnership in which a person that does not deal at arm's length with you holds a direct or indirect interest.

Note 5 If you are a CCPC that is a designated member receiving an assignment of specified partnership business limit, complete Table 2 to determine the amounts to enter in Table 1 column I1.

Note 6 If you are a corporation that is a member of the partnership and you are assigning specified partnership business limit, complete Table 3 to determine the amounts to enter in Table 1 column J1.

Note 7 Add the amounts in column H2 that are for the same partnership and enter it in Table 1 column I1, in the row of the applicable partnership.

Note 8 Add the amounts in column F3 that are for the same partnership and enter it in Table 1 column J1, in the row of the applicable partnership. This amount cannot be higher than the amount of prorated business limit you would otherwise be entitled to in Table 1 column H1 for that partnership.

Note 9 If negative, enter amount in brackets, and add instead of subtracting.

Note 10 Net of related expenses.

Note 11 This amount is [as defined in subsection 125(7) specified corporate income (a)(i)] the total of all amounts, each of which is your income from an active business for the year from providing services or property to a private corporation (directly or indirectly, in any manner whatever) if

- (A) at any time in the year, you (or one of your shareholders) or a person that does not deal at arm's length with you (or one of your shareholders) holds a direct or indirect interest in the private corporation, and
- (B) it is not the case that all or substantially all of your income for the year from an active business is from providing services or property to
 - (I) persons (other than the private corporation) with which you deal at arm's length, or
 - (II) partnerships with which you deal at arm's length, other than a partnership in which a person that does not deal at arm's length with you holds a direct or indirect interest.

Do not include specified farming or fishing income. If the conditions described in subsection 125(10) are met, do not include income from an associated corporation.

Note 12 The amount of business limit that a CCPC can assign to you cannot be greater than the amount in column FF that is from providing services or property directly to that CCPC. If there is an amount included in column FF that is deductible by that CCPC in respect of the amount of its income referred to in clause 125(1)(a)(i)(A) or (B) for its tax year, you need to deduct it from column FF for the purpose of determining the amount that can be assigned to you.

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Notes (continued)

Note 13 Active asset, of a particular corporation at any time, means property that is:

- (A) used at that time principally in an active business carried on primarily in Canada by the particular corporation or by a Canadian-controlled private corporation that is related to the particular corporation,
- (B) a share of the capital stock of another corporation if, at that time,
 - the other corporation is connected with the particular corporation (within the meaning assigned by subsection 186(4) on the assumption that the other corporation is at that time a payer corporation within the meaning of that subsection), and
 - the share would be a qualified small business corporation share (as defined in subsection 110.6(1)) if:
 - the references in that definition to an "individual" were references to the particular corporation, and
 - that definition were read without reference to "the individual's spouse or common-law partner", or
- (C) an interest in a partnership, if:
 - at that time, the fair market value of the particular corporation's interest in the partnership is equal to or greater than 10% of the total fair market value of all interests in the partnership,
 - throughout the 24-month period ending before that time, more than 50% of the fair market value of the property of the partnership was attributable to property described in this paragraph or in paragraph (A) or (B), and
 - at that time, all or substantially all of the fair market value of the property of the partnership was attributable to property described in this paragraph or in paragraph (A) or (B).

Note 14 Income or loss from property of a particular corporation, for the purposes of calculating the corporation's adjusted aggregate investment income, includes income or loss from a specified investment business, as well as all amounts in respect of a life insurance policy that are included in computing the corporation's income for the year (even if those amounts were not included in the computation of the corporation's aggregate investment income in Part 1).

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Capital Cost Allowance (CCA)

Corporation's name	Business number	Tax year-end Year Month Day
E.L.K. Energy Inc.	86656 7787 RC0001	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)?

1 Class number	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)	4 Cost of acquisitions from column 3 that are accelerated investment incentive properties (AIIP)	5 Adjustments and transfers	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to the disposition	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	8 Proceeds of dispositions See note 7	For tax years ending before November 21, 2018: 50% rule (1/2 of net acquisitions)
See note 1			See note 2	See note 3			See note 6		
200		201	203	225	205	221	222	207	211
1.		4,660,349						0	
2.		134,844	83,282	83,282				0	
3.	Smart meters not included in NBV for ac	245,334						0	
4.		111,742	407,380	407,380				0	
5.		7						0	
6.	Electrical Distribution and Transmission l	4,358,507	617,136	617,136				0	
7.		5,356	21,162	21,162				0	
8.	14.1	218,153						0	
9.		15,122	22,278	22,278				0	
10.			76,208	76,208				0	
	Totals	9,749,414	1,227,446	1,227,446					

1 Class number	9 UCC (column 2 plus column 3 plus or minus column 5 minus column 8) See note 8	10 Proceeds of disposition available to reduce the UCC of AIP (column 8 plus column 6 minus column 3 plus column 4 minus column 7) (if negative, enter "0")	11 Net capital cost additions of AIP acquired during the year (column 4 minus column 10) (if negative, enter "0")	12 UCC adjustment for AIP acquired during the year (column 11 multiplied by the relevant factor) See note 9	13 UCC adjustment for non-AIP acquired during the year (0.5 multiplied by the result of column 3 minus column 4 minus column 6 plus column 7 minus column 8) (if negative, enter "0") See note 10	14 CCA rate % See note 11	15 Recapture of CCA See note 12	16 Terminal loss See note 13	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	18 UCC at the end of the year (column 9 minus column 17)
200					224	212	213	215	217	220
1	4,660,349					4	0	0	186,414	4,473,935

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001

1 Class number See note 1	200	9 UCC (column 2 plus or minus column 5) See note 8	10 Proceeds of disposition available to reduce the UCC of AIP (column 8 plus column 3 minus column 4 minus column 7) (if negative, enter "0")	11 Net capital cost additions of AIP acquired during the year (column 4 minus column 10) (if negative, enter "0")	12 UCC adjustment for AIP acquired during the year (column 11 multiplied by the relevant factor) See note 9	13 UCC adjustment for non-AIP acquired during the year (0.5 multiplied by the result of column 3 minus column 4 minus column 6 plus column 7 minus column 8) (if negative, enter "0") See note 10	14 CCA rate % See note 11	15 Recapture of CCA See note 12	16 Terminal loss See note 13	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	18 UCC at the end of the year (column 9 minus column 17)
2.	8	219,126		83,282	41,641		20	0	0	51,953	166,173
3.	8	245,334					20	0	0	49,067	196,267
4.	10	519,122		407,380	203,690		30	0	0	216,844	302,278
5.	45	7					45	0	0	3	4
6.	47	4,975,643		617,136	308,568		8	0	0	422,737	4,552,906
7.	50	26,518		21,162	10,581		55	0	0	20,404	6,114
8.	14.1	218,153					5	0	0	15,271	202,882
9.	1b	37,400		22,278	11,139		6	0	0	2,912	34,488
10.	12	76,208		76,208			100	0	0	76,208	
	Totals	10,976,860		1,227,446	575,619					1,041,813	9,935,047

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.

2020-12-31

Note 1. If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101. Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (Class 1 to 10%), class 1b: 4% + 2% = 6% (Class 1 to 6%).

Note 2. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule.

Note 3. An accelerated investment incentive property (AIIP) is a property (other than property included in Class 54 or 55) that you acquired after November 20, 2018 and became available for use before 2028. See the T2 Corporation Income Tax Guide for more information. Classes 54 and 55 include property that is a zero-emission vehicle you acquired after March 18, 2019 and became available for use before 2028.

Note 4. Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost (column 9). Items that increase the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the undepreciated capital cost (show amounts that reduce the undepreciated capital cost in brackets) include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5.

Note 5. Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Note 6. Include all amounts you have repaid during the year with respect to any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d); and
- an inducement, assistance or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b).

Note 7. 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 25(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 8. 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). If the amount in column 5 reduces the undepreciated capital cost (i.e. it is shown in brackets), you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.

Note 9. The relevant factors for AIIP of a class in Schedule II and for property included in classes 54 and 55, available for use before 2024, are:

- 2 1/3 for property in Classes 43.1 and 54;
- 1 1/2 for property in Class 55;
- 1 for property in Classes 43.2 and 53;
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(u) of the Regulations (see note 14 for additional information); and
- 0.5 for all other property that is AIIP.

Note 10. The UCC adjustment for non-AIIP acquired during the year (formerly known as the half-year rule or 50% rule) does not apply to certain property (including AIIP). For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 11. Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 17.

Note 12. If the amount in column 9 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 9 in column 15 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1.

Note 13. If no property is left in the class at the end of the tax year and there is still a positive amount in the column 9, you have a terminal loss. If applicable, enter the positive amount from column 9 in column 16. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1;
- property in Class 14.1, unless you have ceased carrying on the business to which it relates; or
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply.

Note 14. If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIIP listed below, the maximum first year allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction).
- Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction).
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction).
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction).
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraph 1100(1)(y.2)(for single mine properties) and 1100(1)(y.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)(y.2) of the Regulations is eligible for the accelerated investment incentive.
- Property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit: 150% of the amount determined by first subtracting the total of the residual value of the timber limit and all amounts you expended for the 1949 or later tax years for surveys, cruises or preparation of prints, maps or plans for the purpose of obtaining a licence or right to cut timber from the capital cost of the limit or right, and then dividing the result by the quantity of timber in the limit or the quantity of timber you have the right to cut.
- Industrial mineral mine or a right to remove industrial minerals from an industrial mineral mine: 150% of the amount determined by first subtracting the residual value, if any, of the mine or right from the capital cost of the mine or right, and then dividing the result by the number of units of commercially mineable material estimated to be in the mine when the mine or right was acquired (alternatively, if you have acquired a right to remove only a specified number of units, that number of units that you acquired a right to remove).

T2 SCH 8 (19)

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001



Canada Revenue Agency
Agence du revenu du Canada

SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
E.L.K. Energy Inc.	86656 7787 RC0001	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	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
	100	200	300	400	500	550	600	650	700
1	E.L.K. Solutions Inc.		86487 7519 RC0001	2	10,000	100.000			100
2	The Corporation of the Town of Ess		NR	1	30,000	100.000			2,000,100

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.

Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

Canada

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001

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	Employee Future Benefits	470,557		423,785	470,557	423,785
2						
	Reserves from Part 2 of Schedule 13	3,195,558		4,321,462	3,195,558	4,321,462
	Totals	3,666,115		4,745,247	3,666,115	4,745,247

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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E.L.K. Energy Inc.
86656 7787 RC0001



Schedule 23

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year must file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

Column 2: Provide the business number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code from the list below that applies to each corporation:

- 1 – Associated for purposes of allocating the business limit (unless association code 5 applies)
- 2 – CCPC that is a third corporation as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
- 3 – Non-CCPC that is a third corporation
- 4 – Associated non-CCPC
- 5 – Associated CCPC to which association code 1 does not apply because a third corporation has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A.
Ensure that the total at line A does not exceed \$500,000.

Allocating the business limit

Date filed (do not use this area)		025	Year Month Day	
Enter the calendar year the agreement applies to		050	Year 2020	
Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below?		075	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

	1 Name of associated corporations	2 Business number of associated corporations	3 Association code	4 Business limit for the year before the allocation \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
1	E.L.K. Energy Inc.	86656 7787 RC0001	1	500,000	100.0000	500,000
2	E.L.K. Solutions Inc.	86487 7519 RC0001	1	500,000		
3	The Corporation of the Town of Essex	NR	1	500,000		
Total					100.0000	500,000 A

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula $0.225\% \times (C - \$10,000,000)$. Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C are in subsection 125(5.1) of the Act.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the lesser of: the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year.

T2 SCH 23 E (19)

Canada

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2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001



Canada Revenue
Agency Agence du revenu
du Canada

Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
 - to calculate an investment tax credit (ITC) earned during the tax year
 - to claim a deduction against Part I tax payable
 - to claim a refund of credit earned during the current tax year
 - to claim a carryforward of credit from previous tax years
 - to transfer a credit following an amalgamation or the wind-up of a subsidiary, as described under subsections 87(1) and 88(1)
 - to request a credit carryback to one or more previous years
 - if you are subject to a recapture of ITC
 - if you are claiming:
 - the Ontario Research and Development Tax Credit
 - the Ontario Innovation Tax Credit
- Unless otherwise stated, all legislative references are to the Income Tax Act and the Income Tax Regulations.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- Investments or expenditures, described in subsection 127(9) and Regulation Part XLVI, that currently earn an ITC are:
 - qualified property and qualified resource property (Parts 4 to 7 of this schedule)
 - qualified scientific research and experimental development (SR&ED) expenditures (Parts 8 to 17). **File Form T661, Scientific Research and Experimental Development (SR&ED) Expenditures Claim**
 - pre-production mining expenditures (Part 18)
 - You can no longer claim the ITC for the pre-production mining expenditures. Only unused credits that have not expired can be carried forward for up to 20 tax years following the tax year in which you made the investment.
 - apprenticeship job creation expenditures (Parts 19 to 21)
 - child care spaces expenditures (Parts 22 to 26)
 - Expenditures related to child care spaces incurred after March 21, 2017 no longer qualify for the ITC. However, if you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 remain eligible for the credit.
- File this schedule with the T2 Corporation Income Tax Return. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, T2 Corporation – Income Tax Guide and read Information Circular IC78-4, Investment Tax Credit Rates, and its related Special Release.
- For more information on SR&ED, see guide T4088, Scientific Research and Experimental Development (SR&ED) Expenditures Claim – Guide to Form T661.

Detailed information

- For the purpose of this schedule, investment means the capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4); minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property at the time it files the income tax return for the year in which the property was acquired.
- An ITC deducted in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces both the capital cost of that property and the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be available for use before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures.
- Expenditures for apprenticeship or child care space for an ITC must be identified by the claimant on Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified members of a partnership and limited partners. For more information, see Guide T4068, Guide for the Partnership Information Return (T5013 Forms).
- For tax purposes, Canada includes the exclusive economic zone of Canada as defined in the Oceans Act (which generally consists of an area of the sea that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil of that zone.
- For the purpose of this schedule, the expression Atlantic Canada includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001

Detailed information (continued)

- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer before March 29, 2012, unless transitional measures were granted*. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) for more information.
- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer after March 28, 2012, and before January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

	Specified percentage
Investments	
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than your expenditure limit (see Part 10) the excess is eligible for an ITC calculated at the 15% rate.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada	15 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred expenditures after March 18, 2007, and before March 22, 2017 (or before 2020 if you entered into a written agreement before March 22, 2017) for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %
* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a phase of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of specified percentage in subsection 127(9) for more information.	

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001

Corporation's name E.L.K. Energy Inc.	Business number 86656 7787 RC0001	Tax year-end Year Month Day 2020-12-31
-------------------------------------------------	---------------------------------------------	-----------------------------------------------------

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? **101** 1 Yes ☐ 2 No ☒

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered **not** associated for the calculation of a refundable ITC if both of the following conditions are met:

- one corporation is associated with another corporation only because one or more persons own shares of the capital stock of both corporations
- one of the corporations has at least one shareholder who is not common to both corporations

If you are a **qualifying corporation**, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified expenditures for SR&ED, up to the allocated expenditure limit.

Some CCPCs that are **not qualifying corporations** may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to one of the following:

- one or more persons exempt from Part I tax under section 149
- Her Majesty in right of a province, a Canadian municipality, or any other public authority
- any combination of persons referred to in a) or b) above

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions.

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? **102** 1 Yes ☐ 2 No ☒

If **yes**, complete Schedule 125, Income Statement Information, to identify the type of farming industry the corporation is involved in.

Contributions to agricultural organizations for SR&ED* x 80 % = **103**
Enter on line 350 of Part 8.

* Enter only contributions not already included on Form T661.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

Capital cost allowance class number 105	Description of investment 110	Date available for use 115	Location used in Atlantic Canada (province) 120	Amount of investment 125

Total of investments for qualified property and qualified resource property

A1

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year					B1
Credit deemed as a remittance of co-op corporations	210				
Credit expired	215				
Subtotal (line 210 plus line 215)					C1
ITC at the beginning of the tax year (amount B1 minus amount C1)		220			
Credit transferred on an amalgamation or the wind-up of a subsidiary	230				
ITC from repayment of assistance	235				
Qualified property, and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part from amount A1 in Part 4)		x	10 % =	240	
Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part from amount A1 in Part 4)		x	5 % =	242	
Credit allocated from a partnership	250				
Subtotal (total of lines 230 to 250)					D1
Total credit available (line 220 plus amount D1)					E1
Credit deducted from Part I tax	260				
Credit carried back to previous years (amount H1 in Part 6)				a	
Credit transferred to offset Part VII tax liability	280				
Subtotal (total of line 260, amount a, and line 280)					F1
Credit balance before refund (amount E1 minus amount F1)					G1
Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7)			310		
ITC closing balance of investments from qualified property and qualified resource property (amount G1 minus line 310)			320		

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

Part 6 – Request for carryback of credit from investments in qualified property and qualified resource property

	Year	Month	Day		
1st previous tax year				Credit to be applied	901
2nd previous tax year				Credit to be applied	902
3rd previous tax year				Credit to be applied	903
				Total of lines 901 to 903	
				Enter at amount a in Part 5.	H1

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 in Part 5)		I1
Credit balance before refund (from amount G1 in Part 5)		J1
Refund (40 % of amount I1 or J1, whichever is less)		K1

Enter amount K1 or a lesser amount on line 310 in Part 5 (also enter on line 780 of the T2 return if you do not claim an SR&ED ITC refund).

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SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures (from line 559 on Form T661)

Contributions to agricultural organizations for SR&ED

Deduct:

Government assistance, non-government assistance, or contract payment

Subtotal

x 80 %

Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)*

Qualified SR&ED expenditures (line 559 on Form T661 plus line 103 in Part 3)* 350

Repayments made in the year (from line 560 on Form T661) 370

Total qualified SR&ED expenditures (line 350 plus line 370) 380

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if you are a CCPC.

Note: A CCPC considered associated with another corporation under subsection 256(1) will be considered not associated for the calculation of an SR&ED expenditure limit if both of the following apply:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation
- one of the corporations has at least one shareholder who is not common to both corporations

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? 385 1 Yes ☐ 2 No ☒

If you answered no to the question on line 385 or if you are not associated with any other corporations, complete lines 390 and 398.

If you answered yes, complete Schedule 49, Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Expenditure Limit, to determine the amounts for associated corporations.

Enter your taxable income for the previous tax year* (prior to any loss carrybacks applied) 390 499,742

Enter your taxable capital employed in Canada for the previous tax year minus \$10 million. If this amount is nil or negative, enter "0". 11,002,822

If this amount is over \$40 million, enter \$40 million 398 1,002,822

* If the tax year referred to on line 390 is less than 51 weeks, multiply the taxable income by the following result: 365 divided by the number of days in that tax year.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone (not associated) corporation

Taxable income for the previous tax year (line 390 in Part 9) or \$500,000, whichever is more 500,000 x 10 = 5,000,000 A2

Excess (\$8,000,000 minus amount A2; if negative, enter "0") 3,000,000 B2

\$ 40,000,000 minus line 398 in Part 9 38,997,178 b

Amount b divided by \$ 40,000,000 0.97493 C2

For tax years ending before March 19, 2019

Amount B2 multiplied by amount C2 D2

For tax years ending after March 18, 2019

3,000,000 multiplied by amount C2 2,924,790 E2

Expenditure limit for the stand-alone corporation (amount D2 or amount E2, whichever applies)* 2,924,790 F2

For an associated corporation:

If associated, the allocation of the SR&ED expenditure limit, as provided on Schedule 49* 400 G2

If your tax year is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount F2 or G2 x Number of days in the tax year 366 = H2

Your SR&ED expenditure limit for the year (enter amount F2, G2, or H2, whichever applies) 410 2,924,790

* Amount F2 or G2 cannot be more than \$3,000,000.

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Part 11 – Investment tax credits on SR&ED expenditures

Qualified SR&ED expenditures (from line 350 in Part 8) or the expenditure limit (from line 410 in Part 10), whichever is less* **420** x 35 % = I2

Line 350 minus line 410 (if negative, enter "0") **430** x 15 % = J2

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit.

Repayments (amount from line 370 in Part 8)

Enter the amount of the repayment on the line that corresponds to the appropriate rate.

Repayment of assistance that reduced a qualifying expenditure for a CCPC** **460** x 35 % = c

Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred before 2015 **480** x 20 % = d

Repayment of assistance made after September 16, 2016 that reduced a qualifying expenditure incurred after 2014 **490** x 15 % = e

Subtotal (total of amounts c to e) K2

Current-year SR&ED ITC (total of amounts I2 to K2; enter on line 540 in Part 12) L2

* For corporations that are not CCPCs, enter "0" for amount I2.

** If you were a Canadian-controlled private corporation (CCPC), this percentage was applied to the portion that you claimed of the SR&ED qualified expenditure pool that did not exceed your expenditure limit at the time. This percentage includes the rate under subsection 127(10.1), Additions to investment tax credit. See subsection 127(10.1) for details about exceptions. For expenditures not eligible for this rate use line 480 or 490 as appropriate.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year M2

Credit deemed as a remittance of co-op corporations **510**

Credit expired **515**

Subtotal (line 510 plus line 515) N2

ITC at the beginning of the tax year (amount M2 minus amount N2) **520**

Credit transferred on an amalgamation or the wind-up of a subsidiary **530**

Total current-year credit (from amount L2 in Part 11) **540**

Credit allocated from a partnership **550**

Subtotal (total of lines 530 to 550) O2

Total credit available (line 520 plus amount O2) P2

Credit deducted from Part I tax **560**

Credit carried back to previous years (amount S2 in Part 13) f

Credit transferred to offset Part VII tax liability **580**

Subtotal (total of line 560, amount f, and line 580) Q2

Credit balance before refund (amount P2 minus amount Q2) R2

Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies) **610**

ITC closing balance on SR&ED (amount R2 minus line 610) **620**

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Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day		Credit to be applied	911
1st previous tax year				Credit to be applied	911
2nd previous tax year				Credit to be applied	912
3rd previous tax year				Credit to be applied	913
Total of lines 911 to 913						S2
Enter at amount f in Part 12.						

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined on line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? **650** 1 Yes ☐ 2 No ☒

Current-year ITC (lines 540 plus 550 in Part 12 minus amount K2 in Part 11) g

Refundable credits (amount g or amount R2 in Part 12, whichever is less)* T2

Amount T2 or amount I2 in Part 11, whichever is less U2

Net amount (amount T2 minus amount U2; if negative, enter "0") V2

Amount V2 multiplied by 40 % W2

Amount U2 X2

Refund of ITC (amount W2 plus amount X2 – enter this, or a lesser amount, on line 610 in Part 12) Y2

Enter the total of line 310 in Part 5 and line 610 in Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation, as defined in subsection 127.1(2), this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y2.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this part only if you are a CCPC that is not a qualifying or excluded corporation as determined on line 101 in Part 2.

Credit balance before refund (amount R2 in Part 12) Z2

Refund of ITC (amount Z2 or amount I2 in Part 11, whichever is less) AA2

Enter amount AA2, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

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Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and partnerships – SR&ED

You will have a recapture of ITC in a year when all of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, and the credit was earned in a tax year ending after 1997 and did not expire before 2008
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case)	Amount from column 700 or 710, whichever is less
700	710	
Subtotal Enter at amount C3 in Part 17.		A3

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil at amount B3.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.)	D Amount determined by the formula $(A \times B) - C$	E ITC earned by the transferee for the qualified expenditures that were transferred	F Amount from column D or E, whichever is less
720	730	740		750	
Subtotal (total of column F) Enter at amount D3 in Part 17.					B3

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Part 16 – Recapture of ITC for corporations and partnerships – SR&ED (continued)

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760.

Corporate partner's share of the excess of SR&ED ITC **760**
Enter at amount E3 in Part 17.

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC from calculation 1, amount A3 in Part 16	.....	C3
Recaptured ITC from calculation 2, amount B3 in Part 16	.....	D3
Recaptured ITC from calculation 3, line 760 in Part 16	.....	E3
Total recapture of SR&ED investment tax credit (total of amounts C3 to E3)	.....	F3
Enter at amount A8 in Part 27.		

Pre-Production Mining

Part 18 – Account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year	.....	A4
Credit deemed as a remittance of co-op corporations	841	
Credit expired	845	
Subtotal (line 841 plus line 845)	.....	B4
ITC at the beginning of the tax year (amount A4 minus amount B4)	850	
Credit transferred on an amalgamation or the wind-up of a subsidiary	860	
Total credit available (line 850 plus line 860)	.....	C4
Amount of unused credit carried forward from previous years and applied to reduce Part I tax payable in the current year	885	
ITC closing balance from pre-production mining expenditures (amount C4 minus line 885)	890	

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Apprenticeship Job Creation

Part 19 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number (SIN) or name) appears below? (If not, you cannot claim the tax credit.)

611

1 Yes ☐

2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the SIN or the name of the eligible apprentice.

A Contract number (SIN or name of apprentice)	B Name of eligible trade	C Eligible salary and wages*	D Column C x 10 %	E Lesser of column D or \$ 2,000
601	602	603	604	605
1. CJ9821	Power Technician	20,000	2,000	2,000
Total current-year credit (total of column E) Enter on line 640 in Part 20.				2,000 A5

* Other than qualified expenditure incurred, and net of any other government or non-government assistance received or to be received. Eligible salary and wages, and qualified expenditures are defined under subsection 127(9).

Part 20 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year		B5
Credit deemed as a remittance of co-op corporations	612	
Credit expired after 20 tax years	615	
Subtotal (line 612 plus line 615)		C5
ITC at the beginning of the tax year (amount B5 minus amount C5)	625	
Credit transferred on an amalgamation or the wind-up of a subsidiary	630	
ITC from repayment of assistance	635	
Total current-year credit (amount A5 in Part 19)	640	2,000
Credit allocated from a partnership	655	
Subtotal (total of lines 630 to 655)	2,000	D5
Total credit available (line 625 plus amount D5)		E5
Credit deducted from Part I tax	660	2,000
Credit carried back to previous years (amount G5 in Part 21)		h
Subtotal (line 660 plus amount h)	2,000	F5
ITC closing balance from apprenticeship job creation expenditures (amount E5 minus amount F5)	690	

Part 21 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day		
1st previous tax year				Credit to be applied	931
2nd previous tax year				Credit to be applied	932
3rd previous tax year				Credit to be applied	933
Total of lines 931 to 933					G5
Enter at amount h in Part 20.					

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Child Care Spaces

Part 22 – Eligible child care spaces expenditures

Enter the eligible expenditures that you incurred after March 18, 2007, and before March 22, 2017,* to create licensed child care spaces for the children of the employees and, potentially, for other children. You cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property)
- the specified child care start-up expenditures

Properties should be acquired and expenditures should be incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

Capital cost allowance class number	Description of investment	Date available for use	Amount of investment
665	675	685	695
1.			

Total cost of depreciable property from the current tax year (total of column 695) **715**

Specified child care start-up expenditures from the current tax year

705

Total gross eligible expenditures for child care spaces (line 715 plus line 705)

A6

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to in amount A6

725

Excess (amount A6 minus line 725) (if negative, enter "0")

B6

Repayments by the corporation of government and non-government assistance

735

Total eligible expenditures for child care spaces (amount B6 plus line 735)

745

* If you entered into a written agreement before March 22, 2017, eligible expenditures incurred before 2020 will remain eligible for the credit.

Part 23 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of \$10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745 in Part 22) **755** x 25 % = C6

Number of child care spaces **755** x \$ 10,000 = D6

ITC from child care spaces expenditures (amount C6 or D6, whichever is less) E6

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Part 24 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year		F6
Credit deemed as a remittance of co-op corporations	765	
Credit expired after 20 tax years	770	
Subtotal (line 765 plus line 770)		G6
ITC at the beginning of the tax year (amount F6 minus amount G6)	775	
Credit transferred on an amalgamation or the wind-up of a subsidiary	777	
Total current-year credit (amount E6 in Part 23)	780	
Credit allocated from a partnership	782	
Subtotal (total of lines 777 to 782)		H6
Total credit available (line 775 plus amount H6)		I6
Credit deducted from Part I tax	785	
Credit carried back to previous years (amount K6 in Part 25)		I
Subtotal (line 785 plus amount I)		J6
ITC closing balance from child care spaces expenditures (amount I6 minus amount J6)	790	

Part 25 – Request for carryback of credit from child care space expenditures

	<table border="1"> <thead> <tr> <th>Year</th> <th>Month</th> <th>Day</th> </tr> </thead> <tbody> <tr> <td>2019-12-31</td> <td></td> <td></td> </tr> <tr> <td>2018-12-31</td> <td></td> <td></td> </tr> <tr> <td>2017-12-31</td> <td></td> <td></td> </tr> </tbody> </table>	Year	Month	Day	2019-12-31			2018-12-31			2017-12-31			
Year	Month	Day												
2019-12-31														
2018-12-31														
2017-12-31														
1st previous tax year		Credit to be applied 941												
2nd previous tax year		Credit to be applied 942												
3rd previous tax year		Credit to be applied 943												
		Total of lines 941 to 943												
		Enter at amount I in Part 24.												
		K6												

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Recapture – Child Care Spaces

Part 26 – Recapture of ITC for corporations and partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property, one of the following situations takes place:

- the new child care space is no longer available
- property that was an eligible expenditure for the child care space is
 - disposed of or leased to a lessee
 - converted to another use

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a))

792

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC

795

25% of either the proceeds of disposition (if sold in an arm's length transaction)

or the fair market value (in any other case) of the property

797

Amount from line 795 or line 797, whichever is less

A7

Partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 24. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC

799

Total recapture of child care spaces investment tax credit (total of line 792, amount A7, and line 799)

B7

Enter at amount B8 in Part 27.

Summary of Investment Tax Credits

Part 27 – Total recapture of investment tax credit

Recaptured SR&ED ITC (amount F3 in Part 17)

A8

Recaptured child care spaces ITC (amount B7 in Part 26)

B8

Total recapture of investment tax credit (amount A8 plus amount B8)

C8

Enter on line 602 of the T2 return.

Part 28 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (line 260 in Part 5)

D8

ITC from SR&ED expenditures deducted from Part I tax (line 560 in Part 12)

E8

ITC from pre-production mining expenditures deducted from Part I tax (line 885 in Part 18)

F8

ITC from apprenticeship job creation expenditures deducted from Part I tax (line 660 in Part 20)

2,000 G8

ITC from child care space expenditures deducted from Part I tax (line 785 in Part 24)

H8

Total ITC deducted from Part I tax (total of amounts D8 to H8)

2,000 I8

Enter on line 652 of the T2 return.

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Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number	97	Apprenticeship job creation ITC			
Current year					
	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
	2,000	2,000			
Prior years					
Taxation year		ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2019-12-31					
2018-12-31					
2017-12-31					
2016-12-31					
2015-12-31					
2014-12-31					
2013-12-31					
2012-12-31					
2011-12-31					
2010-12-31					
2009-12-31					
2009-01-30					
2008-12-31					
2007-12-31					
2006-12-31					
2005-12-31					
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					
	Total				
B+C+D+G				Total ITC utilized	2,000

* The ITC end of year includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

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Canada Revenue
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du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
E.L.K. Energy Inc.	86656 7787 RC0001	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:

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	2,000,100
Retained earnings	104	5,748,833
Contributed surplus	105	
Any other surpluses	106	4,402,375
Deferred unrealized foreign exchange gains	107	
All loans and advances to the corporation	108	5,245,829
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)		17,397,137
		17,397,137 A

Note:

Line 112 is determined by the formula $(A - B) \times C/D$ (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.

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Part 1 – Capital (continued)

Subtotal A (from page 1) 17,397,137 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) **190** 17,397,137 B

Capital for the year (amount A minus amount B) (if negative, enter "0") **190** 17,397,137

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:

- 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).
- 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.
- 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) 17,397,137 C

Deduct: Investment allowance for the year (line 490) 500 D

Taxable capital for the year (amount C minus amount D) (if negative, enter "0") **500** 17,397,137

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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) 17,397,137 x $\frac{\text{Taxable income earned in Canada}}{\text{Taxable income}}$ $\frac{610}{608,623} = \text{Taxable capital employed in Canada}$ 690 17,397,137

- 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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Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Part 1 – All loans and advances to the corporation

Description	Operator (Note)	Amount
CP of customer deposits		2,055,830 00
LTP of customer deposits	+	
CP of SH Promissory Note	+	589,999 00
LTP of debt	+	
	+	2,600,000 00
	Total	5,245,829 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula 1+2*3 will not result in the same thing as the formula 1+3*2.

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E.L.K. Energy Inc.
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Canada Revenue
Agency Agence du revenu
du Canada

Schedule 50

Shareholder Information

Corporation's name E.L.K. Energy Inc.	Business number 86656 7787 RC0001	Tax year-end Year Month Day 2020-12-31
-------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.
- Provide only one number (business number, partnership account number, social insurance number or trust number) per shareholder.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business number or partnership account number (9 digits, 2 letters, and 4 digits. If not registered, enter "NR")	Social insurance number (9 digits)	Trust number (T followed by 8 digits)	Percentage common shares	Percentage preferred shares
	100	200	300	350	400	500
1	The Corporation of the Town of Essex	NR			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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E.L.K. Energy Inc.
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Schedule 500

Ontario Corporation Tax Calculation

Corporation's name E.L.K. Energy Inc.	Business number 86656 7787 RC0001	Tax year-end Year Month Day 2020-12-31
-------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- Use this schedule if your corporation had a **permanent establishment** (as defined in section 400 of the federal Income Tax Regulations) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- Legislative references are to the federal Income Tax Act and Income Tax Regulations.
- This schedule is a worksheet only and is not required to be filed with your T2 Corporation Income Tax Return.

Part 1 – Ontario basic income tax

Ontario taxable income ^{Note 1}	608,623	1A
Ontario basic rate of tax for the year	11.5 %	1B
Ontario basic income tax (amount 1A multiplied by amount 1B) ^{Note 2}	69,992	1C

Note 1 If your corporation had a permanent establishment only in Ontario, enter the amount from line 360 or amount Z, whichever applies, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Note 2 If your corporation had a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount 1C on line 270 of Schedule 5, Tax Calculation Supplementary – Corporations. Otherwise, enter it on line 760 of the T2 return.

Part 2 – Ontario small business deduction (OSBD)

Complete this part if your corporation claimed the federal small business deduction under subsection 125(1).

Line 400 of the T2 return	568,623	2A
Line 405 of the T2 return	608,623	2B
If your tax year starts before 2019, line 427 of the T2 return		2B.1
If your tax year starts after 2018		
Line 410 of the T2 return	500,000	2C
Line 415 of the T2 return	116,274	2D
Amount 2C	500,000	
Amount 2D	116,274	
$500,000 \times 116,274 = 5,167,733$		2E
Line 515 of the T2 return		2F
Subtotal (amount 2C minus amount 2E minus amount 2F)		2G
Amount 2A, 2B, and 2B.1 or 2G, whichever is the least		2H
Ontario domestic factor (ODF):		
Taxable income for Ontario ^{Note 3}	608,623.00	
Taxable income for all provinces ^{Note 4}	608,623	
$\frac{608,623.00}{608,623} = 1.00000$		2I
Amount 2H multiplied by amount 2I		2J
Ontario taxable income (amount 1A)	608,623	2K
Ontario small business income (amount 2J or 2K, whichever is less)		2L

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Part 2 – Ontario small business deduction (OSBD) (continued)

Ontario small business deduction for the year

Amount 2L _____ x $\frac{\text{Number of days in the tax year before January 1, 2020}}{\text{Number of days in the tax year } 366}$ x 8 % = _____ 2M

Amount 2L _____ x $\frac{\text{Number of days in the tax year after December 31, 2019}}{\text{Number of days in the tax year } 366}$ x 8.3 % = _____ 2N

Ontario small business deduction for the year (amount 2M plus amount 2N) **20**

Enter amount 20 on line 402 of Schedule 5.

Note 3 Enter amount 1A.

Note 4 Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 3 – Ontario adjusted small business income

Complete this part if your corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (amount 1A or 2H, whichever is the least) **3A**

Enter amount 3A at amount 4B in Part 4 of this schedule or at amount 2E in Part 2 of Schedule 502, Ontario Tax Credit for Manufacturing and Processing, whichever applies.

Part 4 – Credit union tax reduction

Complete this part and Schedule 17, Credit Union Deductions, if the corporation was a credit union throughout the tax year.

Amount 3C of Schedule 17 **4A**

Ontario adjusted small business income (amount 3A) **4B**

Subtotal (amount 4A minus amount 4B, if negative, enter "0") **4C**

Amount 4C _____ x $\frac{\text{Number of days in the tax year before January 1, 2020}}{\text{Number of days in the tax year } 366}$ x 8 % = _____ **4D**

Amount 4C _____ x $\frac{\text{Number of days in the tax year after December 31, 2019}}{\text{Number of days in the tax year } 366}$ x 8.3 % = _____ **4E**

Total (amount 4D plus amount 4E) **4F**

Ontario domestic factor (amount 2I) **1.00000 4G**

Ontario credit union tax reduction (amount 4F multiplied by amount 4G) **4H**

Enter amount 4H on line 410 of Schedule 5.

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E.L.K. Energy Inc.
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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
E.L.K. Energy Inc.	86656 7787 RC0001	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:
 - a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
 - a mortgage investment corporation under subsection 130.1(6) of the federal Act;
 - a deposit insurance corporation under subsection 137.1(5) of the federal Act;
 - a congregation or business agency to which section 143 of the federal Act applies;
 - an investment corporation as referred to in subsection 130(3) of the federal Act; or
 - a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	30,117,851
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	889,198
Total assets (total of lines 112 to 116)		31,007,049
Total revenue of the corporation for the tax year **	142	45,018,928
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	375,226
Total revenue (total of lines 142 to 146)		45,394,154

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.

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Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *		210	1,176,701
Add (to the extent reflected in income/loss):			
Provision for current income taxes/cost of current income taxes	220	478,984	
Provision for deferred income taxes (debits)/cost of future income taxes	222		
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	478,984	478,984 A
Deduct (to the extent reflected in income/loss):			
Provision for recovery of current income taxes/benefit of current income taxes	320		
Provision for deferred income taxes (credits)/benefit of future income taxes	322		
Equity income from corporations	324		
Financial statement income from partnerships and joint ventures	326		
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330		
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332		
Gain on donation of listed security or ecological gift	340		
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342		
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344		
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346		
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348		
Other deductions (see note below):			
Share of adjusted net loss of partnerships and joint ventures **	328		
Tax payable on dividends under subsection 191.1(1) of the federal Act multiplied by 3	334		
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336		
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338		
381	382		
383	384		
385	386		
387	388		
389	390		
	Subtotal		B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)	490	1,655,685	

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.

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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 GIF1 (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				
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		
Amount from line 520	x	Number of days in the tax year before July 1, 2010	x	4 % =	1
		Number of days in the tax year	366		
Amount from line 520	x	Number of days in the tax year after June 30, 2010	366	x 2.7 % =	2
		Number of days in the tax year	366		
Subtotal (amount 1 plus amount 2)					3
Gross CMT: amount on line 3 above x OAF **					540
Deduct:					
Foreign tax credit for CMT purposes ***					550
CMT after foreign tax credit deduction (line 540 minus line 550) (if negative, enter "0")					D
Deduct:					
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)					69,992
Net CMT payable (if negative, enter "0")					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".

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Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year * G

Deduct:

CMT credit expired * 600

CMT credit carryforward at the beginning of the current tax year * (see note below) 620

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) H

Deduct:

CMT credit deducted in the current tax year (amount P from Part 5) I

Subtotal (amount H minus amount I) J

Add:

Net CMT payable (amount E from Part 3)

SAT payable (amount O from Part 6 of Schedule 512)

Subtotal K

CMT credit carryforward at the end of the tax year (amount J plus amount K) 670 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) M

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 69,992 1

For a corporation that is not a life insurance corporation:

CMT after foreign tax credit deduction (amount D from Part 3) 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: 6

Subtotal (if negative, enter "0") 69,992

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) 69,992

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") 69,992

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.

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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.

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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.

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001



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
E.L.K. Energy Inc.	86656 7787 RC0001	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	Business number (Canadian corporation only) (see Note 1)	Total assets* (see Note 2)	Total revenue** (see Note 2)
	200	300	400	500
1	E.L.K. Solutions Inc.	86487 7519 RC0001	889,198	375,226
2	The Corporation of the Town of Essex	NR	0	0
			Total	
			450 889,198	550 375,226

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.

T2 SCH 511

Canada

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001



SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation E.L.K. Energy Inc.	Business Number 86656 7787 RC0001	Tax year-end Year Month Day 2020-12-31
--------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the Ontario *Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit www.ServiceOntario.ca for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record) E.L.K. Energy Inc.		
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent Ontario	110 Date of incorporation or amalgamation, whichever is the most recent Year Month Day 2000-01-06	120 Ontario Corporation No. 1395434

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)			
210 Street number 172	220 Street name/Rural route/Lot and Concession number Forest Avenue	230 Suite number	
240 Additional address information if applicable (line 220 must be completed first)			
250 Municipality (e.g., city, town) Essex	260 Province/state ON	270 Country CA	280 Postal/zip code N8M 3E4

Part 3 – Change identifier

Have there been any changes in any of the information, most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit www.ServiceOntario.ca.

- 300 ☒ 1 If there have been no changes, enter 1 in this box and then go to "Part 4 – Certification."
If there are changes, enter 2 in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 Danelon	451 Mark
Last name	First name
454	
Middle name(s)	

- 460 ☒ 2 Please enter one of the following numbers in this box for the above-named person: 1 for director, 2 for officer, or 3 for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter 1 or 2.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001

Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500	<input type="checkbox"/>	Please enter one of the following numbers in this box:	1 - Show no mailing address on the MGS public record. 2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule. 3 - The corporation's complete mailing address is as follows:
510	Care of (if applicable)		
520	Street number	530	Street name/Rural route/Lot and Concession number
		540	Suite number
550	Additional address information if applicable (line 530 must be completed first)		
560	Municipality (e.g., city, town)	570	Province/state
		580	Country
		590	Postal/zip code

Part 6 – Language of preference

600	<input type="checkbox"/>	Indicate your language of preference by entering 1 for English or 2 for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.
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CLIENT COPY

2020-12-31

E.L.K. Energy Inc.
86656 7787 RC0001



Canada Revenue Agency
Agence du revenu
du Canada

Information Return for Corporations Filing Electronically

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

Part 1 – Identification

Corporation's name E.L.K. Energy Inc.				Business number 86656 7787 RC0001	
Tax year start	Year Month Day 2020-01-01	Tax year-end	Year Month Day 2020-12-31	Is this an amended return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Get your CRA mail electronically delivered in My Business Account at canada.ca/my-cra-business-account (optional)

Email address: _____

I understand that by providing an email address, I am registering the corporation to receive email notifications from the CRA. I understand and agree that all notices and other correspondence eligible for electronic delivery will no longer be printed and mailed. The CRA will notify the corporation at this email address when they are available in My Business Account and requiring immediate attention. They will be presumed to have been received on the date that the email is sent. For more information, see canada.ca/cra-business-email-notifications.

Part 2 – Declaration

Enter the following amounts, if applicable, from the T2 return for the tax year noted above:

Net income or loss for income tax purposes from Schedule 1, financial statements, or General Index of Financial Information (GIFI) (line 300)	2,287,619
Part I tax payable (line 700)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	

Part 3 – Certification and authorization

I, Danelon Last name Mark First name Director Finance Position, office, or rank

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

I authorize the transmitter identified in Part 4 to electronically file the T2 Corporation Income Tax Return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

Date (yyyy/mm/dd) _____ Signature of an authorized signing officer of the corporation _____ Telephone number (519) 776-5291

Part 4 – Transmitter identification

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

KPMG LLP	C5622
Name of person or firm	Electronic filer number

Privacy statement

Personal information is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties, or other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 and CRA PPU 211 on Info Source at canada.ca/cra-info-source

1 **TAB 10 - NON-RECOVERABLE AND DISALLOWED EXPENSES**

2 **1.0 Non-recoverable and Disallowed Expenses**

3 E.L.K. confirms that there are no charitable donations included in the revenue requirement or
4 included as deductions in the PILS calculation.

TAB 11 - CONSERVATION AND DEMAND MANAGEMENT (“CDM”)

1.0 Conservation and Demand Management Costs

On March 31, 2010, the Minister of Energy and Infrastructure issued a directive (the “Directive”) to the OEB regarding electricity CDM targets to be met by licensed electricity distributors. The Directive required that the OEB amend the licenses of distributors to add, as a condition of licence, the requirement for distributors to achieve reductions in electricity demand through the delivery of CDM programs over a four-year period beginning January 1, 2011. Section 12 of the Directive required that the OEB have regard to the objective that lost revenues that result from CDM Programs should not act as a disincentive to a distributor.

On April 26, 2012, the OEB issued Guidelines for Electricity Distributor Conservation and Demand Management (“CDM Guidelines”). In keeping with the Directive, the OEB adopted a mechanism to capture the difference between the results of actual, verified impacts of authorized CDM activities undertaken by distributors between 2011 and 2014 and the level of activities embedded into rates through the distributors load forecast in an LRAM variance account.

On March 20, 2019, the Minister of Energy, Northern Development and Mines (“MENDM”) issued a directive to the IESO mandating the discontinuance of the CFF and the establishment of an Interim Framework for CDM programming. Under the Interim Framework, the new province-wide target for CDM savings was 1.4 TWh and the framework was scheduled to expire on December 31, 2020.

Subsequent to the discontinuance of the 2015-2020 CFF, on June 20, 2019, the OEB issued a letter to distributors stating that distributors should continue to have access to LRAM related to the successful delivery of CFF programs. In addition, the OEB updated the Chapter 2 filing requirements to make modifications reflecting the new requirements set forth in the Interim Framework.

On July 22, 2020 the MENDM issued a directive to the IESO mandating the extension of timelines for certain projects and related deadlines under the CFF to June 30, 2021. These extensions are intended to offset the disruptions caused by COVID-19 for participants and those businesses involved in delivering CDM programs. Contracted program participants in the certain CFF programs are eligible for project extensions to June 30, 2021 (Retrofit Program, Process and

1 Systems Upgrade Program, Residential New Construction Program, High Performance New
2 Construction Program).

3 On September 30, 2020, MENDM directed the IESO to implement a 2021-2024 Conservation and
4 Demand Management Framework launching January 1, 2021. The new framework will be
5 centrally-delivered by the IESO under the Save on Energy brand and will include incentive
6 programs targeted to those who need them most, including opportunities for commercial, industrial,
7 institutional, on-reserve First Nations, and income-eligible electricity consumers. However, no
8 further details are available at this point.

9 CDM activity under the CFF was predominately funded through programs contracted with the IESO
10 and the Global Adjustment mechanism, and therefore costs directly attributable to these CDM
11 programs (e.g. staff labour dedicated to such programs) must not be included in the revenue
12 requirement to be recovered through distribution rates.

13 E.L.K. confirms that no CDM costs are included in its revenue requirement.

14 **2.0 Lost Revenue Adjustment Mechanism (“LRAM”)**

15 The Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) is a retrospective
16 adjustment designed to account for differences between forecast revenue loss attributable to CDM
17 activity embedded in rates and actual revenue loss due to the impacts of CDM programs. The OEB
18 established Account 1568 as the LRAMVA to capture the difference between the OEB-approved
19 CDM forecast and actual results at the customer rate class level calculated as the difference
20 between the following:

- 21 • The results of the actual verified impacts of authorized CDM activities undertaken by the
22 electricity distributor for OEB-approved CDM programs and/or OPA-Contracted Province-
23 Wide CDM programs in relation to activities undertaken by the distributor and/or delivered
24 for the distributor by a third party under contract (in the distributor’s franchise area); and
- 25 • The level of CDM program activities included in the distributor’s load forecast (i.e. the level
26 embedded into rates).

27 At a minimum, distributors must apply for the clearance of its energy and/or demand related
28 LRAMVA balances attributable to energy efficiency programs in their respective rebasing

1 application. Distributors may apply for the disposition of the balance in the LRAMVA on an annual
2 basis, as part of their IRM rate applications, if the balance is deemed significant by the applicant.

3 On May 19, 2016, the OEB issued the *Report on Updated Policy for the Lost Revenue Adjustment*
4 *Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and*
5 *Demand Management Programs* (“the LRAMVA Report”). The OEB updated its policy on how
6 peak demand savings from energy efficiency and demand response programs should be treated
7 for LRAMVA purposes.

8 In July 2016, the OEB developed a generic LRAMVA work form to provide distributors with a
9 consistent approach to calculate LRAMVA.

10 In December 2016, the OEB indicated in various decisions that changes to an approved LRAMVA
11 amount were not permitted. This policy affects the treatment of verified savings adjustments that
12 can be claimed by distributors. If an LRAMVA amount was approved and disposed, the persistence
13 of the savings adjustment(s) can only be claimed on a “go-forward” basis. LDCs cannot seek
14 recovery of LRAMVA amounts related to savings adjustments for a year in which the corresponding
15 LRAMVA amount has been approved by the OEB on a final basis.

16 **3.0 LRAM Variance Account (LRAMVA)**

17 For CDM programs the Board established Account 1568 as the LRAMVA to capture the variance
18 between the Board-approved CDM forecast and the actual results at the customer rate class level.
19 At a minimum, distributors must apply for the disposition of the balance in the LRAMVA as part of
20 their COS applications. In accordance with these guidelines, E.L.K. is requesting approval for the
21 recovery of lost revenue resulting from persistent CDM impacts realized from 2015 to 2020 in its
22 CDM activities, including carrying charges through to April 30, 2022. The total amount requested
23 for recovery is \$121,668, including carrying charges of \$6,455. E.L.K. has completed the OEB’s
24 LRAMVA Workform, which has been submitted with this application in Excel format. The amounts
25 requested for recovery are summarized in Table 4-53 below.

1

Table 4-51 LRAM Summary

Lost Revenue Year	Program Year	Residential	GS < 50 kW	GS>50 kW	Sentinel Lighting	Street Lighting	USL	Total
2016	2011	\$1,506	\$587	\$282	\$0	\$0	\$0	\$2,375
	2012	\$963	\$2,174	\$1,854	\$0	\$0	\$0	\$4,991
	2013	\$1,639	\$709	\$729	\$0	\$0	\$0	\$3,077
	2014	\$3,213	\$1,423	\$611	\$0	\$0	\$0	\$5,247
	2015	\$3,856	\$2,457	\$2,878	\$0	\$0	\$0	\$9,191
	2016	\$9,467	\$178	\$789	\$0	\$0	\$0	\$10,435
Forecast Lost Revenues in 2016		(\$5,160)	(\$1,288)	(\$2,696)	(\$269)	(\$579)	(\$3)	(\$9,995)
2016 Net Lost Revenue Total		\$15,485	\$6,238	\$4,448	(\$269)	(\$579)	(\$3)	\$25,320
2017	2011	\$1,167	\$137	\$284	\$0	\$0	\$0	\$1,589
	2012	\$738	\$1,849	\$1,799	\$0	\$0	\$0	\$4,386
	2013	\$1,364	\$607	\$485	\$0	\$0	\$0	\$2,456
	2014	\$2,777	\$1,067	\$605	\$0	\$0	\$0	\$4,449
	2015	\$3,341	\$2,457	\$2,904	\$0	\$0	\$0	\$8,702
	2016	\$8,214	\$178	\$797	\$0	\$0	\$0	\$9,189
	2017	\$14,629	\$1,094	\$421	\$0	\$0	\$0	\$16,143
Forecast Lost Revenues in 2017		(\$4,477)	(\$1,288)	(\$2,720)	(\$272)	(\$585)	(\$3)	(\$9,344)
2017 Net Lost Revenue Total		\$27,753	\$6,100	\$4,575	(\$272)	(\$585)	(\$3)	\$37,569
2018	2011	\$553	\$140	\$289	\$0	\$0	\$0	\$981
	2012	\$306	\$1,886	\$1,824	\$0	\$0	\$0	\$4,016
	2013	\$625	\$597	\$475	\$0	\$0	\$0	\$1,697
	2014	\$1,291	\$1,088	\$614	\$0	\$0	\$0	\$2,993
	2015	\$1,583	\$2,523	\$2,948	\$0	\$0	\$0	\$7,053
	2016	\$3,898	\$182	\$808	\$0	\$0	\$0	\$4,888
	2017	\$5,473	\$1,133	\$433	\$0	\$0	\$0	\$7,038
	2018	\$1,620	\$364	\$903	\$0	\$0	\$0	\$2,887
Forecast Lost Revenues in 2018		(\$2,125)	(\$1,314)	(\$2,761)	(\$276)	(\$593)	(\$3)	(\$7,071)
2018 Net Lost Revenue Total		\$13,224	\$6,598	\$5,533	(\$276)	(\$593)	(\$3)	\$24,483
2019	2011	\$152	\$140	\$291	\$0	\$0	\$0	\$583
	2012	\$76	\$1,886	\$1,839	\$0	\$0	\$0	\$3,801
	2013	\$152	\$597	\$479	\$0	\$0	\$0	\$1,228
	2014	\$320	\$1,088	\$619	\$0	\$0	\$0	\$2,027

Lost Revenue Year	Program Year	Residential	GS < 50 kW	GS>50 kW	Sentinel Lighting	Street Lighting	USL	Total
	2015	\$392	\$2,523	\$2,971	\$0	\$0	\$0	\$5,886
	2016	\$975	\$182	\$815	\$0	\$0	\$0	\$1,971
	2017	\$1,368	\$1,133	\$436	\$0	\$0	\$0	\$2,937
	2018	\$403	\$363	\$911	\$0	\$0	\$0	\$1,678
	2019	\$15	\$868	\$164	\$0	\$0	\$0	\$1,046
Forecast Lost Revenues in 2019		(\$531)	(\$1,314)	(\$2,783)	(\$278)	(\$598)	(\$3)	(\$5,507)
2019 Net Lost Revenue Total		\$3,322	\$7,465	\$5,742	(\$278)	(\$598)	(\$3)	\$15,650
2020	2011	\$0	\$140	\$292	\$0	\$0	\$0	\$432
	2012	\$0	\$1,871	\$1,819	\$0	\$0	\$0	\$3,690
	2013	\$0	\$597	\$481	\$0	\$0	\$0	\$1,078
	2014	\$0	\$1,051	\$589	\$0	\$0	\$0	\$1,640
	2015	\$0	\$2,523	\$2,980	\$0	\$0	\$0	\$5,503
	2016	\$0	\$182	\$817	\$0	\$0	\$0	\$999
	2017	\$0	\$1,132	\$438	\$0	\$0	\$0	\$1,570
	2018	\$0	\$362	\$910	\$0	\$0	\$0	\$1,272
	2019	\$0	\$828	\$164	\$0	\$0	\$0	\$993
	2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Forecast Lost Revenues in 2020		\$0	(\$1,314)	(\$2,791)	(\$279)	(\$600)	(\$3)	(\$4,987)
2020 Net Lost Revenue Total		\$0	\$7,373	\$5,699	(\$279)	(\$600)	(\$3)	\$12,190
Carrying Charges to December 31, 2021		\$3,932	\$1,549	\$1,180	(\$65)	(\$140)	(\$1)	\$6,455
Total (Net of Forecast Lost Revenues)		\$63,716	\$35,323	\$27,178	(\$1,438)	(\$3,096)	(\$16)	\$121,668

At a minimum, distributors must apply for the disposition of the balance in the LRAMVA as part of their COS applications. E.L.K. is requesting approval for the recovery of the LRAMVA resulting from the variance between the following CDM activities and the threshold values.

- 2016 IESO programs for 2016 which also persist into 2017, 2018, 2019 and 2020
- 2017 IESO programs for 2017 which also persist into 2018, 2019 and 2020
- 2018 IESO programs for 2018 which also persist into 2019 and 2020
- 2019 IESO programs for 2019 which also persist into 2020
- 2020 programs

E.L.K. is seeking disposition, including carrying charges through to April 30, 2022. The amount requested for recovery is \$115,212 plus carrying charges of \$6,455 which in total is \$121,668. The amounts requested for recovery have been included in the DVA Continuity Schedule model and summarized in Table 4-54 - below by rate class.

Table 4-52 – Summary of Requested LRAM Amounts

Rate Class	LRAMVA up to Dec 31, 2020	Carrying Charges up to Apr. 30, 2022	Total
Residential	\$59,784.05	\$3,932.19	\$63,716.24
General Service < 50 kW	\$33,773.58	\$1,549.31	\$35,322.89
General Service > 50 kW	\$25,997.21	\$1,180.36	\$27,177.58
Street Lights	(\$2,955.10)	(\$65.25)	-\$3,020.35
Sentinel Lights	(\$1,372.49)	(\$140.49)	-\$1,512.98
Unmetered Scattered Loads	-\$14.92	(\$0.71)	-\$15.63
Total	\$115,212	\$6,455	\$121,668

The 2011-2015 Results Report, the 2017 IESO Final Verified Results, and the Participation and Cost reports for 2018 to April 2019 are provided as Exhibit 4, Tab 11, Attachments 1, 2, and 3, respectively. Additionally, a CDM Summary workbook has been prepared and is provided as Exhibit 4, Tab 11, Attachment 4. This workbook reconciles CDM data from the IESO reports with the data used in the LRMAVA Workform and load forecast. Calculations for additional savings from programs for which there was a contractual agreement prior to April 2019 but not included in the IESO reports are provided in the 'Post-CFF (2019)' tab of the CDM Summary.

E.L.K.'s last LRAMVA claim was in its 2017 Cost of Service application (EB-2016-0066) for the years 2011 to 2015. The LRAMVA threshold applicable to E.L.K. in the years 2016 to 2020 is the threshold set as part of its 2012 COS proceeding (EB-2011-0099 Settlement Agreement, page 23). The April 2019 Participation and Cost Report provides first-year savings and savings persisting to 2020. Savings in other years are calculated by applying the applicable persistence rates as provided in the 'Reference Tables' tab of the Participation and Cost report. If persistence rates are not available, the annual average loss in persistence from first-year savings to 2020 are applied to in-between years.

1 Net incremental peak demand savings are not provided in the April 2019 Participation and Cost
2 Report. For the Save on Retrofit, Save on Small Business Lighting, and High-Performance New
3 Construction programs, the average kW to kWh ratio of the programs' historic savings are applied
4 to net incremental energy savings to approximate net incremental demand savings. The kW to
5 kWh ratio of the Save on Energy Business Refrigeration program is the 2017 province-wide kW
6 to kWh ratio associated with that program. Calculations based on the April 2019 Participation and
7 Cost report are made in tab '7. Persistence Report'.

8 Residential programs have been allocated fully to the Residential class. The Non-Residential
9 (previously labeled Commercial & Industrial Programs) are allocated to General Service < 50 kW
10 and General Service > 50 kW based on the energy savings of projects attributable to each class
11 within the program. For each program in a given year, total energy savings of projects undertaken
12 by each class are evaluated against the total energy savings among all classes in that program.
13 This process used project data from the IESO-provided Final Verified Annual LDC CDM Program
14 Results Project List Generator. A similar method was used prior to the Conservation First
15 Framework with data tracked by E.L.K. on a best-efforts basis.

16 Carrying charges are calculated to April 30, 2022 with the Deferral and Variance Account
17 prescribed interest rate up to Q4 2021. The rate applicable in Q4 2022 has been assumed for Q1
18 and Q2 2022.

19 **3.1 Disposition of LRAMVA**

20 E.L.K. is requesting approval for the recovery of lost revenue resulting from persistent CDM
21 impacts realized from 2016-2020 CDM activity by way of volumetric rate riders over a one-year
22 period from each applicable customer class. Table 4-55 sets the corresponding amounts by class,
23 as well as the corresponding rate rider based on forecasted 2022 billing determinants.

1

Table 4-53 – Proposed LRAMVA Rate Riders

Rate Classification	Total Lost Revenues	Total Interest	Total LRAM	Billing Determinant	Forecast kWh/kW	Proposed Rate Rider
Residential	\$59,784	\$3,932	\$63,716	kWh	93,507,179	\$0.0007
General Service < 50 kW	\$33,774	\$1,549	\$35,323	kWh	27,656,663	\$0.0013
General Service > 50 kW	\$25,997	\$1,180	\$27,178	kW	199,000	\$0.1366
Street Lights	(\$2,955)	(\$140)	(\$3,096)	kW	3,787	(\$0.8174)
Sentinel Lights	(\$1,372)	(\$65)	(\$1,438)	kWh	373	(\$3.8507)
Unmetered Loads	(\$15)	(\$1)	(\$16)	kW	248,217	(\$0.0001)
Embedded Distributor	\$0	\$0	\$0	kW		
Total LRAM Claim	\$115,212	\$6,455	\$121,668			

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Attachment 1 of 4
2011-2015 LDC CDM Program Persistince Results Report

This attachment has been filed in excel format.

Attachment 2 of 4
2017 IESO Final Results

This attachment has been filed in excel format.

Attachment 3 of 4
April 2019 Participation & Cost Report

This attachment has been filed in excel format.

Attachment 4 of 4
CDM Summary

This attachment has been filed in excel format.