EXHIBIT 2 – RATE BASE & DSP

2025 Cost of Service

Algoma Power Inc.
EB-2024-0007

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2.1 OVERVIEW OF RATE BASE

2.1.1 RATE BASE OVERVIEW

As outlined in Exhibit 1, API adopted changes in capitalization policies and depreciation rates to align with International Financial Reporting Standards ("IFRS") on January 1, 2013, and the changes were reflected and approved in API's previous Cost of Service applications, EB-2014-0055 and EB-2019-0019. The rate base values presented within this Application have been reported using this methodology. Although, API's financial information is reported under Accounting Standards for Private Enterprises ("ASPE"), API has also used the terminology Modified International Financial Reporting Standards ("MIFRS") as it relates to referring to the January 1, 2013 changes noted above.

The net fixed assets used to determine rate base includes distribution assets only as API does not have non-distribution assets, nor does it conduct non-distribution activities. Controllable expenses for the purpose of the working capital calculation in Section 2.4 include operations and maintenance, billing and collecting and administration expenses, all of which are discussed in detail in Exhibit 4. API has applied the 7.5% default working capital allowance in accordance with the OEB letter dated June 3, 2015, Allowance for Working Capital for Electricity Distribution Rate Applications.

API has calculated its 2025 test year rate base to be $177,796,465. This rate base has also been used to determine the proposed revenue requirement found in Exhibit 6. Table 1 - Test Year Rate Base below presents API's Rate Base calculations for the Test Year.

Table 1 - Test Year Rate Base

Net Fixed Assets	2025 Test Year
Opening NBV	$ 172,167,954
Closing NBV	$ 176,058,022
Average Net Fixed Assets	**$ 174,112,988**
Working Capital Allowance	**2025 Test Year**
OM&A (incl LEAP and Property	$ 16,579,014
Cost of Power Expense	$ 32,534,015
Working Capital Base	$ 49,113,029
Working Capital Allowance Ra	7.50%
Working Capital Allowance	**$ 3,683,477**
Rate Base	**2025 Test Year**
Net Fixed Assets	$ 174,112,988
Working Capital Allowance	$ 3,683,477
Rate Base	**$ 177,796,465**

In this Exhibit, API will provide explanations based on in-service capital additions rather than Capital Expenditure, which is the CAPEX, adjusted for construction work in progress (WIP).

During the 2020-2024 DSP cycle three significant one-time projects came into service. Two of the three projects were previously planned for in the 2020-2024 DSP, through ACM proposals included with the 2020 COS. Details regarding the two ACM projects are included in sections 2.5.5 and 2.5.6. The third project was customer driven and is outlined below.

Customer-Driven Project: #4 Circuit 10 MW Capacity Increase

In early 2022, API entered into an agreement for the "Goudreau East 44kV Expansion Project" to construct 11.2km of new and replacement 44kV lines and remove 9.2km of existing line along the #4 Circuit, in order to facilitate the request to provide 8MW in total incremental General Service >50kW Load.

API's #4 circuit is a 44kV radial express line, which extends 88 km through a vast expanse of wilderness from Limer and Highway 101 to serve small pockets of mostly residential and seasonal customers in Hawk Junction, Goudreau, Dubreuilville, Lochalsh and Missanabie, as well as large industrial loads. Further details of this circuit are included in section 5.3.2.2 of the DSP.

In preparing this project, API reviewed the work to be completed and determined that the project requires the removal and replacement of portions of the #4 Circuit which would have been replaced in the near future, concluding with the complete replacement of the 9.2 km section of the #4 Circuit beginning in 2031, when the assets would have reached the end of their Useful Lives.

Section 3.1.7A of the Distribution System Code reads as follows:

> 3.1.7A Where a distributor-owned asset has not reached its end-of-life and is replaced at the request of a customer, the distributor shall recover a capital contribution from the customer. The capital contribution shall be equal to the remaining net book value of the replaced asset plus the advancement cost.

API has applied the requirements in the above-quoted section of the DSC in its cost recovery arrangements with the connecting customers for the portions of the project related to the replacement work.

Specifically, API has estimated the future cost of the replacement of 9.2 km of line by multiplying the actual construction cost per km of line in the project by an inflation factor assumption of 2% per year.

API forecasted that, consistent with its sample pole testing at the time of the agreement, API would replace approximately 1.84% of the lines each year from 2022 to 2031 (18.4% of the lines over 10 years or 1.7km), until the remaining portions (81.6% of the lines or 7.5 km) would be replaced in 2032 and 2033 due to reaching the end of their useful life.

Using the factors outlined above, API estimated the future cost of the replacements, discounted back to 2022, to be approximately $3.5M, as outlined in the table below.

Table 2 - Calculation of #4 Circuit Replacement Credit

	Proportion of Line to be Rebuilt in Lieu of Project	Km of Line Replaced per Year in Lieu of Project	Rebuild Cost per km of Line (adj. 2% annually)	Estimated Rebuild Cost Per Year	Mid Year Discount Factor (5.454% after tax)	Discounted Replacement Cost per Year
2022	1.84%	0.2	$ 527,225.76	$ 89,248.78	97%	$ 86,910.46
2023	1.84%	0.2	$ 537,770.28	$ 91,033.75	92%	$ 84,063.30
2024	1.84%	0.2	$ 548,525.68	$ 92,854.43	88%	$ 81,309.84
2025	1.84%	0.2	$ 559,496.19	$ 94,711.52	83%	$ 78,646.55
2026	1.84%	0.2	$ 570,686.12	$ 96,605.75	79%	$ 76,070.26
2027	1.84%	0.2	$ 582,099.84	$ 98,537.86	75%	$ 73,578.22
2028	1.84%	0.2	$ 593,741.84	$ 100,508.62	71%	$ 71,168.14
2029	1.84%	0.2	$ 605,616.67	$ 102,518.79	67%	$ 68,837.27
2030	1.84%	0.2	$ 617,729.01	$ 104,569.17	64%	$ 66,582.33
2031	1.84%	0.2	$ 630,083.59	$ 106,660.55	60%	$ 64,401.64
2032	41%	3.8	$ 642,685.26	$ 2,412,383.39	57%	$ 1,381,258.36
2033	41%	3.8	$ 655,538.96	$ 2,460,631.06	54%	$ 1,335,999.63
	100.00%	**9.2**				**$ 3,468,825.99**

The project cost of $11,233,479, plus an additional $15,062 for the remaining Net Book Value of the replaced assets, were used as the capital cost inputs for the economic evaluation completed for the connecting customers. API applied the $3.5M above as a "replacement credit", representing the discounted value of work which API would have completed in the future to reduce the project costs allocated to the customer. The replacement credit is subject to the OEB's approval of the inclusion of the $3.5M in rate base.

Through the approach taken, API has satisfied the requirements of section 3.1.7A of the DSC, as the customers will be responsible for the actual cost of the replacement "today", which forms part of the $11.2M, less the future cost of the replacement, discounted to today's dollars. The

difference between these two items represents the advancement credit[1], which is the portion of the replacement cost allocated to the customers as the net cost in their economic evaluation. As noted above, API has also allocated the early NBV write-offs associated with the assets to the customers, fulfilling the requirements in Section 3.1.7A.

The total gross in-service assets associated with this project are $11,233,479 as outlined above[2]. API has reflected CIAC to be received in 2024 of $3,461,610, resulting in net in-service additions for this project of $7,771,868. These in-service additions are inclusive of the $3,468,826 in replacement costs for assets which would have been otherwise slated for replacement between 2022-2033.

API notes that in completing the project engineering, it determined that based on its forecasts, upon replacing the section of line in question (i.e.: by 2033, in lieu of the Goudreau East Project), it would have increased the capacity available on the line by 2MW. API reserved 2 MW for future use given the radial nature of the line and the communities served from the facility. This treatment ensures that ratepayers are no worse off as a result of the project: the benefits (2MW upgraded capacity on the #4 Circuit) and costs ($3.5M in capital expenditures) are equivalent to what they would have been by 2033. Additionally, API expects the customers will benefit from the early replacement of the line through improved outage mitigation as a result of the newer assets.

2.1.2 RATE BASE TREND

Table 2 - Rate Base Trend below presents API's Rate Base calculations for the historical period 2020-2025, including the opening and closing balances for gross assets and accumulated depreciation each year. API has calculated the average of the opening and closing net fixed

[1] API notes this treatment is essentially equivalent to the OEB's calculation of advancement costs per its Letter on Designated Broadband Project Cost Allocation, dated February 9, 2023. As the agreements were finalized in 2022, API did not have this guidance at the time the agreements were prepared.
[2] $11,055,420 included with 2023 in-service additions, and an additional 178,057 included with 2024 in-service additions under the System Access- Industrial Services category.

assets in every year. Working capital allowance, calculated using a 7.5% rate is also shown for every year in the table below.

Table 3 - Rate Base Trend

Year	2020	2020	2021	2022	2023	2024	ACM Addns	2025
Version	Board Approved	Actual	Actual	Actual	Actual	Bridge Year		Test Year
Gross FA - Open	$191,735,585	$187,593,435	$192,075,481	$200,035,089	$207,813,776	$226,301,889		$267,633,461
Gross FA - Closin	$200,479,361	$192,075,481	$200,035,089	$207,813,776	$226,301,889	$239,972,587	$ 27,660,874	$277,843,950
Gross FA - Avg	**$196,107,473**	**$189,834,458**	**$196,055,285**	**$203,924,433**	**$217,057,832**	**$233,137,238**		**$272,738,705**
Acc. Depr. - Ope	-$ 76,934,177	-$ 76,332,743	-$ 78,213,558	-$ 82,051,026	-$ 84,586,116	-$ 88,954,683		-$ 95,465,507
Acc. Depr. - Clos	-$ 81,423,081	-$ 78,213,558	-$ 82,051,026	-$ 84,586,116	-$ 88,954,683	-$ 94,386,856	-$ 1,078,651	-$101,785,928
Acc. Depr.- Avg	**-$ 79,178,629**	**-$ 77,273,150**	**-$ 80,132,292**	**-$ 83,318,571**	**-$ 86,770,399**	**-$ 91,670,769**		**-$ 98,625,717**
Net FA - Avg	**$116,928,844**	**$112,561,308**	**$115,922,994**	**$120,605,862**	**$130,287,433**	**$141,466,468**	**$ 26,582,223**	**$174,112,988**
WCA	**$ 2,791,721**	**$ 3,275,162**	**$ 3,052,949**	**$ 3,256,024**	**$ 3,187,341**	**$ 3,246,139**		**$ 3,683,477**
Total Rate Base	**$119,720,565**	**$115,836,470**	**$118,975,943**	**$123,861,886**	**$133,474,774**	**$144,712,608**		**$177,796,465**

Table 3 below compares API's 2020 Board Approved Rate Base with the 2025 Test Year Rate Base proposed in this Application.

As outlined in Exhibit 1, API's materiality threshold is $175,000.

Table 4 – Variance Analysis- 2020 BA to 2025 TY

Year	2020	2025	2025 vs.2020
Version	Board Approved	Test Year	Variance
Gross FA - Opening	$ 191,735,585	$ 267,633,461	
Gross FA - Closing	$ 200,479,361	$ 277,843,950	
Gross FA - Avg	**$ 196,107,473**	**$ 272,738,705**	**$ 76,631,232**
Acc. Depr. - Opening	-$ 76,934,177	-$ 95,465,507	
Acc. Depr. - Closing	-$ 81,423,081	-$ 101,785,928	
Acc. Depr.- Avg	**-$ 79,178,629**	**-$ 98,625,717**	**-$ 19,447,088**
	$ -	$ -	
Net FA - Avg	$ 116,928,844	$ 174,112,988	$ 57,184,144
WCA	**$ 2,791,721**	**$ 3,683,477**	**$ 891,756**
	$ -	$ -	
Total Rate Base	**$ 119,720,565**	**$ 177,796,465**	**$ 58,075,900**

Rate base has increased by $58.1M compared to the 2020 Board Approved Amount. Major contributors to each of the components of Rate Base are outlined below:

Gross Fixed Assets

Average Gross Fixed Assets have increased by $76.6M, driven by the following items:

- A 2020 variance of (6.3M) between 2020 Board Approved and 2020 Actual;
- Four unusual projects (three of which were included in the approved DSP), as outlined below:
    - A System Access Project in-service in 2023/2024, for the addition of 10MW to the #4 Circuit to connect a large increase in load. This project contributed a net amount of $7.8M in-service additions, including a portion of costs related to the advancement of line rebuild work along the #4 circuit. Further details can be found in section 2.1.1.
    - The 2023 addition of the Echo River TS ("ERTS") project, which contributed $11.0M in the System Service category. This project, constructed by Hydro One Sault Ste. Marie ("HOSSM"), was one of the two ACM projects approved in API's last COS, and was a recommendation of prior regional planning reports. Further details can be found in section 2.5.6 below.
    - The 2024 Bridge Year in-service addition of the Bruce Mines project, which is forecasted to cost $4.3M in the System Renewal category. This project, which was included in the prior DSP's forecast period, relates to rebuilding the Bruce Mines Distribution Station on a new property, to address deteriorating condition and to bring the DS up to API's current standards.
    - The addition of $16.5M from the General Plant category related to API's Sault Ste. Marie Facility ("SSM Facility") project, which is the second ACM submitted with the 2020 COS. Further details related to this project can be found in section 2.5.5.
- Annual "normal" (i.e.: excluding the projects itemized above) Capital In-Service Additions of approximately $9.9M/year or $49.7M cumulative spending in the 2021-2025 period, primarily focused on the System Renewal and System Service categories.

Table 5 - Normalized In-Service Additions, 2021-2025

	2021-2025 Total Normal Spending	2021-2025 Average Annual Spending
System Access	$ 9,342,773	$ 1,868,555
System Renewal	$ 23,657,440	$ 4,731,488
System Service	$ 15,401,066	$ 3,080,213
General Plant	$ 8,261,275	$ 1,652,255
CIAC	-$ 1,459,047	-$ 291,809
Total	**$ 49,733,756**	**$ 9,946,751**

- In total, API recorded $(3.7M) in disposals over the 2021-2023 period.

Accumulated Depreciation:

- Given the in-service capital items above, accumulated depreciation increased by $19.4 M. Amortization expense in 2020 Actual was $4.3M and is expected to increase to $6.3M in 2025 Test Year.

Working Capital Allowance:

Table 6 - Comparison of 2020 BA and 2025 TY Working Capital Allowance

	2020 Board -Approved	2025 Test Year Test Year	2020 BA to 2025 TY Variance	Impact on WCA (7.5% of WCBase Amts)
OM&A	$ 13,806,882	$ 16,579,014	$ 2,772,132	$ 207,909.91
Power Supply Expense	$ 23,416,069	$ 32,534,015	$ 9,117,946	$ 683,845.92
Working Capital Base	$ 37,222,951	$ 49,113,029	$ 11,890,078	$ 891,755.83
Working Capital Allowance Rate	7.5%	7.5%	0%	0%
Working Capital Allowance	**$ 2,791,721**	**$ 3,683,477**	**$ 891,756**	

- Working Capital Allowance has increased by approximately $930k as outlined in the table above.
- API has consistently applied a WCA rate of 7.5% throughout the period.
- Power Supply Expenses are forecasted to increase by $9.1M compared to 2020 Board-Approved, primarily driven by increases in the total loss-adjusted expected kWh power purchases. One significant contribution to the increase in kWh power purchases will be the addition of ~8MW industrial load in 2024. Further details regarding load increases can be found in Exhibit 3.

- OM&A expenses have increased $2.8M, contributing $208k of the increase to working capital allowance. The drivers of the OM&A increase are further detailed in Exhibit 4 and include Vegetation Management cost increases, compensation, and shared service cost increases.

2.1.3 RATE BASE VARIANCE ANALYSIS

In this section, API provides a variance analysis on the drivers of changes in the rate base since API's 2020 board- approved rate base. As outlined in Exhibit 1, API's materiality threshold is $175,000.

API has provided an analysis of the following variances in Rate Base:

- 2020 Actual vs. 2020 OEB Approved;
- 2021 Actual vs 2020 Actual;
- 2022 Actual vs. 2021 Actual;
- 2023 Actual vs. 2022 Actual;
- 2024 Bridge Year vs. 2023 Actual; and
- 2025 Test Year vs. 2024 Bridge Year.

2020 Actual vs. 2020 OEB Approved

Table 7 – 2020 Actual versus 2020 Board Approved Rate Base

Year	2020	2020	2020 BA to 2020 AC	2020 BA to 2020 AC
Version	Board Approved	Actual	$ Variance	% Variance
Gross FA - Opening	$ 191,735,585	$ 187,593,435	-$ 4,142,150	-2.2%
Gross FA - Closing	$ 200,479,361	$ 192,075,481	-$ 8,403,880	-4.2%
			$ -	
Acc. Depr. - Opening	-$ 76,934,177	-$ 76,332,743	$ 601,434	-0.8%
Acc. Depr. - Closing	-$ 81,423,081	-$ 78,213,558	$ 3,209,524	-3.9%
			$ -	
Opening Net Fixed Assets	**$ 114,801,408**	**$ 111,260,692**	**-$ 3,540,716**	**-3.1%**
Closing Net Fixed Assets	**$ 119,056,280**	**$ 113,861,924**	**-$ 5,194,356**	**-4.4%**
Average Net Fixed Assets	**$ 116,928,844**	**$ 112,561,308**	**-$ 4,367,536**	**-3.7%**
			$ -	
OM&A	$ 13,806,882	$ 13,499,023	-$ 307,859	-2.2%
Power Supply Expenses	$ 23,416,069	$ 30,169,802	$ 6,753,732	28.8%
Working Capital Base	**$ 37,222,951**	**$ 43,668,825**	**$ 6,445,874**	**17.3%**
Working Capital Rate	7.5%	7.5%	0.0%	0.0%
Working Capital Allowance	**$ 2,791,721**	**$ 3,275,162**	**$ 483,441**	**17.3%**
			$ -	
Total Rate Base	**$ 119,720,565**	**$ 115,836,470**	**-$ 3,884,095**	**-3.2%**

Total Rate Base in 2020 of $115.8M was $3.9M or 3.2% lower than the OEB- approved level. Opening net fixed assets were $(3.5M) lower than the Board-Approved level, due to lower than forecasted 2019 capital additions.

2020 capital additions were $1.65M lower than board-approved, primarily driven by the delay of the Dubreuilville Substation project, which was originally forecasted to be in-service in 2020, but was delayed to 2022. The board approved level of spending for this project was $1.5M.

Working capital allowance was higher than Board Approved, driven primarily by higher than forecasted Power Supply Expenses.

2021 Actual vs. 2020 Actual

Table 8 – 2021 versus 2020 Actual Rate Base

Year	2020	2021	2021 AC to 2020 AC	2021 AC to 2020 AC
Version	Actual	Actual	$ Variance	% Variance
Gross FA - Opening	$ 187,593,435	$ 192,075,481	$ 4,482,046	2.4%
Gross FA - Closing	$ 192,075,481	$ 200,035,089	$ 7,959,608	4.1%
			$ -	
Acc. Depr. - Opening	-$ 76,332,743	-$ 78,213,558	-$ 1,880,814	2.5%
Acc. Depr. - Closing	-$ 78,213,558	-$ 82,051,026	-$ 3,837,469	4.9%
			$ -	
Opening Net Fixed Assets	**$ 111,260,692**	**$ 113,861,924**	**$ 2,601,232**	**2.3%**
Closing Net Fixed Assets	**$ 113,861,924**	**$ 117,984,063**	**$ 4,122,139**	**3.6%**
Average Net Fixed Assets	**$ 112,561,308**	**$ 115,922,994**	**$ 3,361,686**	**3.0%**
			$ -	
OM&A	$ 13,499,023	$ 13,747,113	$ 248,090	1.8%
Power Supply Expenses	$ 30,169,802	$ 26,958,875	-$ 3,210,926	-10.6%
Working Capital Base	**$ 43,668,825**	**$ 40,705,989**	**-$ 2,962,836**	**-6.8%**
Working Capital Rate	7.5%	7.5%	0.0%	0.0%
Working Capital Allowance	**$ 3,275,162**	**$ 3,052,949**	**-$ 222,213**	**-6.8%**
			$ -	
Total Rate Base	**$ 115,836,470**	**$ 118,975,943**	**$ 3,139,473**	**2.7%**

Rate Base changed by $3.1M in 2021 compared to 2020 actuals. The increase is driven by an increase in average net fixed assets of $3.4M, partially offset by a smaller decrease in working capital allowance of ($200k).

Average net fixed assets increased by $3.4M or 3.0% in 2021 compared to 2020 actuals.

Capital additions in 2021 included:

- Total System Access spending of $2.0M, an increase of $0.6M from 2020 levels, driven by third party relocations (telecommunications) which increased by $470k.
- System Renewal spending of $5.1M, increased from $4.0M in 2020, driven by an increase in the level of line rebuilds.
- System Service spending of $980k, increased from $260k in 2020, driven by the Hawk Junction Distribution Station regulator replacement in 2021.
- General Plant spending of $800k, a reduction of ($600k) from $1.4M in 2020, driven by decreased vehicle spending of $300k in 2021, as well as decreased Right of Way spending of roughly ($400k), offset by other increases.

Further details regarding the variances in OM&A are explained in Exhibit 4, Power Supply in 2.4.3, and Capital Additions in 2.3.1.

2022 Actual vs. 2021 Actual

Table 9 – 2022 versus 2021 Actual Rate Base

Year	2021	2022	2022 AC to 2021 AC	2022 AC to 2021 AC
Version	Actual	Actual	$ Variance	% Variance
Gross FA - Opening	$ 192,075,481	$ 200,035,089	$ 7,959,608	4.1%
Gross FA - Closing	$ 200,035,089	$ 207,813,776	$ 7,778,686	3.9%
			$ -	
Acc. Depr. - Opening	-$ 78,213,558	-$ 82,051,026	-$ 3,837,469	4.9%
Acc. Depr. - Closing	-$ 82,051,026	-$ 84,586,116	-$ 2,535,089	3.1%
			$ -	
Opening Net Fixed Assets	**$ 113,861,924**	**$ 117,984,063**	**$ 4,122,139**	**3.6%**
Closing Net Fixed Assets	**$ 117,984,063**	**$ 123,227,660**	**$ 5,243,597**	**4.4%**
Average Net Fixed Assets	**$ 115,922,994**	**$ 120,605,862**	**$ 4,682,868**	**4.0%**
			$ -	
OM&A	$ 13,747,113	$ 14,052,849	$ 305,736	2.2%
Power Supply Expenses	$ 26,958,875	$ 29,360,809	$ 2,401,934	8.9%
Working Capital Base	**$ 40,705,989**	**$ 43,413,659**	**$ 2,707,670**	**6.7%**
Working Capital Rate	7.5%	7.5%	0.0%	0.0%
Working Capital Allowance	**$ 3,052,949**	**$ 3,256,024**	**$ 203,075**	**6.7%**
			$ -	
Total Rate Base	**$ 118,975,943**	**$ 123,861,886**	**$ 4,885,943**	**4.1%**

Rate Base increase $4.9M between 2022 and 2021 actuals, or 4.1%. Average Net Fixed Assets contributed $4.7M of this increase, while working capital contributed by $200k.

The increase in working capital of $200k or 6.7% was primarily driven by an increase in Power Supply Expenses, which increased by $2.4M or 8.9%, while OM&A increased by $305k, contributing an immaterial impact to working capital allowance.

The increase in Average Gross Fixed Assets reflects the following capital addition changes in 2022 versus 2021:

- Total capital additions increased from $9.0M to $10.0M by $1.0M in 2022 compared to 2021, driven by the factors below:
    - System Access additions increases stayed relatively stable at about $2.0M in both years.

- System Renewal additions of $7.6M in 2022 increased by $2.5M from 2021 $5.1M, driven by the completion of the Dubreuilville Substation capital project which contributed $2.8M to the 2022 total. Multiple smaller variances in individual SR projects offset part of this increase.
- System Service additions in 2022 decreased by about ($950k) compared to 2021, primarily because no DS projects similar to the Hawk Junction regulator replacement (2021) occurred in 2022.
- General Plant additions in 2022 of $700k were relatively stable compared to $800k in the year prior. API notes that its SSM Facility became used and useful in 2022, however due to the project's ACM treatment, the in-service additions associated with this project did not affect rate base, but rather stayed in account 1508.

2023 Actual vs. 2022 Actual

Table 10 – 2023 versus 2022 Actual Rate Base

Year	2022	2023	2023 AC to 2022 AC	2023 AC to 2022 AC
Version	Actual	Actual	$ Variance	% Variance
Gross FA - Opening	$ 200,035,089	$ 207,813,776	$ 7,778,686	3.9%
Gross FA - Closing	$ 207,813,776	$ 226,301,889	$ 18,488,113	8.9%
			$ -	
Acc. Depr. - Opening	-$ 82,051,026	-$ 84,586,116	-$ 2,535,089	3.1%
Acc. Depr. - Closing	-$ 84,586,116	-$ 88,954,683	-$ 4,368,567	5.2%
			$ -	
Opening Net Fixed Assets	**$ 117,984,063**	**$ 123,227,660**	**$ 5,243,597**	**4.4%**
Closing Net Fixed Assets	**$ 123,227,660**	**$ 137,347,206**	**$ 14,119,546**	**11.5%**
Average Net Fixed Assets	**$ 120,605,862**	**$ 130,287,433**	**$ 9,681,571**	**8.0%**
			$ -	
OM&A	$ 14,052,849	$ 14,259,155	$ 206,306	1.5%
Power Supply Expenses	$ 29,360,809	$ 28,238,726	-$ 1,122,083	-3.8%
Working Capital Base	**$ 43,413,659**	**$ 42,497,881**	**-$ 915,777**	**-2.1%**
Working Capital Rate	7.5%	7.5%	0.0%	0.0%
Working Capital Allowance	**$ 3,256,024**	**$ 3,187,341**	**-$ 68,683**	**-2.1%**
			$ -	
Total Rate Base	**$ 123,861,886**	**$ 133,474,774**	**$ 9,612,888**	**7.8%**

Rate Base increased by $9.6M in 2023 compared to 2022 Actual, driven by a change in average net fixed assets of $9.7M. Working capital allowance did not change by a material amount in 2023.

In-Service Additions in 2023 of $19.0M increased by $9.0M compared to the 2022 value of $10.0M, driven by the following items:

- System Access spending of $12.8M, an increase of $10.8M over 2022 actuals of $2.0M. The primary driver of this increase is $11.1M in-service additions related to the #4 Circuit 10 MW project. API notes that a capital contribution related to this project was recorded in 2024, so the additions impacting 2025 rate base are reduced accordingly.
- System Renewal additions of $4.1M in 2023 represented a reduction of $3.5M from 2022 levels, due in part to the $2.8M Dubreuilville investment in 2022 (with no similar project occurring in 2023), as well as a reduction in the level of Line Rebuilds in 2023 of about ($1.0M).
- System Service additions of $300k represented an increase over 2022 additions, driven by investments in New Transformers and Protection Automation. API notes that in-service additions related to Echo River Transformer Station (ERTS) became used and useful in 2023, however due to the project's inclusion in Account 1508 due to its ACM treatment, the rate base impacts are not shown in 2023, but rather in 2025 when the assets are proposed to be brought into rate base.
- General Plant investments in 2023 increased by 0.9M, due to increased levels of in-service vehicles in 2023. API notes once again, the impact of the SSM facility project is not included in the figures below as the assets are shown in service with 2025 opening rate base only.

2024 Bridge Year vs. 2023 Actual

Table 11 – 2024 Bridge Year versus 2023 Actual Rate Base

Year	2023	2024	2024 BY to 2023 AC	2024 BY to 2023 AC
Version	Actual	Bridge Year (before ACM Addns)	$ Variance	% Variance
Gross FA - Opening	$ 207,813,776	$ 226,301,889	$ 18,488,113	8.9%
Gross FA - Closing	$ 226,301,889	$ 239,972,587	$ 13,670,698	6.0%
Acc. Depr. - Opening	-$ 84,586,116	-$ 88,954,683	-$ 4,368,567	5.2%
Acc. Depr. - Closing	-$ 88,954,683	-$ 94,386,856	-$ 5,432,173	6.1%
Opening Net Fixed Assets	**$ 123,227,660**	**$ 137,347,206**	**$ 14,119,546**	11.5%
Closing Net Fixed Assets	**$ 137,347,206**	**$ 145,585,731**	**$ 8,238,525**	6.0%
Net FA - Avg	**$ 130,287,433**	**$ 141,466,468**	**$ 11,179,035**	**8.6%**
OM&A	$ 14,259,155	$ 14,983,360	$ 724,205	5.1%
Power Supply Expenses	$ 28,238,726	$ 28,298,495	$ 59,769	0.2%
Working Capital Base	**$ 42,497,881**	**$ 43,281,855**	**$ 783,974**	**1.8%**
Working Capital Rate	7.5%	7.5%	**0%**	
WCA	**$ 3,187,341**	**$ 3,246,139**	**$ 58,798**	**1.8%**
Total Rate Base	**$ 133,474,774**	**$ 144,712,608**	**$ 11,237,834**	**8.4%**

The total rate base is proposed to change by $14.1M between 2023 actual and 2024 Bridge Year.

Working capital allowance contributed an immaterial increase of $59k of this variance. Average Net Fixed Assets will increase $11.2M (note: this excludes the impact of ACM additions).

2024 capital expenditures are proposed to decrease from $19.0 M to $13.7M (excluding impacts of ACM projects).

- System Access In-service additions of ($1.96M), comprised of in-service additions before CIAC of $3.3M, less CIAC of ($5.25M). API notes that $5.15M of the CIAC in 2024 is related to the #4 Circuit 10 MW project, the majority of which is reflected with 2023 in-service additions. The timing delay between the in-service capital and CIAC causes the 2024 negative system access additions to appear negative.
- System Renewal additions of $12.4M compared to 4.1 in the prior year, driven by increased spending additions in the Line Rebuilds and Sub Transmission Rebuilds projects (approximately $4.0M), as well as the completion of the Bruce Mines Distribution Station Project of approximately $4.3M.

- System Service spending of $1.6M compared to 400k in the prior year, driven by sub-transmission reliability investments at the Desbarats DS of approximately $400k and Batchawana TS of approximately $700k.
- General Plant additions of $1.7M, relatively consistent with prior year spending of $1.6M.

2025 Test Year vs. 2024 Bridge Year

Table 12 – 2025 Test Year versus 2024 Bridge Year Rate Base

Year	2024	ACM Adj.	2025	2024 BY to 2023 AC	2024 BY to 2023 AC
Version	Bridge Year (before ACM Addns)	*Reconcile 2024 Closing to 2025 Opening*	Test Year	$ Variance	% Variance
Gross FA - Opening	$ 226,301,889		$ 267,633,461	$ 41,331,572	18.3%
Gross FA - Closing	$ 239,972,587	$ 27,660,874	$ 277,843,950	$ 37,871,362	15.8%
Acc. Depr. - Opening	-$ 88,954,683		-$ 95,465,507	-$ 6,510,824	7.3%
Acc. Depr. - Closing	-$ 94,386,856	-$ 1,078,651	-$ 101,785,928	-$ 7,399,071	7.8%
Opening Net Fixed Assets	**$ 137,347,206**		**$ 172,167,954**	**$ 34,820,748**	25.4%
Closing Net Fixed Assets	**$ 145,585,731**	**$ 26,582,223**	**$ 176,058,022**	**$ 30,472,291**	20.9%
Net FA - Avg	**$ 141,466,468**		**$ 174,112,988**	**$ 32,646,520**	**23.1%**
OM&A	$ 14,983,360		$ 16,579,014	$ 1,595,654	10.6%
Power Supply Expenses	$ 28,298,495		$ 32,534,015	$ 4,235,520	15.0%
Working Capital Base	**$ 43,281,855**		**$ 49,113,029**	**$ 5,831,174**	**13.5%**
Working Capital Rate	7.5%		7.5%	**0%**	
WCA	**$ 3,246,139**		**$ 3,683,477**	**$ 437,338**	**13.5%**
Total Rate Base	**$ 144,712,608**		**$ 177,796,465**	**$ 33,083,858**	**22.9%**

2025 Rate Base is proposed to increase $33.1M compared to 2024. The addition of $26.6M of ACM asset net book value into 2025 opening rate base is the primary driver of the change. Further details of this adjustment are outlined in sections 2.5.5-2.5.7.

Working Capital Allowance is proposed to increase by $440k, caused by an increase of $1.6M in OM&A, the drivers of which are discussed in Exhibit 4, and an increase in Power Supply expense, which is primarily attributable to a significant increase in forecasted load in 2025.

Capital Additions in 2025 Test Year are proposed to decrease from $13.9M to $10.2M, driven by the following factors:

- System Access additions, except for #4 Circuit project impacts in 2024, are expected to stay relatively stable at $1.1M, compared to the prior year's $1.0M.
- System Renewal is expected to decrease by ($6.5M), as a result of ($2.8M) lower Line and Sub Transmission Rebuilds in 2025, as well as a decrease of ($4.3M) due to the

Bruce Mines DS project in 2024, for which no similar project exists in 2025. API will begin its smart meter replacement program in 2025, adding $400k in annual additions to System Renewal.

- System Service Test Year additions of $1.1M will decrease approximately ($600k) compared to 2024 Bridge, caused by a decrease in Sub Transmission Reliability Improvement related projects further detailed in the DSP. 2024 Bridge Year projects in this category included upgrades and/or relocations as Bar River DS, Desbarats DS, BM1 Feeder, and the Batchawana Supply Connection.
- General Plant additions of $2.0M will be relatively consistent with the $1.9M in the prior year.

2.1.4 FIXED ASSET CONTINUITY SCHEDULE

The fixed asset continuity schedules present a continuity schedule of API's investment in capital assets, the associated accumulated amortization, and the net book value for each Capital USoA account for the 2020 to 2023 Actuals and 2024 Bridge Year and 2025 Test Year.

API attests that the OEB Appendices 2-BA continuity statements presented at the next page **reconcile** with the calculated depreciation expenses included in revenue requirement calculations and presented by asset account. API also attests that the net book value balances reported on Appendix 2-BA and balances reconcile with the rate base calculation. An Excel workbook containing fixed asset continuity schedules and depreciation and amortization expense schedules (i.e. OEB Appendices 2-BA and 2-C) is filed in conjunction with this application. For the purposes of the continuity statements, API has shown the addition of the ERTS and SSM Facility as to the 2025 Test Year opening balances as required by the OEB's accounting guidance.

Consistent with OEB policy, API recorded these assets in Account 1508- Sub-Account ICM Expenditures when they went into service and is proposing to add them to Rate Base in the 2025 Test Year. The SSM Facility became used and useful in 2022, and the ERTS investment became used and useful in 2023. Accordingly, those are the years in which API began to depreciate those assets.

API confirms there was no capitalized interest during the construction period for any of its projects.

API also notes that adjustments have been made in the historical continuity statements below to move the values of capital contributions for projects that were considered work in progress to account 2055 (CWIP) from Account 1995 (Contributions and Grants). These adjustments were made in order to only reflect capital contributions related to a project in the year the project went into service for rate base calculation purposes (given that Account 1995 is included in the rate base calculation, while 2055 is not).

Adjustments were made to the additions to 1995 from the original total capital contributions, to reflect only in-service capital contributions, as outlined below:

Table 13 – Capital Contributions Adjustments

	Capital Contributions	In-Service Capital Contributions
2020	-$ 410,648	-$ 168,464
2021	-$ 1,952,274	-$ 472,311
2022	-$ 3,362,622	-$ 263,696
2023	$ 413,056	-$ 271,850

API does not have any Asset Retirement Obligation related to decommissioning or asset retirement obligations.

Information on year-over-year variances and explanations where variances are greater than the materiality threshold are summarized in the previous section 2.3.1, with detailed project spending by year included in Attachment A of this Exhibit (OEB Appendix 2-AA) and additional information provided in the DSP, included as Attachment A.

Table 14 – Continuity Statements

				Year	2020	MIFRS					
			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
	1608	Franchises & Consents	0	0	0	0	0	0	0	0	0
	1609	Capital Contributions Paid	0	0	0	0	0	0	0	0	0
1	1610	Miscellaneous Intangible Plant	0	0	0	0	0	0	0	0	0
12	1611	Computer Software (Formally known as Account 1925) - 5 yr	977,931	0	0	977,931	-933,020	-10,724	0	-943,744	34,187
12	1611A	Computer Software (Formally known as Account 1925) - 10 yr	2,122,933	0	0	2,122,933	-1,305,292	-212,658	0	-1,517,950	604,983
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	21,220,182	107,272	0	21,327,454	-6,205,496	-541,657	0	-6,747,152	14,580,302
N/A	1805	Land	710,903	0	0	710,903	0	0	0	0	710,903
47	1808	Buildings - Fixtures	2,143,803	0	0	2,143,803	-280,895	-42,124	0	-323,019	1,820,784
47	1808A	Buildings - Components	623,263	129,184	0	752,447	-85,345	-29,393	0	-114,738	637,709
13	1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
47	1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	0	0
47	1820	Distribution Station Equipment <50 kV - Stations	13,231,270	68,058	-846,310	12,453,018	-5,500,729	-212,413	793,088	-4,920,054	7,532,964
47	1820A	Distribution Station Equipment <50 kV - Switches/Breakers	2,278,832	0	-13,148	2,265,684	-743,756	-52,505	13,148	-783,113	1,482,571
47	1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
47	1830	Poles, Towers & Fixtures	66,804,923	2,424,094	-78,309	69,150,708	-27,149,566	-929,953	77,495	-28,002,024	41,148,684
47	1835	Overhead Conductors & Devices	43,573,523	2,698,680	0	46,272,203	-13,275,900	-881,039	0	-14,156,938	32,115,265
47	1840	Underground Conduit	0	0	0	0	0	0	0	0	0
47	1845	Underground Conductors & Devices	1,929,529	31,856	0	1,961,385	-587,709	-43,921	0	-631,630	1,329,755
47	1850	Line Transformers	13,180,779	608,135	-57,934	13,730,980	-6,882,191	-342,179	33,493	-7,190,878	6,540,102
47	1855	Services (Overhead & Underground)	3,361,906	0	0	3,361,906	-2,379,080	-41,000	0	-2,420,080	941,826
47	1860	Meters	908,352	0	-34,061	874,291	-610,097	-20,108	19,647	-610,558	263,733
47	1860A	Meters (Smart Meters)	3,968,716	218,370	-15,673	4,171,413	-2,299,671	-273,722	10,028	-2,563,365	1,608,048
47	1860B	Meters - PT's and CT's	252,375	83,742	0	336,116	-106,451	-47,707	0	-154,157	181,959
47	1865	Other Installations on Customer's Premises	194,063	0	0	194,063	-188,275	-4,653	0	-192,928	1,135
N/A	1905	Land	0	0	0	0	0	0	0	0	0
1	1908	Buildings & Fixtures	0	0	0	0	0	0	0	0	0
1	1908A	Buildings & Fixtures	0	0	0	0	0	0	0	0	0
12	1910	Leasehold Improvements	80,040	3,344	0	83,384	-75,906	-1,493	0	-77,399	5,985
8	1915	Office Furniture & Equipment (10 years)	366,233	3,000	0	369,233	-292,597	-14,344	0	-306,941	62,292
8	1915A	Office Furniture & Equipment (5 years)	0	0	0	0	0	0	0	0	0
50	1920	Computer Equipment - Hardware	925,572	61,070	0	986,641	-653,205	-97,108	0	-750,313	236,328
45	1920A	Computer Equip.-Hardware(Post Mar. 22/04)	0	0	0	0	0	0	0	0	0
50	1920B	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0	0	0	0
10	1930	Transportation Equipment - 5 Yr	1,401,279	200,057	-354,718	1,246,618	-1,161,483	-100,069	354,718	-906,834	339,784
10	1930A	Transportation Equipment - 10 Yr	4,726,983	584,767	-1,193,337	4,118,413	-3,038,897	-322,241	1,161,414	-2,199,725	1,918,689
10	1935	Stores Equipment	0	0	0	0	0	0	0	0	0
8	1940	Tools, Shop & Garage Equipment	1,958,082	26,539	-10,114	1,974,507	-1,634,528	-67,792	2,715	-1,699,605	274,902
10	1945	Measurement & Testing Equipment	242,447	0	0	242,447	-184,694	-13,303	0	-197,997	44,450
10	1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
10	1955	Communications Equipment - 10 yr	483,650	0	0	483,650	-317,168	-48,365	0	-365,533	118,117
10	1955A	Communications Equipment - 5 yr	0	0	0	0	0	0	0	0	0
8	1955B	Communication Equipment (Smart Meters)	0	0	0	0	0	0	0	0	0
8	1960	Miscellaneous Equipment - 10 yr	92,536	5,946	0	98,482	-62,451	-4,114	0	-66,565	31,917
8	1960A	Miscellaneous Equipment - 5 yr	492,118	0	0	492,118	-479,842	-5,275	0	-485,117	7,001
47	1970	Load Management Controls Customer Premises	0	0	0	0	0	0	0	0	0
47	1975	Load Management Controls Utility Premises	0	0	0	0	0	0	0	0	0
8	1980	System Supervisor Equipment	146,422	0	0	146,422	-27,307	-7,328	0	-34,635	111,787
47	1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	0	0
47	1990	Other Tangible Property	0	0	0	0	0	0	0	0	0
47	1995	Contributions & Grants	-821,734	-168,464	0	-990,198	145,330	20,630	0	165,960	-824,238
		Sub-Total	**187,576,913**	**7,085,650**	**-2,603,604**	**192,058,959**	**-76,316,221**	**-4,346,559**	**2,465,745**	**-78,197,035**	**113,861,924**
	2055	**Add: Construction Work in Progress - Electric**	5,620,404	394,948	0	6,015,352	0	0	0	0	6,015,352
		Less Other Non Rate-Regulated Utility Assets (input as negative)				0				0	0
		Total PP&E	**193,197,317**	**7,480,598**	**-2,603,604**	**198,074,311**	**-76,316,221**	**-4,346,559**	**2,465,745**	**-78,197,035**	**119,877,276**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)						**0**			
		Total						**-4,346,559**			$ -
						Less: *Fully Allocated Depreciation*					
						Transportation		-422,310			
						Stores Equipment					
						Deferred Revenue					
						Net Depreciation		-3,924,249			

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				Year	2021	MIFRS					
			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
	1608	Franchises & Consents	0	0	0	0	0	0	0	0	0
	1609	Capital Contributions Paid	0	0	0	0	0	0	0	0	0
1	1610	Miscellaneous Intangible Plant	0	0	0	0	0	0	0	0	0
12	1611	Computer Software (Formally known as Account 1925) - 5 yr	977,931	33,184	0	1,011,114	-943,744	-11,414	0	-955,157	55,957
12	1611A	Computer Software (Formally known as Account 1925) - 10 yr	2,122,933	15,575	0	2,138,509	-1,517,950	-206,689	0	-1,724,640	413,869
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	21,327,454	156,562	0	21,484,017	-6,747,152	-544,821	0	-7,291,974	14,192,043
N/A	1805	Land	710,903	0	0	710,903	0	0	0	0	710,903
47	1808	Buildings - Fixtures	2,143,803	0	0	2,143,803	-323,019	-42,124	0	-365,143	1,778,660
47	1808A	Buildings - Components	752,447	14,019	0	766,467	-114,738	-29,955	0	-144,694	621,773
13	1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
47	1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	0	0
47	1820	Distribution Station Equipment <50 kV - Stations	12,453,018	903,473	-312,546	13,043,945	-4,920,054	-200,997	36,928	-5,084,123	7,959,822
47	1820A	Distribution Station Equipment <50 kV - Switches/Breakers	2,265,684	32,138	-19,569	2,278,252	-783,113	-52,461	2,841	-832,733	1,445,520
47	1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
47	1830	Poles, Towers & Fixtures	69,150,708	3,979,849	-108,115	73,022,442	-28,002,024	-1,209,169	89,878	-29,121,315	43,901,126
47	1835	Overhead Conductors & Devices	46,272,203	2,608,425	-9,747	48,870,882	-14,156,938	-878,689	9,747	-15,025,881	33,845,001
47	1840	Underground Conduit	0	33,543	0	33,543	0	-56	0	-56	33,487
47	1845	Underground Conductors & Devices	1,961,385	188,286	0	2,149,671	-631,630	-44,582	0	-676,212	1,473,459
47	1850	Line Transformers	13,730,980	703,092	0	14,434,072	-7,190,878	-241,998	0	-7,432,875	7,001,197
47	1855	Services (Overhead & Underground)	3,361,906	0	0	3,361,906	-2,420,080	-41,018	0	-2,461,098	900,808
47	1860	Meters	874,291	-215,167	0	659,124	-610,558	57,316	0	-553,242	105,882
47	1860A	Meters (Smart Meters)	4,171,413	282,198	0	4,453,612	-2,563,365	-371,624	0	-2,934,990	1,518,622
47	1860B	Meters - PT's and CT's	336,116	22,819	0	358,935	-154,157	-10,665	0	-164,822	194,113
47	1865	Other Installations on Customer's Premises	194,063	0	0	194,063	-192,928	-1,135	0	-194,063	0
N/A	1905	Land	0	0	0	0	0	0	0	0	0
1	1908	Buildings & Fixtures	0	0	0	0	0	0	0	0	0
1	1908A	Buildings & Fixtures-25Yrs	0	0	0	0	0	0	0	0	0
12	1910	Leasehold Improvements	83,384	17,981	0	101,365	-77,399	-3,296	0	-80,695	20,670
8	1915	Office Furniture & Equipment (10 years)	369,233	17,267	0	386,500	-306,941	-14,779	0	-321,720	64,780
8	1915A	Office Furniture & Equipment (5 years)	0	0	0	0	0	0	0	0	0
50	1920	Computer Equipment - Hardware	986,641	45,400	-167	1,031,874	-750,313	-80,614	167	-830,760	201,114
45	1920A	Computer Equip.-Hardware(Post Mar. 22/04)	0	0	0	0	0	0	0	0	0
50	1920B	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0	0	0	0
10	1930	Transportation Equipment - 5 Yr	1,246,618	49,942	0	1,296,561	-906,834	-113,880	0	-1,020,715	275,846
10	1930A	Transportation Equipment - 10 Yr	4,118,413	449,571	-503,192	4,064,791	-2,199,725	-356,799	503,192	-2,053,331	2,011,460
10	1935	Stores Equipment	0	0	0	0	0	0	0	0	0
8	1940	Tools, Shop & Garage Equipment	1,974,507	59,097	-40,233	1,993,371	-1,699,605	-65,707	39,947	-1,725,365	268,006
10	1945	Measurement & Testing Equipment	242,447	18,742	0	261,189	-197,997	-14,783	0	-212,780	48,409
10	1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
10	1955	Communications Equipment - 10 yr	483,650	3,980	0	487,630	-365,533	-48,605	0	-414,138	73,492
10	1955A	Communications Equipment - 5 yr	0	0	0	0	0	0	0	0	0
8	1955B	Communication Equipment (Smart Meters)	0	0	0	0	0	0	0	0	0
8	1960	Miscellaneous Equipment - 10 yr	98,482	5,417	0	103,899	-66,565	-4,716	0	-71,281	32,618
8	1960A	Miscellaneous Equipment - 5 yr	492,118	0	0	492,118	-485,117	-4,986	0	-490,103	2,015
47	1970	Load Management Controls Customer Premises	0	0	0	0	0	0	0	0	0
47	1975	Load Management Controls Utility Premises	0	0	0	0	0	0	0	0	0
8	1980	System Supervisor Equipment	146,422	0	0	146,422	-34,635	-7,327	0	-41,962	104,460
47	1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	0	0
47	1990	Other Tangible Property	0	0	0	0	0	0	0	0	0
47	1995	Contributions & Grants	-990,198	-472,311	96	-1,462,413	165,960	25,423	-18	191,365	-1,271,048
		Sub-Total	**192,058,959**	**8,953,081**	**-993,473**	**200,018,567**	**-78,197,035**	**-4,520,151**	**682,682**	**-82,034,504**	**117,984,063**
	2055	**Add: Construction Work in Progress - Electric**	6,015,352	11,302,346	0	17,317,698	0	0	0	0	17,317,698
		Less Other Non Rate-Regulated Utility Assets (input as negative)				0				0	0
		Total PP&E	**198,074,311**	**20,255,427**	**-993,473**	**217,336,264**	**-78,197,035**	**-4,520,151**	**682,682**	**-82,034,504**	**135,301,761**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)									
		Total						**-4,520,151**			$ -
						Less: *Fully Allocated Depreciation*					
						Transportation		-470,680			
						Stores Equipment					
						Deferred Revenue					
						Net Depreciation		-4,049,472			

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				Year	2022	MIFRS					
			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
	1608	Franchises & Consents	0	0	0	0	0	0	0	0	0
	1609	Capital Contributions Paid	0	0	0	0	0	0	0	0	0
1	1610	Miscellaneous Intangible Plant	0	0	0	0	0	0	0	0	0
12	1611	Computer Software (Formally known as Account 1925) - 5 yr	1,011,114	6,254	-103,311	914,058	-955,157	-17,511	103,311	-869,358	44,700
12	1611A	Computer Software (Formally known as Account 1925) - 10 yr	2,138,509	9,179	0	2,147,688	-1,724,640	-120,667	0	-1,845,307	302,381
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	21,484,017	178,426	0	21,662,443	-7,291,974	-548,619	0	-7,840,593	13,821,850
N/A	1805	Land	710,903	0	0	710,903	0	0	0	0	710,903
47	1808	Buildings - Fixtures	2,143,803	0	0	2,143,803	-365,143	-42,123	0	-407,266	1,736,537
47	1808A	Buildings - Components	766,467	165,728	0	932,194	-144,694	-33,822	0	-178,515	753,679
13	1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
47	1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	0	0
47	1820	Distribution Station Equipment <50 kV - Stations	13,043,945	2,707,920	-22,975	15,728,890	-5,084,123	-244,567	31,190	-5,297,500	10,431,390
47	1820A	Distribution Station Equipment <50 kV - Switches/Breakers	2,278,252	114,678	-109,348	2,283,582	-832,733	-55,685	66,775	-821,642	1,461,940
47	1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
47	1830	Poles, Towers & Fixtures	73,022,442	3,500,020	-959,777	75,562,684	-29,121,315	-1,290,543	1,132,911	-29,278,947	46,283,737
47	1835	Overhead Conductors & Devices	48,870,882	2,045,978	0	50,916,860	-15,025,881	-933,834	-14,654	-15,974,369	34,942,491
47	1840	Underground Conduit	33,543	0	0	33,543	-56	-671	0	-727	32,816
47	1845	Underground Conductors & Devices	2,149,671	58,143	-234	2,207,579	-676,212	-49,016	178	-725,049	1,482,530
47	1850	Line Transformers	14,434,072	965,020	-102,867	15,296,225	-7,432,875	-262,061	-90,127	-7,785,064	7,511,161
47	1855	Services (Overhead & Underground)	3,361,906	0	0	3,361,906	-2,461,098	-40,999	0	-2,502,097	859,809
47	1860	Meters	659,124	29,029	0	688,153	-553,242	-12,899	-20,860	-587,001	101,152
47	1860A	Meters (Smart Meters)	4,453,612	93,924	-21,627	4,525,909	-2,934,990	-314,206	7,902	-3,241,294	1,284,615
47	1860B	Meters - PT's and CT's	358,935	51,481	0	410,416	-164,822	-11,503	0	-176,325	234,091
47	1865	Other Installations on Customer's Premises	194,063	0	0	194,063	-194,063	0	0	-194,063	0
N/A	1905	Land	0	0	0	0	0	0	0	0	0
1	1908	Buildings & Fixtures	0	0	0	0	0	0	0	0	0
1	1908A	Buildings & Fixtures-25Yrs	0	0	0	0	0	0	0	0	0
12	1910	Leasehold Improvements	101,365	0	0	101,365	-80,695	-5,201	0	-85,896	15,469
8	1915	Office Furniture & Equipment (10 years)	386,500	1,194	-39,037	348,657	-321,720	-14,891	39,037	-297,574	51,083
8	1915A	Office Furniture & Equipment (5 years)	0	0	0	0	0	0	0	0	0
50	1920	Computer Equipment - Hardware	1,031,874	129,326	-153,728	1,007,472	-830,760	-91,430	153,728	-768,462	239,010
45	1920A	Computer Equip.-Hardware(Post Mar. 22/04)	0	0	0	0	0	0	0	0	0
50	1920B	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0	0	0	0
10	1930	Transportation Equipment - 5 Yr	1,296,561	47,376	-96,772	1,247,164	-1,020,715	-98,016	96,772	-1,021,958	225,206
10	1930A	Transportation Equipment - 10 Yr	4,064,791	91,506	0	4,156,298	-2,053,331	-355,148	0	-2,408,480	1,747,818
10	1935	Stores Equipment	0	0	0	0	0	0	0	0	0
8	1940	Tools, Shop & Garage Equipment	1,993,371	48,452	-119,206	1,922,617	-1,725,365	-58,682	118,100	-1,665,947	256,670
10	1945	Measurement & Testing Equipment	261,189	0	0	261,189	-212,780	-15,174	0	-227,954	33,235
10	1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
10	1955	Communications Equipment - 10 yr	487,630	0	0	487,630	-414,138	-46,555	0	-460,693	26,937
10	1955A	Communications Equipment - 5 yr	0	0	0	0	0	0	0	0	0
8	1955B	Communication Equipment (Smart Meters)	0	0	0	0	0	0	0	0	0
8	1960	Miscellaneous Equipment - 10 yr	103,899	0	0	103,899	-71,281	-5,086	0	-76,367	27,532
8	1960A	Miscellaneous Equipment - 5 yr	492,118	9,900	-465,748	36,271	-490,103	-1,971	465,748	-26,327	9,944
47	1970	Load Management Controls Customer Premises	0	0	0	0	0	0	0	0	0
47	1975	Load Management Controls Utility Premises	0	0	0	0	0	0	0	0	0
8	1980	System Supervisor Equipment	146,422	0	0	146,422	-41,962	-7,328	0	-49,290	97,132
47	1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	0	0
47	1990	Other Tangible Property	0	0	0	0	0	0	0	0	0
47	1995	Contributions & Grants	-1,462,413	-263,696	0	-1,726,108	191,365	36,585	0	227,949	-1,498,159
		Sub-Total	**200,018,567**	**9,989,839**	**-2,194,630**	**207,813,776**	**-82,034,504**	**-4,641,623**	**2,090,011**	**-84,586,116**	**123,227,660**
	2055	**Add: Construction Work in Progress - Electric**	17,317,698	-4,462,538	0	12,855,159	0	0	0	0	12,855,159
		Less Other Non Rate-Regulated Utility Assets (input as negative)				0				0	0
		Total PP&E	**217,336,264**	**5,527,300**	**-2,194,630**	**220,668,935**	**-82,034,504**	**-4,641,623**	**2,090,011**	**-84,586,116**	**136,082,819**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)									
		Total						**-4,641,623**			$ -

Less: *Fully Allocated Depreciation*	
Transportation	-453,164
Stores Equipment	
Deferred Revenue	
Net Depreciation	-4,188,459

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			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
	1608	Franchises & Consents	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
	1609	Capital Contributions Paid	$ -	$ 44,289	$ -	44,289	$ -	-$ 2,214	$ -	-2,214	42,075
1	1610	Miscellaneous Intangible Plant	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
12	1611	Computer Software (Formally known as Account 1925) - 5 yr	$ 914,058	$ 12,517	$ -	926,574	-$ 869,358	-$ 17,847	$ -	-887,204	39,370
12	1611A	Computer Software (Formally known as Account 1925) - 10 yr	$ 2,147,688	$ -	$ -	2,147,688	-$ 1,845,307	-$ 75,072	$ -	-1,920,379	227,309
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	$ 21,662,443	$ 464,942	$ -	22,127,385	-$ 7,840,593	-$ 553,827	$ -	-8,394,420	13,732,965
N/A	1805	Land	$ 710,903	$ -	$ -	710,903	$ -	$ -	$ -	0	710,903
47	1808	Buildings - Fixtures	$ 2,143,803	$ -	$ -	2,143,803	-$ 407,266	-$ 42,124	$ -	-449,390	1,694,413
47	1808A	Buildings - Components	$ 932,194	$ 21,081	$ -	953,275	-$ 178,515	-$ 37,358	$ -	-215,873	737,402
13	1810	Leasehold Improvements	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
47	1815	Transformer Station Equipment >50 kV	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
47	1820	Distribution Station Equipment <50 kV - Stations	$ 15,728,890	$ 26,165	$ -	15,755,055	-$ 5,297,500	-$ 266,595	$ -	-5,564,095	10,190,960
47	1820A	Distribution Station Equipment <50 kV - Switches/Breakers	$ 2,283,582	$ 12,502	$ -	2,296,084	-$ 821,642	-$ 53,564	$ -	-875,206	1,420,878
47	1825	Storage Battery Equipment	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
47	1830	Poles, Towers & Fixtures	$ 75,562,684	$ 12,074,350	-$ 88,183	87,548,852	-$ 29,278,947	-$ 1,380,432	$ 66,712	-30,592,667	56,956,185
47	1835	Overhead Conductors & Devices	$ 50,916,860	$ 3,905,610	$ -	54,822,470	-$ 15,974,369	-$ 986,293	$ -	-16,960,662	37,861,808
47	1840	Underground Conduit	$ 33,543	$ -	$ -	33,543	-$ 727	-$ 671	$ -	-1,398	32,145
47	1845	Underground Conductors & Devices	$ 2,207,579	$ 11,399	$ -	2,218,978	-$ 725,049	-$ 50,626	$ -	-775,675	1,443,303
47	1850	Line Transformers	$ 15,296,225	$ 1,011,761	-$ 84,026	16,223,960	-$ 7,785,064	-$ 282,380	$ 63,738	-8,003,706	8,220,254
47	1855	Services (Overhead & Underground)	$ 3,361,906	$ -	$ -	3,361,906	-$ 2,502,097	-$ 41,020	$ -	-2,543,117	818,789
47	1860	Meters	$ 688,153	$ 0	$ -	688,153	-$ 587,001	-$ 13,815	$ -	-600,816	87,337
47	1860A	Meters (Smart Meters)	$ 4,525,909	$ 115,147	-$ 8,169	4,632,888	-$ 3,241,294	-$ 318,370	$ 6,144	-3,553,520	1,079,368
47	1860B	Meters - PT's and CT's	$ 410,416	$ 102,168	$ -	512,584	-$ 176,325	-$ 12,789	$ -	-189,114	323,470
47	1865	Other Installations on Customer's Premises	$ 194,063	$ -	$ -	194,063	-$ 194,063	$ -	$ -	-194,063	0
N/A	1905	Land	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
1	1908	Buildings & Fixtures	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
1	1908A	Buildings & Fixtures-25Yrs	$ -	$ -	$ -	0	$ -	$ 0	$ -	0	0
12	1910	Leasehold Improvements	$ 101,365	$ -	$ -	101,365	-$ 85,896	-$ 5,200	$ -	-91,096	10,269
8	1915	Office Furniture & Equipment (10 years)	$ 348,657	$ 35,792	$ -	384,449	-$ 297,574	-$ 9,782	$ -	-307,356	77,093
8	1915A	Office Furniture & Equipment (5 years)	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
50	1920	Computer Equipment - Hardware	$ 1,007,472	$ 119,033	$ -	1,126,504	-$ 768,462	-$ 99,762	$ -	-868,223	258,281
45	1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
50	1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
10	1930	Transportation Equipment - 5 Yr	$ 1,247,164	$ 403,244	-$ 286,375	1,364,034	-$ 1,021,958	-$ 128,446	$ 286,375	-864,030	500,004
10	1930A	Transportation Equipment - 10 Yr	$ 4,156,298	$ 742,074	-$ 2,827	4,895,545	-$ 2,408,480	-$ 370,671	$ 2,827	-2,776,324	2,119,221
10	1935	Stores Equipment	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
8	1940	Tools, Shop & Garage Equipment	$ 1,922,617	$ 65,875	-$ 3,988	1,984,505	-$ 1,665,947	-$ 53,963	$ 2,534	-1,717,376	267,129
10	1945	Measurement & Testing Equipment	$ 261,189	$ 12,472	$ -	273,661	-$ 227,954	-$ 8,376	$ -	-236,330	37,331
10	1950	Power Operated Equipment	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
10	1955	Communications Equipment - 10 yr	$ 487,630	$ -	$ -	487,630	-$ 460,693	-$ 10,643	$ -	-471,336	16,294
10	1955A	Communications Equipment - 5 yr	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
8	1955B	Communication Equipment (Smart Meters)	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
8	1960	Miscellaneous Equipment - 10 yr	$ 103,899	$ -	$ -	103,899	-$ 76,367	-$ 5,086	$ -	-81,453	22,446
8	1960A	Miscellaneous Equipment - 5 yr	$ 36,271	$ 13,136	$ -	49,406	-$ 26,327	-$ 4,249	$ -	-30,575	18,831
47	1970	Load Management Controls Customer Premises	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
47	1975	Load Management Controls Utility Premises	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
8	1980	System Supervisor Equipment	$ 146,422	$ 39,067	$ -	185,489	-$ 49,290	-$ 7,475	$ -	-56,765	128,724
47	1985	Miscellaneous Fixed Assets	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
47	1990	Other Tangible Property	$ -	$ -	$ -	0	$ -	$ -	$ -	0	0
47	1995	Contributions & Grants	-$ 1,726,108	-$ 271,850	$ 908	-1,997,050	$ 227,949	$ 41,808	-$ 58	269,699	-1,727,351
		Sub-Total	**207,813,776**	**18,960,773**	**-472,660**	**226,301,889**	**-84,586,116**	**-4,796,840**	**428,273**	**-88,954,683**	**137,347,206**
		Less Socialized Renewable Energy Generation Investments (input as negative)				0				0	0
		Less Other Non Rate-Regulated Utility Assets (input as negative)				0				0	0
		Total PP&E for Rate Base Purposes	**$ 207,813,776**	**$ 18,960,773**	**-$ 472,660**	**$ 226,301,889**	**-$ 84,586,116**	**-$ 4,796,840**	**$ 428,273**	**-$ 88,954,683**	**$ 137,347,206**
	2055	**Add: Construction Work in Progress - Electric**	$ 12,855,159	-$ 7,763,839	$ -	5,091,320	$ -	$ -	$ -	0	5,091,320
		Less Other Non Rate-Regulated Utility Assets (input as negative)				0				0	0
		Total PP&E	**220,668,935**	**11,196,933**	**-472,660**	**231,393,208**	**-84,586,116**	**-4,796,840**	**428,273**	**-88,954,683**	**142,438,526**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)									
		Total						**-4,796,840**			$ -

Less: Fully Allocated Depreciation	
Transportation	-$ 499,117
Stores Equipment	
Deferred Revenue	
Net Depreciation	-4,297,723

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Year 2024 MIFRS

			Cost				Accumulated Depreciation										
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value	ACM Cost	ACM Accumulated Depreciation	Adjusted 2025 Opening Cost	Adjusted 2025 Opening A/D	Adjusted NBV
	1608	Franchises & Consents	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
	1609	Capital Contributions Paid	$ 44,289	$ -		44,289	-$ 2,214	-$ 4,429		-6,643	37,646			$ 44,289	-$ 6,643	$ 37,646
	1609A	Capital Contributions Paid - 45 Yr		$ -		0	$ -	$ 1,714		1,714	1,714	$ 11,006,211	-$ 343,349	$ 11,006,211	-$ 341,635	$ 10,664,576
1	1610	Miscellaneous Intangible Plant	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
12	1611	Computer Software (Formally known as Account 1925) - 5 yr	$ 926,574	$ -		926,574	-$ 887,204	-$ 15,377		-902,581	23,993			$ 926,574	-$ 902,581	$ 23,993
12	1611A	Computer Software (Formally known as Account 1925) - 10 yr	$ 2,147,688	$ 122,074		2,269,762	-$ 1,920,379	-$ 74,454		-1,994,832	274,930			$ 2,269,762	-$ 1,994,832	$ 274,930
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	$ 22,127,385	$ 399,711		22,527,096	-$ 8,394,420	-$ 570,856		-8,965,276	13,561,820	$ 713	-$ 38	$ 22,527,809	-$ 8,965,314	$ 13,562,495
N/A	1805	Land	$ 710,903	$ -		710,903	$ -	$ -		0	710,903	$ 1,065,963	$ -	$ 1,776,866	$ -	$ 1,776,866
47	1808	Buildings - Fixtures	$ 2,143,803	$ -		2,143,803	-$ 449,390	-$ 42,124		-491,514	1,652,289			$ 2,143,803	-$ 491,514	$ 1,652,289
47	1808A	Buildings - Components	$ 953,275	$ 97,171		1,050,447	-$ 215,873	-$ 38,940		-254,813	795,633	$ 10,745	-$ 430	$ 1,061,192	-$ 255,243	$ 805,948
13	1810	Leasehold Improvements	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
47	1815	Transformer Station Equipment >50 kV	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
47	1820	Distribution Station Equipment <50 kV - Stations	$ 15,755,055	$ 4,821,386		20,576,441	-$ 5,564,095	-$ 331,288		-5,895,383	14,681,058			$ 20,576,441	-$ 5,895,383	$ 14,681,058
47	1820A	Distribution Station Equipment <50 kV - Switches/Breakers	$ 2,296,084	$ 199,864		2,495,949	-$ 875,206	-$ 56,016		-931,223	1,564,726			$ 2,495,949	-$ 931,223	$ 1,564,726
47	1825	Storage Battery Equipment	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
47	1830	Poles, Towers & Fixtures	$ 87,548,852	$ 6,822,057		94,370,908	-$ 30,592,667	-$ 1,748,808		-32,341,476	62,029,433			$ 94,370,908	-$ 32,341,476	$ 62,029,433
47	1835	Overhead Conductors & Devices	$ 54,822,470	$ 4,218,115		59,040,585	-$ 16,960,662	-$ 1,121,580		-18,082,242	40,958,343			$ 59,040,585	-$ 18,082,242	$ 40,958,343
47	1840	Underground Conduit	$ 33,543	$ -		33,543	-$ 1,398	-$ 671		-2,069	31,474			$ 33,543	-$ 2,069	$ 31,474
47	1845	Underground Conductors & Devices	$ 2,218,978	$ 214,149		2,433,127	-$ 775,675	-$ 53,309		-828,984	1,604,143			$ 2,433,127	-$ 828,984	$ 1,604,143
47	1850	Line Transformers	$ 16,223,960	$ 741,793		16,965,753	-$ 8,003,706	-$ 311,831		-8,315,537	8,650,216			$ 16,965,753	-$ 8,315,537	$ 8,650,216
47	1855	Services (Overhead & Underground)	$ 3,361,906	$ -		3,361,906	-$ 2,543,117	-$ 41,002		-2,584,119	777,787			$ 3,361,906	-$ 2,584,119	$ 777,787
47	1860	Meters	$ 688,153	$ -		688,153	-$ 600,816	-$ 13,816		-614,632	73,521			$ 688,153	-$ 614,632	$ 73,521
47	1860A	Meters (Smart Meters)	$ 4,632,888	$ 119,657		4,752,545	-$ 3,553,520	-$ 278,105		-3,831,624	920,921			$ 4,752,545	-$ 3,831,624	$ 920,921
47	1860B	Meters - PT's and CT's	$ 512,584	$ 13,295		525,879	-$ 189,114	-$ 16,419		-205,533	320,347			$ 525,879	-$ 205,533	$ 320,347
47	1865	Other Installations on Customer's Premises	$ 194,063	$ -		194,063	-$ 194,063	$ -		-194,063	0			$ 194,063	-$ 194,063	$ -
N/A	1905	Land	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
1	1908	Buildings & Fixtures	$ -	$ -		0	$ -	$ 0		0	0	$ 15,237,022	-$ 623,075	$ 15,237,022	-$ 623,075	$ 14,613,947
1	1908A	Buildings & Fixtures-25Yrs	$ -	$ 36,976		36,976	$ 0	-$ 1,170		-1,170	35,806			$ 36,976	-$ 1,170	$ 35,806
12	1910	Leasehold Improvements	$ 101,365	$ -		101,365	-$ 91,096	-$ 4,655		-95,751	5,614			$ 101,365	-$ 95,751	$ 5,614
8	1915	Office Furniture & Equipment (10 years)	$ 384,449	$ 20,000		404,449	-$ 307,356	-$ 13,443		-320,799	83,650	$ 8,991	-$ 1,873	$ 413,440	-$ 322,672	$ 90,768
8	1915A	Office Furniture & Equipment (5 years)	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
50	1920	Computer Equipment - Hardware	$ 1,126,504	$ 51,467		1,177,971	-$ 868,223	-$ 92,642		-960,865	217,106	$ 220,574	-$ 91,905	$ 1,398,545	-$ 1,052,770	$ 345,775
45	1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
50	1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
10	1930	Transportation Equipment - 5 Yr	$ 1,364,034	$ 584,674		1,948,707	-$ 864,030	-$ 211,687		-1,075,717	872,990			$ 1,948,707	-$ 1,075,717	$ 872,990
10	1930A	Transportation Equipment - 10 Yr	$ 4,895,545	$ -		4,895,545	-$ 2,776,324	-$ 391,625		-3,167,949	1,727,596			$ 4,895,545	-$ 3,167,949	$ 1,727,596
10	1935	Stores Equipment	$ -	$ -		0	$ -	$ -		0	0	$ 55,244	-$ 10,129	$ 55,244	-$ 10,129	$ 45,115
8	1940	Tools, Shop & Garage Equipment	$ 1,984,505	$ 90,000		2,074,505	-$ 1,717,376	-$ 52,914		-1,770,290	304,215			$ 2,074,505	-$ 1,770,290	$ 304,215
10	1945	Measurement & Testing Equipment	$ 273,661	$ -		273,661	-$ 236,330	-$ 6,520		-242,850	30,811			$ 273,661	-$ 242,850	$ 30,811
10	1950	Power Operated Equipment	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
10	1955	Communications Equipment - 10 yr	$ 487,630	$ 119,395		607,024	-$ 471,336	-$ 11,283		-482,618	124,406			$ 607,024	-$ 482,618	$ 124,406
10	1955A	Communications Equipment - 5 yr	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
8	1955B	Communication Equipment (Smart Meters)	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
8	1960	Miscellaneous Equipment - 10 yr	$ 103,899	$ -		103,899	-$ 81,453	-$ 4,980		-86,433	17,466	$ 55,411	-$ 7,852	$ 159,310	-$ 94,285	$ 65,025
8	1960A	Miscellaneous Equipment - 5 yr	$ 49,406	$ -		49,406	-$ 30,575	-$ 4,607		-35,182	14,224			$ 49,406	-$ 35,182	$ 14,224
47	1970	Load Management Controls Customer Premises	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
47	1975	Load Management Controls Utility Premises	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
8	1980	System Supervisor Equipment	$ 185,489	$ 251,000		436,489	-$ 56,765	-$ 21,874		-78,639	357,850			$ 436,489	-$ 78,639	$ 357,850
47	1985	Miscellaneous Fixed Assets	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
47	1990	Other Tangible Property	$ -	$ -		0	$ -	$ -		0	0			$ -	$ -	$ -
47	1995	Contributions & Grants	-$ 1,997,050	-$ 5,252,085		-7,249,135	$ 269,699	$ 102,536		372,236	-6,876,900			-$ 7,249,135	$ 372,236	-$ 6,876,900
		Sub-Total	**$ 226,301,889**	**$ 13,670,698**	**$ -**	**$ 239,972,587**	**-$ 88,954,683**	**-$ 5,432,173**	**$ -**	**-$ 94,386,856**	**$ 145,585,731**	**$ 27,660,874**	**-$ 1,078,651**	**$ 267,633,461**	**-$ 95,465,507**	**$ 172,167,954**
		Less Socialized Renewable Energy Generation Investments (input as negative)														
		Less Other Non Rate-Regulated Utility Assets (input as negative)														
		Total PP&E for Rate Base Purposes	**$ 226,301,889**	**$ 13,670,698**	**$ -**	**$ 239,972,587**	**-$ 88,954,683**	**-$ 5,432,173**	**$ -**	**-$ 94,386,856**	**$ 145,585,731**	**$ 27,660,874**	**-$ 1,078,651**	**$ 267,633,461**	**-$ 95,465,507**	**$ 172,167,954**
	2055	**Add: Construction Work in Progress - Electric**	$ 5,091,320	-$ 6,631,000	$ -	-1,539,680	$ -	$ -	$ -	0	-1,539,680			-$ 1,539,680	$ -	-$ 1,539,680
		Less Other Non Rate-Regulated Utility Assets (input as negative)				**0**					**0**			**0**		
		Total PP&E	**$ 231,393,208**	**$ 7,039,698**	**$ -**	**$ 238,432,907**	**-$ 88,954,683**	**-$ 5,432,173**	**$ -**	**-$ 94,386,856**	**$ 144,046,051**	**$ 27,660,874**	**-$ 1,078,651**	**$ 266,093,780**	**-$ 95,465,507**	**$ 170,628,274**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)														
		Total						-6,510,824			$ -					

Less: Fully Allocated Depreciation	
Transportation	-$ 603,312
Stores Equipment	
Deferred Revenue	
Net Depreciation	-5,907,511

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				Year	2025	MIFRS						
			Cost				Accumulated Depreciation					
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
	1608	Franchises & Consents	0	0	0	0	0	0	0	0	0
	1609	Capital Contributions Paid	44,289	0	0	44,289	-6,643	-4,429	0	-11,072	33,217
	1609A	Capital Contributions Paid - 45 Yr	11,006,211	0	0	11,006,211	-341,635	-246,297	0	-587,931	10,418,279
1	1610	Miscellaneous Intangible Plant	0	0	0	0	0	0	0	0	0
12	1611	Computer Software (Formally known as Account 1925) - 5 yr	926,574	0	0	926,574	-902,581	-10,391	0	-912,972	13,602
12	1611A	Computer Software (Formally known as Account 1925) - 10 yr	2,269,762	108,805	0	2,378,567	-1,994,832	-78,283	0	-2,073,115	305,452
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	22,527,809	224,755	0	22,752,564	-8,965,314	-580,183	0	-9,545,497	13,207,067
N/A	1805	Land	1,776,866	0	0	1,776,866	0	0	0	0	1,776,866
47	1808	Buildings - Fixtures	2,143,803	0	0	2,143,803	-491,514	-42,123	0	-533,637	1,610,166
47	1808A	Buildings - Components	1,061,192	103,366	0	1,164,558	-255,243	-43,383	0	-298,627	865,931
13	1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
47	1815	Transformer Station Equipment >50 kV	0	0	0	0	0	0	0	0	0
47	1820	Distribution Station Equipment <50 kV - Stations	20,576,441	0	0	20,576,441	-5,895,383	-395,725	0	-6,291,108	14,285,333
47	1820A	Distribution Station Equipment <50 kV - Switches/Breakers	2,495,949	31,226	0	2,527,175	-931,223	-58,867	0	-990,090	1,537,086
47	1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
47	1830	Poles, Towers & Fixtures	94,370,908	3,679,903	0	98,050,812	-32,341,476	-1,901,191	0	-34,242,666	63,808,145
47	1835	Overhead Conductors & Devices	59,040,585	3,031,440	0	62,072,025	-18,082,242	-1,215,512	0	-19,297,753	42,774,272
47	1840	Underground Conduit	33,543	0	0	33,543	-2,069	-671	0	-2,740	30,803
47	1845	Underground Conductors & Devices	2,433,127	186,047	0	2,619,174	-828,984	-58,305	0	-887,289	1,731,885
47	1850	Line Transformers	16,965,753	841,111	0	17,806,864	-8,315,537	-333,908	0	-8,649,445	9,157,419
47	1855	Services (Overhead & Underground)	3,361,906	0	0	3,361,906	-2,584,119	-41,022	0	-2,625,141	736,765
47	1860	Meters	688,153	0	0	688,153	-614,632	-13,816	0	-628,448	59,705
47	1860A	Meters (Smart Meters)	4,752,545	522,873	0	5,275,418	-3,831,624	-198,403	0	-4,030,028	1,245,390
47	1860B	Meters - PT's and CT's	525,879	12,929	0	538,809	-205,533	-16,853	0	-222,385	316,423
47	1865	Other Installations on Customer's Premises	194,063	0	0	194,063	-194,063	0	0	-194,063	0
N/A	1905	Land	0	0	0	0	0	0	0	0	0
1	1908	Buildings & Fixtures	15,237,022	0	0	15,237,022	-623,075	-304,748	0	-927,823	14,309,199
1	1908A	Buildings & Fixtures-25Yrs	36,976	41,372	0	78,348	-1,170	-2,736	0	-3,906	74,442
12	1910	Leasehold Improvements	101,365	0	0	101,365	-95,751	-3,706	0	-99,457	1,908
8	1915	Office Furniture & Equipment (10 years)	413,440	69,128	0	482,568	-322,672	-18,432	0	-341,104	141,464
8	1915A	Office Furniture & Equipment (5 years)	0	0	0	0	0	0	0	0	0
50	1920	Computer Equipment - Hardware	1,398,545	51,533	0	1,450,078	-1,052,770	-128,840	0	-1,181,609	268,469
45	1920A	Computer Equip.-Hardware(Post Mar. 22/04)	0	0	0	0	0	0	0	0	0
50	1920B	Computer Equip.-Hardware(Post Mar. 19/07)	0	0	0	0	0	0	0	0	0
10	1930	Transportation Equipment - 5 Yr	1,948,707	0	0	1,948,707	-1,075,717	-238,806	0	-1,314,523	634,185
10	1930A	Transportation Equipment - 10 Yr	4,895,545	1,207,470	0	6,103,014	-3,167,949	-405,833	0	-3,573,782	2,529,232
10	1935	Stores Equipment	55,244	0	0	55,244	-10,129	-5,525	0	-15,654	39,590
8	1940	Tools, Shop & Garage Equipment	2,074,505	91,800	0	2,166,305	-1,770,290	-57,901	0	-1,828,191	338,114
10	1945	Measurement & Testing Equipment	273,661	0	0	273,661	-242,850	-6,104	0	-248,954	24,707
10	1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
10	1955	Communications Equipment - 10 yr	607,024	106,730	0	713,754	-482,618	-21,838	0	-504,456	209,298
10	1955A	Communications Equipment - 5 yr	0	0	0	0	0	0	0	0	0
8	1955B	Communication Equipment (Smart Meters)	0	0	0	0	0	0	0	0	0
8	1960	Miscellaneous Equipment - 10 yr	159,310	0	0	159,310	-94,285	-9,927	0	-104,212	55,098
8	1960A	Miscellaneous Equipment - 5 yr	49,406	0	0	49,406	-35,182	-4,608	0	-39,790	9,616
47	1970	Load Management Controls Customer Premises	0	0	0	0	0	0	0	0	0
47	1975	Load Management Controls Utility Premises	0	0	0	0	0	0	0	0	0
8	1980	System Supervisor Equipment	436,489	0	0	436,489	-78,639	-34,424	0	-113,063	323,426
47	1985	Miscellaneous Fixed Assets	0	0	0	0	0	0	0	0	0
47	1990	Other Tangible Property	0	0	0	0	0	0	0	0	0
47	1995	Contributions & Grants	-7,249,135	-100,000	0	-7,349,135	372,236	162,369	0	534,604	-6,814,531
		Sub-Total	**267,633,461**	**10,210,489**	**0**	**277,843,950**	**-95,465,507**	**-6,320,421**	**0**	**-101,785,928**	**176,058,022**
	2055	**Add: Construction Work in Progress - Electric**	-1,539,680	0	0	-1,539,680	0	0	0	0	-1,539,680
		Less Other Non Rate-Regulated Utility Assets (input as negative)				0				0	0
		Total PP&E	**266,093,780**	**10,210,489**	**0**	**276,304,269**	**-95,465,507**	**-6,320,421**	**0**	**-101,785,928**	**174,518,342**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)									
		Total						**-6,320,421**			$ -
						Less: *Fully Allocated Depreciation*					
						Transportation		-644,639			
						Stores Equipment					
						Deferred Revenue					
						Net Depreciation		-5,675,782			

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2.2 DEPRECIATION, AMORTIZATION AND DEPLETION

2.2.1 OVERVIEW

In API's 2015 cost of service application (EB-2014-0055), API changed its capitalization policies and depreciation rates effective January 1, 2013. The Board's Kinectrics Report had been used as guideline in updating the depreciation/amortization rates. The rates used within this Application are the depreciation rates that were approved within the 2015 application. See Appendix 2-BB of the filing requirements for API's service lives implemented in 2013 as compared to the Kinectrics Report. API's depreciable lives and capitalization policy are discussed further in section 2.3.

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

- The amount is calculated on a straight-line basis over the estimated remaining useful life of the assets at the end of the previous year; plus.
- For depreciation/amortization on capital additions during the current year, depreciation commences in the month following the month the asset is capitalized and ends in the month the asset is taken out of service. This methodology ensures an accurate and precise calculation of depreciation in both the beginning and ending year of service. API has historically used this methodology. The fixed asset module within SAP tracks and calculates depreciation.

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

API confirms that it has applied the half-year rule for the purposes of computing the net book value of capital assets to be included in rate base for both 2024 Bridge and 2025 Test Years. Under the half-year rule acquisitions and investments made during the year are amortized assuming they entered service at the mid-point of the year.

Table 15 below summarizes the depreciation expenses by year. Appendix 2-C of the Chapter 2 Appendices, and the amortization rate by OEB asset account is shown at the next page.

Table 15 – Depreciation Expenses

	Depreciation Expense	Less: Fully Allocated Depreciation	Net Depreciation Expense
2020	$ 4,346,559	$ 422,310	$ 3,924,249
2021	$ 4,520,151	$ 470,680	$ 4,049,472
2022	$ 4,641,623	$ 453,164	$ 4,188,459
2023	$ 4,796,840	$ 499,117	$ 4,297,723
2024	$ 5,432,173	$ 603,312	$ 4,828,861
2025	$ 6,320,421	$ 644,639	$ 5,675,782

In preparing Appendix 2-C, API noted that throughout the historical, Bridge and Test years, variances calculated by individual OEB account were generally less than the $175,000 materiality level, with exception of the 1830 Poles, Towers & Fixtures. API also generally noted that for the majority of the OEB accounts, actual depreciation was less than calculated for the years presented. The driving factor of this variance is likely due to the fact that when API modified asset depreciable lives in 2013 to better align with the Kinectrics report, in most instances the lives were extended. By extending the remaining lives of assets that existed pre-January 1, 2013, the annual depreciation expenses for those assets over the new adjusted useful lives of those assets would be less than prior to the change in useful lives, which is likely causing the majority of the variances. The remaining variances are likely due to timing of the additions from year-to-year.

Table 16 – Depreciation Schedules

Year 2020

Account	Description	Book Values				Service Lives		Expense			
		Opening Book Value of Assets	Less Fully Depreciated [1]	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing [2]	Depreciation Rate Assets	Depreciation Expense on Assets [3]	Depreciation Expense per Appendix 2-BA Fixed Assets,	Variance [4]
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h
1609	Capital Contributions Paid	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1609A	Capital Contributions Paid - 45 Yr	$ -	$ -	$ -	$ -	$ -	45.00	2.22%	$ -	$ -	$ -
1611	Computer Software (Formally known as Account 1925) - 5 Yr	$ 977,931	$ 917,175	$ -	$ -	$ 60,756	5.00	20.00%	$ 12,151	$ 10,724	-$ 1,427
1611A	Computer Software (Formally known as Account 1925) - 10 Yr	$ 2,122,933	$ 12,073	$ -	$ -	$ 2,110,860	10.00	10.00%	$ 211,086	$ 212,658	$ 1,572
1612	Land Rights (Formally known as Account 1906)	$ 21,220,182	$ -	$ 107,272	$ -	$ 21,273,818	40.00	2.50%	$ 531,845	$ 541,657	$ 9,811
1805	Land	$ 710,903	$ -	$ -	$ -	$ 710,903	-	0.00%	$ -	$ -	$ -
1808	Buildings	$ 2,143,803	$ -	$ -	$ -	$ 2,143,803	50.00	2.00%	$ 42,876	$ 42,124	-$ 752
1808A	Buildings - Components	$ 623,263	$ 21,442	$ 129,184	$ -	$ 666,413	25.00	4.00%	$ 26,657	$ 29,393	$ 2,737
1810	Leasehold Improvements	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1815	Transformer Station Equipment >50 kV	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV - Stns	$ 13,231,270	$ 1,275,468	$ 68,058	$ 53,222	$ 11,936,609	50.00	2.00%	$ 238,732	$ 212,413	-$ 26,319
1820A	Distribution Station Equipment <50 kV - Switches	$ 2,278,832	$ 13,148	$ 0	$ -	$ 2,265,684	40.00	2.50%	$ 56,642	$ 52,505	-$ 4,137
1825	Storage Battery Equipment	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1830	Poles, Towers & Fixtures	$ 66,804,923	$ 4,995,591	$ 2,424,094	$ 814	$ 63,020,566	45.00	2.22%	$ 1,400,457	$ 929,953	-$ 470,504
1835	Overhead Conductors & Devices	$ 43,573,523	$ 2,987,811	$ 2,698,680	$ -	$ 41,935,053	45.00	2.22%	$ 931,890	$ 881,039	-$ 50,851
1840	Underground Conduit	$ -	$ -	$ -	$ -	$ -	50.00	2.00%	$ -	$ -	$ -
1845	Underground Conductors & Devices	$ 1,929,529	$ 59,851	$ 31,856	$ -	$ 1,885,605	40.00	2.50%	$ 47,140	$ 43,921	-$ 3,219
1850	Line Transformers	$ 13,180,779	$ 1,009,999	$ 608,135	$ 24,442	$ 12,450,405	40.00	2.50%	$ 311,260	$ 342,179	$ 30,919
1855	Services (Overhead & Underground)	$ 3,361,906	$ 866,373	$ -	$ -	$ 2,495,533	40.00	2.50%	$ 62,388	$ 41,000	-$ 21,388
1860	Meters	$ 908,352	$ -	-$ 0	$ 14,414	$ 893,938	30.00	3.33%	$ 29,798	$ 20,108	-$ 9,690
1860A	Meters (Smart Meters)	$ 3,968,716	$ -	$ 218,370	$ 5,645	$ 4,072,256	15.00	6.67%	$ 271,484	$ 273,722	$ 2,238
1860B	Meters - PT & CT's	$ 252,375	$ 9,395	$ 83,742	$ -	$ 284,850	30.00	3.33%	$ 9,495	$ 47,707	$ 38,212
1865	Other Installations on Customer's Premises	$ 194,063	$ 123,690	$ -	$ -	$ 70,373	10.00	10.00%	$ 7,037	$ 4,653	-$ 2,384
1875	Street Lighting and Signal Systems	$ -	$ 16,523	$ -	$ -	-$ 16,523	20.00	5.00%	-$ 826	$ -	$ 826
1905	Land	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1908	Buildings & Fixtures-50 Yrs	$ -	$ -	$ -	$ -	$ -	50.00	2.00%	$ -	$ -	$ -
1908A	Buildings & Fixtures-25Yrs	$ -	$ -	$ -	$ -	$ -	25.00	4.00%	$ -	$ -	$ -
1910	Leasehold Improvements	$ 80,040	$ 75,360	$ 3,344	$ -	$ 6,352	5.00	20.00%	$ 1,270	$ 1,493	$ 223
1915	Office Furniture & Equipment (10 years)	$ 366,233	$ 223,933	$ 3,000	$ -	$ 143,800	10.00	10.00%	$ 14,380	$ 14,344	-$ 36
1915A	Office Furniture & Equipment (5 years)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1920	Computer Equipment - Hardware	$ 925,572	$ 426,363	$ 61,070	$ -	$ 529,743	5.00	20.00%	$ 105,949	$ 97,108	-$ 8,841
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1930	Transportation Equipment (5 years)	$ 1,401,279	$ 987,164	$ 200,057	$ -	$ 514,144	5.00	20.00%	$ 102,829	$ 100,069	-$ 2,760
1930A	Transportation Equipment (10 years)	$ 4,726,983	$ 1,632,062	$ 584,767	$ 31,923	$ 3,355,382	10.00	10.00%	$ 335,538	$ 322,241	-$ 13,297
1935	Stores Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1940	Tools, Shop & Garage Equipment	$ 1,958,082	$ 1,288,497	$ 26,539	$ 7,400	$ 675,455	10.00	10.00%	$ 67,546	$ 67,792	$ 246
1945	Measurement & Testing Equipment	$ 242,447	$ 109,423	$ -	$ -	$ 133,025	10.00	10.00%	$ 13,302	$ 13,303	$ 1
1950	Power Operated Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1955	Communications Equipment	$ 483,650	$ -	$ -	$ -	$ 483,650	10.00	10.00%	$ 48,365	$ 48,365	$ 0
1955B	Communication Equipment (Smart Meters)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1960	Miscellaneous Equipment (10 years)	$ 92,536	$ 53,053	$ 5,946	$ -	$ 42,455	10.00	10.00%	$ 4,246	$ 4,114	-$ 132
1960A	Miscellaneous Equipment (5 years)	$ 492,118	$ 465,748	$ -	$ -	$ 26,371	5.00	20.00%	$ 5,274	$ 5,275	$ 1
1970	Load Management Controls Customer Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1975	Load Management Controls Utility Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1980	System Supervisor Equipment	$ 146,422	$ -	$ -	$ -	$ 146,422	20.00	5.00%	$ 7,321	$ 7,328	$ 7
1985	Miscellaneous Fixed Assets	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1990	Other Tangible Property	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1995	Contributions & Grants	-$ 821,734	-$ 65,048	-$ 168,464	$ -	-$ 840,918	39.95	2.50%	-$ 21,047	-$ 20,630	$ 417
2440	Deferred Revenue	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
2005	Property Under Finance Lease	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
	Total	**$ 187,576,913**	**$ 17,505,095**	**$ 7,085,650**	**$ 137,860**	**$ 173,476,783**			**$ 4,875,086**	**$ 4,346,559**	**-$ 528,527**

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Year 2021

		Book Values				Service Lives		Expense				
Account	Description	Opening Book Value of Assets	Less Fully Depreciated [1]	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing [2]	Depreciation Rate Assets	Depreciation Expense on Assets [3]	Depreciation Expense per Appendix 2-BA Fixed Assets,	Variance [4]
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h
1609	Capital Contributions Paid	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1609A	Capital Contributions Paid - 45 Yr	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1611	Computer Software (Formally known as Account 1925) - 5 Yr	$ 977,931	$ 926,690	$ 33,184	$ -	$ 67,832	5.00	20.00%	$ 13,566	$ 11,414	-$ 2,153
1611A	Computer Software (Formally known as Account 1925) - 10 Yr	$ 2,122,933	$ 12,073	$ 15,575	$ -	$ 2,118,648	10.00	10.00%	$ 211,865	$ 206,689	-$ 5,175
1612	Land Rights (Formally known as Account 1906)	$ 21,327,454	$ -	$ 156,562	$ -	$ 21,405,736	40.00	2.50%	$ 535,143	$ 544,821	$ 9,678
1805	Land	$ 710,903	$ -	$ -	$ -	$ 710,903	-	0.00%	$ -	$ -	$ -
1808	Buildings	$ 2,143,803	$ -	$ 0	$ -	$ 2,143,803	50.00	2.00%	$ 42,876	$ 42,124	-$ 752
1808A	Buildings - Components	$ 752,447	$ 21,442	$ 14,019	$ -	$ 738,015	25.00	4.00%	$ 29,521	$ 29,955	$ 435
1810	Leasehold Improvements	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1815	Transformer Station Equipment >50 kV	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV - Stns	$ 12,453,018	$ 692,956	$ 903,473	$ 275,618	$ 11,936,181	50.00	2.00%	$ 238,724	$ 200,997	-$ 37,726
1820A	Distribution Station Equipment <50 kV - Switches	$ 2,265,684	$ -	$ 32,138	$ 16,728	$ 2,265,025	40.00	2.50%	$ 56,626	$ 52,461	-$ 4,164
1825	Storage Battery Equipment	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1830	Poles, Towers & Fixtures	$ 69,150,708	$ 4,942,143	$ 3,979,849	$ 18,237	$ 66,180,253	45.00	2.22%	$ 1,470,672	$ 1,209,169	-$ 261,503
1835	Overhead Conductors & Devices	$ 46,272,203	$ 2,987,811	$ 2,608,425	$ -	$ 44,588,605	45.00	2.22%	$ 990,858	$ 878,689	-$ 112,169
1840	Underground Conduit	$ -	$ -	$ 33,543	$ -	$ 16,771	50.00	2.00%	$ 335	$ 56	-$ 280
1845	Underground Conductors & Devices	$ 1,961,385	$ 59,851	$ 188,286	$ -	$ 1,995,676	40.00	2.50%	$ 49,892	$ 44,582	-$ 5,310
1850	Line Transformers	$ 13,730,980	$ 1,000,261	$ 703,092	$ -	$ 13,082,265	40.00	2.50%	$ 327,057	$ 241,998	-$ 85,059
1855	Services (Overhead & Underground)	$ 3,361,906	$ 866,373	$ -	$ -	$ 2,495,533	40.00	2.50%	$ 62,388	$ 41,018	-$ 21,370
1860	Meters	$ 874,291	$ -	$ 215,167	$ -	$ 766,708	30.00	3.33%	$ 25,557	-$ 57,316	-$ 82,873
1860A	Meters (Smart Meters)	$ 4,171,413	$ -	$ 282,198	$ -	$ 4,312,512	15.00	6.67%	$ 287,501	$ 371,624	$ 84,124
1860B	Meters - PT & CT's	$ 336,116	$ 9,395	$ 22,819	$ -	$ 338,130	30.00	3.33%	$ 11,271	$ 10,665	-$ 606
1865	Other Installations on Customer's Premises	$ 194,063	$ 171,371	$ -	$ -	$ 22,692	10.00	10.00%	$ 2,269	$ 1,135	-$ 1,134
1875	Street Lighting and Signal Systems	$ -	$ 16,523	$ -	$ -	-$ 16,523	20.00	5.00%	-$ 826	$ -	$ 826
1905	Land	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1908	Buildings & Fixtures-50 Yrs	$ -	$ -	$ -	$ -	$ -	50.00	2.00%	$ -	$ -	$ -
1908A	Buildings & Fixtures-25Yrs	$ -	$ -	$ -	$ -	$ -	25.00	4.00%	$ -	$ -	$ -
1910	Leasehold Improvements	$ 83,384	$ 75,360	$ 17,981	$ -	$ 17,014	5.00	20.00%	$ 3,403	$ 3,296	-$ 107
1915	Office Furniture & Equipment (10 years)	$ 369,233	$ 231,429	$ 17,267	$ -	$ 146,438	10.00	10.00%	$ 14,644	$ 14,779	$ 135
1915A	Office Furniture & Equipment (5 years)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1920	Computer Equipment - Hardware	$ 986,641	$ 605,790	$ 45,400	$ -	$ 403,551	5.00	20.00%	$ 80,710	$ 80,614	-$ 97
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1930	Transportation Equipment (5 years)	$ 1,246,618	$ 691,529	$ 49,942	$ -	$ 580,060	5.00	20.00%	$ 116,012	$ 113,880	-$ 2,132
1930A	Transportation Equipment (10 years)	$ 4,118,413	$ 781,797	$ 449,571	$ -	$ 3,561,401	10.00	10.00%	$ 356,140	$ 356,799	$ 659
1935	Stores Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1940	Tools, Shop & Garage Equipment	$ 1,974,507	$ 1,336,585	$ 59,097	$ 286	$ 667,185	10.00	10.00%	$ 66,718	$ 65,707	-$ 1,012
1945	Measurement & Testing Equipment	$ 242,447	$ 109,423	$ 18,742	$ -	$ 142,395	10.00	10.00%	$ 14,240	$ 14,783	$ 543
1950	Power Operated Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1955	Communications Equipment	$ 483,650	$ -	$ 3,980	$ -	$ 485,640	10.00	10.00%	$ 48,564	$ 48,605	$ 41
1955B	Communication Equipment (Smart Meters)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1960	Miscellaneous Equipment (10 years)	$ 98,482	$ 53,053	$ 5,417	$ -	$ 48,137	10.00	10.00%	$ 4,814	$ 4,716	-$ 97
1960A	Miscellaneous Equipment (5 years)	$ 492,118	$ 465,748	$ -	$ -	$ 26,371	5.00	20.00%	$ 5,274	$ 4,986	-$ 288
1970	Load Management Controls Customer Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1975	Load Management Controls Utility Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1980	System Supervisor Equipment	$ 146,422	$ -	$ -	$ -	$ 146,422	20.00	5.00%	$ 7,321	$ 7,327	$ 6
1985	Miscellaneous Fixed Assets	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1990	Other Tangible Property	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1995	Contributions & Grants	-$ 990,198	-$ 65,048	-$ 472,311	-$ 78	-$ 1,161,228	50.00	2.00%	-$ 23,227	-$ 25,423	-$ 2,197
2440	Deferred Revenue	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
2005	Property Under Finance Lease	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
	Total	**$ 192,058,959**	**$ 15,992,556**	**$ 8,953,081**	**$ 310,791**	**$ 180,232,153**			**$ 5,049,908**	**$ 4,520,151**	**-$ 529,757**

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Year 2022

Account	Description	Book Values: Opening Book Value of Assets	Book Values: Less Fully Depreciated [1]	Book Values: Current Year Additions	Book Values: Disposals	Service Lives: Net Amount of Assets to be Depreciated	Service Lives: Remaining Life of Assets Existing [2]	Expense: Depreciation Rate Assets	Depreciation Expense on Assets [3]	Depreciation Expense per Appendix 2-BA Fixed Assets,	Variance [4]
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h
1609	Capital Contributions Paid	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1609A	Capital Contributions Paid - 45 Yr	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1611	Computer Software (Formally known as Account 1925) - 5 Yr	$ 1,011,114	$ 926,690	$ 6,254	$ -	$ 87,551	5.00	20.00%	$ 17,510	$ 17,511	$ 1
1611A	Computer Software (Formally known as Account 1925) - 10 Yr	$ 2,138,509	$ 900,283	$ 9,179	$ -	$ 1,242,815	10.00	10.00%	$ 124,281	$ 120,667	-$ 3,614
1612	Land Rights (Formally known as Account 1906)	$ 21,484,017	$ -	$ 178,426	$ -	$ 21,573,230	40.00	2.50%	$ 539,331	$ 548,619	$ 9,289
1805	Land	$ 710,903	$ -	$ -	$ -	$ 710,903	-	0.00%	$ -	$ -	$ -
1808	Buildings	$ 2,143,803	$ -	-$ 0	$ -	$ 2,143,803	50.00	2.00%	$ 42,876	$ 42,123	-$ 753
1808A	Buildings - Components	$ 766,467	$ 21,442	$ 165,728	$ -	$ 827,888	25.00	4.00%	$ 33,116	$ 33,822	$ 706
1810	Leasehold Improvements	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1815	Transformer Station Equipment >50 kV	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV - Stns	$ 13,043,945	$ 692,956	$ 2,707,920	-$ 8,215	$ 13,713,164	50.00	2.00%	$ 274,263	$ 244,567	-$ 29,696
1820A	Distribution Station Equipment <50 kV - Switches	$ 2,278,252	$ -	$ 114,678	$ 42,573	$ 2,293,018	40.00	2.50%	$ 57,325	$ 55,685	-$ 1,641
1825	Storage Battery Equipment	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1830	Poles, Towers & Fixtures	$ 73,022,442	$ 4,872,646	$ 3,500,020	-$ 173,134	$ 70,072,939	45.00	2.22%	$ 1,557,176	$ 1,290,543	-$ 266,634
1835	Overhead Conductors & Devices	$ 48,870,882	$ 2,978,064	$ 2,045,978	$ 14,654	$ 46,901,152	45.00	2.22%	$ 1,042,248	$ 933,834	-$ 108,414
1840	Underground Conduit	$ 33,543	$ -	$ -	$ -	$ 33,543	50.00	2.00%	$ 671	$ 671	$ 0
1845	Underground Conductors & Devices	$ 2,149,671	$ 59,851	$ 58,143	$ 56	$ 2,118,835	40.00	2.50%	$ 52,971	$ 49,016	-$ 3,955
1850	Line Transformers	$ 14,434,072	$ 1,000,261	$ 965,020	$ 192,994	$ 13,723,327	40.00	2.50%	$ 343,083	$ 262,061	-$ 81,022
1855	Services (Overhead & Underground)	$ 3,361,906	$ 866,373	$ -	$ -	$ 2,495,533	40.00	2.50%	$ 62,388	$ 40,999	-$ 21,389
1860	Meters	$ 659,124	$ -	$ 29,029	$ 20,860	$ 652,779	30.00	3.33%	$ 21,759	$ 12,899	-$ 8,860
1860A	Meters (Smart Meters)	$ 4,453,612	$ -	$ 93,924	$ 13,725	$ 4,486,849	15.00	6.67%	$ 299,123	$ 314,206	$ 15,083
1860B	Meters - PT & CT's	$ 358,935	$ 9,395	$ 51,481	$ -	$ 375,280	30.00	3.33%	$ 12,509	$ 11,503	-$ 1,006
1865	Other Installations on Customer's Premises	$ 194,063	$ 194,063	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1875	Street Lighting and Signal Systems	$ -	$ 16,523	$ -	$ -	-$ 16,523	20.00	5.00%	-$ 826	$ -	$ 826
1905	Land	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1908	Buildings & Fixtures-50 Yrs	$ -	$ -	$ -	$ -	$ -	50.00	2.00%	$ -	$ -	$ -
1908A	Buildings & Fixtures-25Yrs	$ -	$ -	$ -	$ -	$ -	25.00	4.00%	$ -	$ -	$ -
1910	Leasehold Improvements	$ 101,365	$ 75,360	$ -	$ -	$ 26,005	5.00	20.00%	$ 5,201	$ 5,201	$ 0
1915	Office Furniture & Equipment (10 years)	$ 386,500	$ 234,461	$ 1,194	$ -	$ 152,636	10.00	10.00%	$ 15,264	$ 14,891	-$ 373
1915A	Office Furniture & Equipment (5 years)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1920	Computer Equipment - Hardware	$ 1,031,874	$ 634,961	$ 129,326	$ -	$ 461,575	5.00	20.00%	$ 92,315	$ 91,430	-$ 885
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1930	Transportation Equipment (5 years)	$ 1,296,561	$ 824,005	$ 47,376	$ -	$ 496,243	5.00	20.00%	$ 99,249	$ 98,016	-$ 1,233
1930A	Transportation Equipment (10 years)	$ 4,064,791	$ 539,070	$ 91,506	$ -	$ 3,571,474	10.00	10.00%	$ 357,147	$ 355,148	-$ 1,999
1935	Stores Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1940	Tools, Shop & Garage Equipment	$ 1,993,371	$ 1,421,573	$ 48,452	$ 1,106	$ 594,919	10.00	10.00%	$ 59,492	$ 58,682	-$ 810
1945	Measurement & Testing Equipment	$ 261,189	$ 109,423	$ -	$ -	$ 151,766	10.00	10.00%	$ 15,177	$ 15,174	-$ 3
1950	Power Operated Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	$ -	$ -	$ -
1955	Communications Equipment	$ 487,630	$ 700	$ -	$ -	$ 486,930	10.00	10.00%	$ 48,693	$ 46,555	-$ 2,138
1955B	Communication Equipment (Smart Meters)	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1960	Miscellaneous Equipment (10 years)	$ 103,899	$ 53,053	$ 0	$ -	$ 50,845	10.00	10.00%	$ 5,085	$ 5,086	$ 1
1960A	Miscellaneous Equipment (5 years)	$ 492,118	$ 467,319	$ 9,900	$ -	$ 29,750	5.00	20.00%	$ 5,950	$ 1,971	-$ 3,979
1970	Load Management Controls Customer Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1975	Load Management Controls Utility Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1980	System Supervisor Equipment	$ 146,422	$ -	$ -	$ -	$ 146,422	20.00	5.00%	$ 7,321	$ 7,328	$ 7
1985	Miscellaneous Fixed Assets	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1990	Other Tangible Property	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
1995	Contributions & Grants	-$ 1,462,413	-$ 65,048	-$ 263,696	$ -	-$ 1,529,213	40.95	2.44%	-$ 37,343	-$ 36,585	$ 758
2440	Deferred Revenue	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
2005	Property Under Finance Lease	$ -	$ -	$ -	$ -	$ -	-	0.00%	$ -	$ -	$ -
	Total	**$ 200,018,567**	**$ 16,833,427**	**$ 9,989,839**	**$ 104,619**	**$ 188,075,440**			**$ 5,153,356**	**$ 4,641,623**	**-$ 511,733**

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Year 2023

		Book Values				Service Lives		Expense				
Account	Description	Opening Book Value of Assets	Less Fully Depreciated [1]	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing [2]	Depreciation Rate Assets	Depreciation Expense on Assets [3]	Depreciation Expense per Appendix 2-BA Fixed Assets,	Variance [4]
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h
1609	Capital Contributions Paid	$ -	$ -	$ 44,289	$ -	$ 22,145	10.00	10.00%	**$ 2,214**	$ 2,214	**-$ 0**
1609A	Capital Contributions Paid - 45 Yr	$ -	$ -	$ -	$ -	$ -	45.00	2.22%	**$ -**	$ -	**$ -**
1611	Computer Software (Formally known as Account 1925) - 5 Yr	$ 914,058	$ 823,379	$ 12,517	$ -	$ 96,937	5.00	20.00%	**$ 19,387**	$ 17,847	**-$ 1,541**
1611A	Computer Software (Formally known as Account 1925) - 10 Yr	$ 2,147,688	$ 1,397,200	$ -	$ -	$ 750,487	10.00	10.00%	**$ 75,049**	$ 75,072	**$ 23**
1612	Land Rights (Formally known as Account 1906)	$ 21,662,443	$ -	$ 464,942	$ -	$ 21,894,914	40.00	2.50%	**$ 547,373**	$ 553,827	**$ 6,454**
1805	Land	$ 710,903	$ -	$ -	$ -	$ 710,903	-	0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 2,143,803	$ -	$ -	$ -	$ 2,143,803	50.00	2.00%	**$ 42,876**	$ 42,124	**-$ 752**
1808A	Buildings - Components	$ 932,194	$ 21,442	$ 21,081	$ -	$ 921,292	25.00	4.00%	**$ 36,852**	$ 37,358	**$ 506**
1810	Leasehold Improvements	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1820	Distribution Station Equipment <50 kV - Stns	$ 15,728,890	$ 692,956	$ 26,165	$ -	$ 15,049,016	50.00	2.00%	**$ 300,980**	$ 266,595	**-$ 34,385**
1820A	Distribution Station Equipment <50 kV - Switches	$ 2,283,582	$ -	$ 12,502	$ -	$ 2,289,833	40.00	2.50%	**$ 57,246**	$ 53,564	**-$ 3,681**
1825	Storage Battery Equipment	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 75,562,684	$ 3,964,120	$ 12,074,350	$ 21,471	$ 77,614,269	45.00	2.22%	**$ 1,724,762**	$ 1,380,432	**-$ 344,330**
1835	Overhead Conductors & Devices	$ 50,916,860	$ 2,978,064	$ 3,905,610	$ -	$ 49,891,601	45.00	2.22%	**$ 1,108,702**	$ 986,293	**-$ 122,410**
1840	Underground Conduit	$ 33,543	$ -	$ -	$ -	$ 33,543	50.00	2.00%	**$ 671**	$ 671	**$ 0**
1845	Underground Conductors & Devices	$ 2,207,579	$ 59,851	$ 11,399	$ -	$ 2,153,428	40.00	2.50%	**$ 53,836**	$ 50,626	**-$ 3,210**
1850	Line Transformers	$ 15,296,225	$ 965,340	$ 1,011,761	$ 20,288	$ 14,816,478	40.00	2.50%	**$ 370,412**	$ 282,380	**-$ 88,032**
1855	Services (Overhead & Underground)	$ 3,361,906	$ 866,373	$ -	$ -	$ 2,495,533	40.00	2.50%	**$ 62,388**	$ 41,020	**-$ 21,368**
1860	Meters	$ 688,153	$ -	$ 0	$ -	$ 688,153	30.00	3.33%	**$ 22,938**	$ 13,815	**-$ 9,123**
1860A	Meters (Smart Meters)	$ 4,525,909	$ -	$ 115,147	$ 2,025	$ 4,581,458	15.00	6.67%	**$ 305,431**	$ 318,370	**$ 12,939**
1860B	Meters - PT & CT's	$ 410,416	$ 9,395	$ 102,168	$ -	$ 452,105	30.00	3.33%	**$ 15,070**	$ 12,789	**-$ 2,281**
1865	Other Installations on Customer's Premises	$ 194,063	$ 194,063	$ -	$ -	$ -	10.00	10.00%	**$ -**	$ -	**$ -**
1875	Street Lighting and Signal Systems	$ -	$ -	$ -	$ -	$ -	20.00	5.00%	**$ -**	$ -	**$ -**
1905	Land	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures-50 Yrs	$ -	$ -	$ -	$ -	$ -	50.00	2.00%	**$ -**	$ -	**$ -**
1908A	Buildings & Fixtures-25Yrs	$ -	$ -	$ -	$ -	$ -	25.00	4.00%	**$ -**	-$ 0	**-$ 0**
1910	Leasehold Improvements	$ 101,365	$ 75,360	$ -	$ -	$ 26,005	5.00	20.00%	**$ 5,201**	$ 5,200	**-$ 1**
1915	Office Furniture & Equipment (10 years)	$ 348,657	$ 240,347	$ 35,792	$ -	$ 126,206	10.00	10.00%	**$ 12,621**	$ 9,782	**-$ 2,839**
1915A	Office Furniture & Equipment (5 years)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1920	Computer Equipment - Hardware	$ 1,007,472	$ 539,063	$ 119,033	$ -	$ 527,925	5.00	20.00%	**$ 105,585**	$ 99,762	**-$ 5,823**
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1930	Transportation Equipment (5 years)	$ 1,247,164	$ 799,454	$ 403,244	$ -	$ 649,332	5.00	20.00%	**$ 129,866**	$ 128,446	**-$ 1,421**
1930A	Transportation Equipment (10 years)	$ 4,156,298	$ 542,593	$ 742,074	$ -	$ 3,984,742	10.00	10.00%	**$ 398,474**	$ 370,671	**-$ 27,803**
1935	Stores Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	**$ -**	$ -	**$ -**
1940	Tools, Shop & Garage Equipment	$ 1,922,617	$ 1,325,336	$ 65,875	$ 1,454	$ 628,765	10.00	10.00%	**$ 62,877**	$ 53,963	**-$ 8,914**
1945	Measurement & Testing Equipment	$ 261,189	$ 157,058	$ 12,472	$ -	$ 110,367	10.00	10.00%	**$ 11,037**	$ 8,376	**-$ 2,661**
1950	Power Operated Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ 487,630	$ 129,037	$ -	$ -	$ 358,592	10.00	10.00%	**$ 35,859**	$ 10,643	**-$ 25,216**
1955B	Communication Equipment (Smart Meters)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1960	Miscellaneous Equipment (10 years)	$ 103,899	$ 53,053	$ -	$ -	$ 50,845	10.00	10.00%	**$ 5,085**	$ 5,086	**$ 1**
1960A	Miscellaneous Equipment (5 years)	$ 36,271	$ 24,331	$ 13,136	$ -	$ 18,508	5.00	20.00%	**$ 3,702**	$ 4,249	**$ 547**
1970	Load Management Controls Customer Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1975	Load Management Controls Utility Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ 146,422	$ -	$ 39,067	$ -	$ 165,956	20.00	5.00%	**$ 8,298**	$ 7,475	**-$ 823**
1985	Miscellaneous Fixed Assets	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1990	Other Tangible Property	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	-$ 1,726,108	-$ 65,048	-$ 271,850	-$ 850	-$ 1,796,135	41.32	2.42%	**-$ 43,472**	-$ 41,808	**$ 1,665**
2440	Deferred Revenue	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
2005	Property Under Finance Lease	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
	Total	**$ 207,813,776**	**$ 15,792,770**	**$ 18,960,773**	**$ 44,387**	**$ 201,434,861**			**$ 5,481,318**	**$ 4,796,840**	**-$ 684,478**

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Year 2024

		Book Values				Service Lives		Expense			
Account	Description	Opening Book Value of Assets	Less Fully Depreciated [1]	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing [2]	Depreciation Rate Assets	Depreciation Expense on Assets [3]	Depreciation Expense per Appendix 2-BA Fixed Assets,	Variance [4]
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h
1609	Capital Contributions Paid	$ 44,289	$ -	$ -	$ -	$ 44,289	10.00	10.00%	**$ 4,429**	$ 4,429	**$ 0**
1609A	Capital Contributions Paid - 45 Yr	$ -	$ -	$ -	$ -	$ -	45.00	2.22%	**$ -**	-$ 1,714	**-$ 1,714**
1611	Computer Software (Formally known as Account 1925) - 5 Yr	$ 926,574	$ 843,172	$ -	$ -	$ 83,403	5.00	20.00%	**$ 16,681**	$ 15,377	**-$ 1,304**
1611A	Computer Software (Formally known as Account 1925) - 10 Yr	$ 2,147,688	$ 1,463,446	$ 122,074	$ -	$ 745,279	10.00	10.00%	**$ 74,528**	$ 74,454	**-$ 74**
1612	Land Rights (Formally known as Account 1906)	$ 22,127,385	$ -	$ 399,711	$ -	$ 22,327,240	40.00	2.50%	**$ 558,181**	$ 570,856	**$ 12,675**
1805	Land	$ 710,903	$ -	$ -	$ -	$ 710,903	-	0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 2,143,803	$ -	$ -	$ -	$ 2,143,803	50.00	2.00%	**$ 42,876**	$ 42,124	**-$ 752**
1808A	Buildings - Components	$ 953,275	$ 21,442	$ 97,171	$ -	$ 980,418	25.00	4.00%	**$ 39,217**	$ 38,940	**-$ 276**
1810	Leasehold Improvements	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1820	Distribution Station Equipment <50 kV - Stns	$ 15,755,055	$ 692,956	$ 4,821,386	$ -	$ 17,472,791	50.00	2.00%	**$ 349,456**	$ 331,288	**-$ 18,168**
1820A	Distribution Station Equipment <50 kV - Switches	$ 2,296,084	$ -	$ 199,864	$ -	$ 2,396,017	40.00	2.50%	**$ 59,900**	$ 56,016	**-$ 3,884**
1825	Storage Battery Equipment	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 87,548,852	$ 3,922,010	$ 6,822,057	$ -	$ 87,037,870	45.00	2.22%	**$ 1,934,175**	$ 1,748,808	**-$ 185,366**
1835	Overhead Conductors & Devices	$ 54,822,470	$ 2,978,064	$ 4,218,115	$ -	$ 53,953,463	45.00	2.22%	**$ 1,198,966**	$ 1,121,580	**-$ 77,386**
1840	Underground Conduit	$ 33,543	$ -	$ -	$ -	$ 33,543	50.00	2.00%	**$ 671**	$ 671	**$ 0**
1845	Underground Conductors & Devices	$ 2,218,978	$ 59,851	$ 214,149	$ -	$ 2,266,201	40.00	2.50%	**$ 56,655**	$ 53,309	**-$ 3,346**
1850	Line Transformers	$ 16,223,960	$ 937,152	$ 741,793	$ -	$ 15,657,705	40.00	2.50%	**$ 391,443**	$ 311,831	**-$ 79,612**
1855	Services (Overhead & Underground)	$ 3,361,906	$ 866,373	$ -	$ -	$ 2,495,533	40.00	2.50%	**$ 62,388**	$ 41,002	**-$ 21,386**
1860	Meters	$ 688,153	$ -	$ -	$ -	$ 688,153	30.00	3.33%	**$ 22,938**	$ 13,816	**-$ 9,122**
1860A	Meters (Smart Meters)	$ 4,632,888	$ 12,300	$ 119,657	$ -	$ 4,680,417	15.00	6.67%	**$ 312,028**	$ 278,105	**-$ 33,923**
1860B	Meters - PT & CT's	$ 512,584	$ 9,395	$ 13,295	$ -	$ 509,837	30.00	3.33%	**$ 16,995**	$ 16,419	**-$ 576**
1865	Other Installations on Customer's Premises	$ 194,063	$ 194,063	$ -	$ -	$ -	10.00	10.00%	**$ -**	$ -	**$ -**
1875	Street Lighting and Signal Systems	$ -	$ -	$ -	$ -	$ -	20.00	5.00%	**$ -**	$ -	**$ -**
1905	Land	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures-50 Yrs	$ -	$ -	$ -	$ -	$ -	50.00	2.00%	**$ -**	-$ 0	**-$ 0**
1908A	Buildings & Fixtures-25Yrs	$ -	$ -	$ 36,976	$ -	$ 18,488	25.00	4.00%	**$ 740**	$ 1,170	**$ 430**
1910	Leasehold Improvements	$ 101,365	$ 75,360	$ -	$ -	$ 26,005	5.00	20.00%	**$ 5,201**	$ 4,655	**-$ 546**
1915	Office Furniture & Equipment (10 years)	$ 384,449	$ 259,987	$ 20,000	$ -	$ 134,462	10.00	10.00%	**$ 13,446**	$ 13,443	**-$ 3**
1915A	Office Furniture & Equipment (5 years)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1920	Computer Equipment - Hardware	$ 1,126,504	$ 639,005	$ 51,467	$ -	$ 513,233	5.00	20.00%	**$ 102,647**	$ 92,642	**-$ 10,005**
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1930	Transportation Equipment (5 years)	$ 1,364,034	$ 581,225	$ 584,674	$ -	$ 1,075,145	5.00	20.00%	**$ 215,029**	$ 211,687	**-$ 3,342**
1930A	Transportation Equipment (10 years)	$ 4,895,545	$ 838,283	$ -	$ -	$ 4,057,262	10.00	10.00%	**$ 405,726**	$ 391,625	**-$ 14,101**
1935	Stores Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	**$ -**	$ -	**$ -**
1940	Tools, Shop & Garage Equipment	$ 1,984,505	$ 1,485,070	$ 90,000	$ -	$ 544,434	10.00	10.00%	**$ 54,443**	$ 52,914	**-$ 1,529**
1945	Measurement & Testing Equipment	$ 273,661	$ 208,449	$ -	$ -	$ 65,212	10.00	10.00%	**$ 6,521**	$ 6,520	**-$ 1**
1950	Power Operated Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ 487,630	$ 434,361	$ 119,395	$ -	$ 112,966	10.00	10.00%	**$ 11,297**	$ 11,283	**-$ 14**
1955B	Communication Equipment (Smart Meters)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1960	Miscellaneous Equipment (10 years)	$ 103,899	$ 53,053	$ -	$ -	$ 50,845	10.00	10.00%	**$ 5,085**	$ 4,980	**-$ 105**
1960A	Miscellaneous Equipment (5 years)	$ 49,406	$ 26,371	$ -	$ -	$ 23,036	5.00	20.00%	**$ 4,607**	$ 4,607	**-$ 0**
1970	Load Management Controls Customer Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1975	Load Management Controls Utility Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ 185,489	$ -	$ 251,000	$ -	$ 310,989	20.00	5.00%	**$ 15,549**	$ 21,874	**$ 6,325**
1985	Miscellaneous Fixed Assets	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1990	Other Tangible Property	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	-$ 1,997,050	-$ 65,048	-$ 5,252,085	$ -	-$ 4,558,045	67.07	1.49%	**-$ 67,962**	-$ 102,536	**-$ 34,575**
2440	Deferred Revenue	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
2005	Property Under Finance Lease	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
	Total	**$ 226,301,889**	**$ 16,536,342**	**$ 13,670,698**	**$ -**	**$ 216,556,606**			**$ 5,913,855**	**$ 5,432,173**	**-$ 481,682**

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Year 2025

		Book Values				Service Lives		Expense			
Account	Description	Opening Book Value of Assets	Less Fully Depreciated [1]	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing [2]	Depreciation Rate Assets	Depreciation Expense on Assets [3]	Depreciation Expense per Appendix 2-BA Fixed Assets,	Variance [4]
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h
1609	Capital Contributions Paid	$ 44,289	$ -	$ -	$ -	$ 44,289	10.00	10.00%	**$ 4,429**	$ 4,429	**$ 0**
1609A	Capital Contributions Paid - 45 Yr	$ 11,006,211	$ -	$ -	$ -	$ 11,006,211	45.00	2.22%	**$ 244,582**	$ 246,297	**$ 1,714**
1611	Computer Software (Formally known as Account 1925) - 5 Yr	$ 926,574	$ 874,620	$ -	$ -	$ 51,955	5.00	20.00%	**$ 10,391**	$ 10,391	**$ 0**
1611A	Computer Software (Formally known as Account 1925) - 10 Yr	$ 2,269,762	$ 1,541,283	$ 108,805	$ -	$ 782,881	10.00	10.00%	**$ 78,288**	$ 78,283	**-$ 5**
1612	Land Rights (Formally known as Account 1906)	$ 22,527,809	$ -	$ 224,755	$ -	$ 22,640,186	40.00	2.50%	**$ 566,005**	$ 580,183	**$ 14,179**
1805	Land	$ 1,776,866	$ -	$ -	$ -	$ 1,776,866	-	0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 2,143,803	$ -	$ -	$ -	$ 2,143,803	50.00	2.00%	**$ 42,876**	$ 42,123	**-$ 753**
1808A	Buildings - Components	$ 1,061,192	$ 21,442	$ 103,366	$ -	$ 1,091,432	25.00	4.00%	**$ 43,657**	$ 43,383	**-$ 274**
1810	Leasehold Improvements	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1820	Distribution Station Equipment <50 kV - Stns	$ 20,576,441	$ 692,956	$ -	$ -	$ 19,883,484	50.00	2.00%	**$ 397,670**	$ 395,725	**-$ 1,945**
1820A	Distribution Station Equipment <50 kV - Switches	$ 2,495,949	$ 55,741	$ 31,226	$ -	$ 2,455,821	40.00	2.50%	**$ 61,396**	$ 58,867	**-$ 2,529**
1825	Storage Battery Equipment	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 94,370,908	$ 3,923,593	$ 3,679,903	$ -	$ 92,287,267	45.00	2.22%	**$ 2,050,828**	$ 1,901,191	**-$ 149,638**
1835	Overhead Conductors & Devices	$ 59,040,585	$ 2,986,592	$ 3,031,440	$ -	$ 57,569,713	45.00	2.22%	**$ 1,279,327**	$ 1,215,512	**-$ 63,815**
1840	Underground Conduit	$ 33,543	$ -	$ -	$ -	$ 33,543	50.00	2.00%	**$ 671**	$ 671	**$ 0**
1845	Underground Conductors & Devices	$ 2,433,127	$ 59,851	$ 186,047	$ -	$ 2,466,299	40.00	2.50%	**$ 61,657**	$ 58,305	**-$ 3,352**
1850	Line Transformers	$ 16,965,753	$ 938,070	$ 841,111	$ -	$ 16,448,239	40.00	2.50%	**$ 411,206**	$ 333,908	**-$ 77,298**
1855	Services (Overhead & Underground)	$ 3,361,906	$ 869,417	$ -	$ -	$ 2,492,489	40.00	2.50%	**$ 62,312**	$ 41,022	**-$ 21,290**
1860	Meters	$ 688,153	$ -	$ -	$ -	$ 688,153	30.00	3.33%	**$ 22,938**	$ 13,816	**-$ 9,122**
1860A	Meters (Smart Meters)	$ 4,752,545	$ 1,421,795	$ 522,873	$ -	$ 3,592,186	15.00	6.67%	**$ 239,479**	$ 198,403	**-$ 41,076**
1860B	Meters - PT & CT's	$ 525,879	$ 9,395	$ 12,929	$ -	$ 522,949	30.00	3.33%	**$ 17,432**	$ 16,853	**-$ 579**
1865	Other Installations on Customer's Premises	$ 194,063	$ 194,063	$ -	$ -	$ -	10.00	10.00%	**$ -**	$ -	**$ -**
1875	Street Lighting and Signal Systems	$ -	$ -	$ -	$ -	$ -	20.00	5.00%	**$ -**	$ -	**$ -**
1905	Land	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures-50 Yrs	$ 15,237,022	$ -	$ -	$ -	$ 15,237,022	50.00	2.00%	**$ 304,740**	$ 304,748	**$ 8**
1908A	Buildings & Fixtures-25Yrs	$ 36,976	$ -	$ 41,372	$ -	$ 57,662	25.00	4.00%	**$ 2,306**	$ 2,736	**$ 430**
1910	Leasehold Improvements	$ 101,365	$ 80,040	$ -	$ -	$ 21,325	5.00	20.00%	**$ 4,265**	$ 3,706	**-$ 559**
1915	Office Furniture & Equipment (10 years)	$ 413,440	$ 259,987	$ 69,128	$ -	$ 188,017	10.00	10.00%	**$ 18,802**	$ 18,432	**-$ 369**
1915A	Office Furniture & Equipment (5 years)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1920	Computer Equipment - Hardware	$ 1,398,545	$ 771,677	$ 51,533	$ -	$ 652,635	5.00	20.00%	**$ 130,527**	$ 128,840	**-$ 1,687**
1920A	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1920B	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1930	Transportation Equipment (5 years)	$ 1,948,707	$ 754,753	$ -	$ -	$ 1,193,954	5.00	20.00%	**$ 238,791**	$ 238,806	**$ 15**
1930A	Transportation Equipment (10 years)	$ 4,895,545	$ 1,383,411	$ 1,207,470	$ -	$ 4,115,869	10.00	10.00%	**$ 411,587**	$ 405,833	**-$ 5,753**
1935	Stores Equipment	$ 55,244	$ -	$ -	$ -	$ 55,244	10.00	10.00%	**$ 5,524**	$ 5,525	**$ 1**
1940	Tools, Shop & Garage Equipment	$ 2,074,505	$ 1,527,389	$ 91,800	$ -	$ 593,016	10.00	10.00%	**$ 59,302**	$ 57,901	**-$ 1,401**
1945	Measurement & Testing Equipment	$ 273,661	$ 208,449	$ -	$ -	$ 65,212	10.00	10.00%	**$ 6,521**	$ 6,104	**-$ 417**
1950	Power Operated Equipment	$ -	$ -	$ -	$ -	$ -	10.00	10.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ 607,024	$ 435,854	$ 106,730	$ -	$ 224,535	10.00	10.00%	**$ 22,453**	$ 21,838	**-$ 616**
1955B	Communication Equipment (Smart Meters)	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1960	Miscellaneous Equipment (10 years)	$ 159,310	$ 55,603	$ -	$ -	$ 103,706	10.00	10.00%	**$ 10,371**	$ 9,927	**-$ 444**
1960A	Miscellaneous Equipment (5 years)	$ 49,406	$ 26,371	$ -	$ -	$ 23,036	5.00	20.00%	**$ 4,607**	$ 4,608	**$ 1**
1970	Load Management Controls Customer Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1975	Load Management Controls Utility Premises	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ 436,489	$ -	$ -	$ -	$ 436,489	20.00	5.00%	**$ 21,824**	$ 34,424	**$ 12,600**
1985	Miscellaneous Fixed Assets	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1990	Other Tangible Property	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	-$ 7,249,135	-$ 65,158	-$ 100,000	$ -	-$ 7,233,977	41.97	2.38%	**-$ 172,363**	-$ 162,369	**$ 9,994**
2440	Deferred Revenue	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
2005	Property Under Finance Lease	$ -	$ -	$ -	$ -	$ -	-	0.00%	**$ -**	$ -	**$ -**
	Total	**$ 267,633,461**	**$ 19,027,195**	**$ 10,210,489**	**$ -**	**$ 242,661,010**			**$ 6,664,403**	**$ 6,320,421**	**-$ 343,982**

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2.2.2 USEFUL LIVES OUTSIDE OF KINECTRICS RANGE

As noted in Section 2.2, the Board's Kinectrics Report was used as a guideline in updating API's depreciation/amortization rates, effective January 1, 2013. These rates have not changed since API's 2015 Cost of Service application, and API's depreciation policy has not been updated since its last rebasing. This section provides explanations for components that are outside the ranges contained in the Kinectrics Report. A table comparing API's depreciation rates to the Kinectrics Report is provided in Section 2.2.2.

API confirms that it depreciates significant parts or components of PP&E separately, consistent with the treatment required under MIFRS. Please see discussion below for components which API has deemed immaterial and are not separated.

A 45-year useful life is used for all types of assets in OEB Account 1835. For overhead primary conductor, this is 5 years less than the Kinectrics minimum of 50 years, matching the useful life of 45 years for poles in recognition that there are often inherent efficiencies in replacing conductor at the same time as the associated poles. For overhead shunt capacitor banks, this is 5 years more than the Kinectrics maximum of 40 years; API does not have a sufficient amount of capacitor banks to warrant separating this out as its own component. Other assets in Account 1835, such as switches and reclosers, are all within the Kinectrics range.

A 40-year useful life is used for all types of substation equipment, other than power transformers, which have a 50-year useful life; for Station DC Systems, this exceeds the Kinectrics maximum of 30 years, however API does not have a sufficient amount of DC systems to warrant separating this out as its own component.

A 40-year useful life is used for underground primary cable, exceeding the Kinectrics maximum of 30 years. Due to standardization of equipment, these cables are often lightly loaded and, in many cases, have voltage ratings in excess of operating voltage. Critical installations, such as the supply to thousands of customers on St. Joseph Island, also have spare cables, minimizing the risk of premature replacement.

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

2.3 GROSS ASSETS

2.3.1 GROSS ASSET VARIANCE ANALYSIS

Table 17- OEB Appendix 2-AB Capital Expenditures is reproduced below as well as in the DSP. The balance of this section presents a breakdown of capital investments by investment category, consistent with OEB Appendix 2-AA: System Access (Table 18), System Renewal (Table 19), System Services (Table 20) and General Plant (Table 21). API notes that in the tables below and in Appendix 2-AA/2-AB, API has shown its ACM project spending (SSM Facility and ERTS) in the in-service year for the projects, despite the project spending being booked to OEB Account 1508 until 2025 Opening balances in the continuity statements below.

Table 17 - OEB Appendix 2-AB Capital Expenditures

CATEGORY	2020			2021			2022		
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var
	$ '000		%	$ '000		%	$ '000		%
System Access	903	1,519	68.1%	963	2,488	158.2%	930	2,082	123.8%
System Renewal	6,023	4,052	-32.7%	4,700	5,139	9.3%	4,822	7,567	56.9%
System Service	562	259	-54.0%	7,978	980	-87.7%	472	32	-93.3%
General Plant	1,357	1,425	5.0%	1,238	819	-33.9%	13,980	16,386	17.2%
TOTAL EXPENDITURE	8,846	7,254	-18.0%	14,879	9,425	-36.7%	20,205	26,067	29.0%
Capital Contributions	- 102	- 168	65.4%	- 100	- 472	372.3%	- 100	- 264	163.7%
NET CAPITAL EXPENDITURES	8,744	7,086	-19.0%	14,779	8,953	-39.4%	20,105	25,804	28.3%
System O&M	7,015	7,078	0.9%	7,186	7,171	-0.2%	7,294	7,388	1.3%

CATEGORY	2023			2024		
	Plan	Actual	Var	Plan	Actual2	Var
	$ '000		%	$ '000		%
System Access	906	12,989	1333.1%	906	3,295	263.5%
System Renewal	6,494	4,102	-36.8%	4,616	12,397	168.6%
System Service	461	11,393	2371.9%	461	1,684	265.3%
General Plant	1,178	2,241	90.2%	1,098	1,901	73.2%
TOTAL EXPENDITURE	9,039	30,725	239.9%	7,081	19,278	172.3%
Capital Contributions	- 100	- 272	171.8%	- 100	- 5,252	5152.1%
NET CAPITAL EXPENDITURES	8,939	30,453	240.7%	6,981	14,026	100.9%
System O&M	7,404	7,605	2.7%	7,515	7,883	4.9%

CATEGORY	Forecast Period (planned)				
	2025	2026	2027	2028	2029
	$ '000				
System Access	1,465	1,489	1,511	1,534	1,557
System Renewal	5,752	5,822	10,494	5,998	6,088
System Service	1,054	1,110	652	753	1,310
General Plant	2,039	1,718	1,855	1,787	1,785
TOTAL EXPENDITURE	10,310	10,139	14,513	10,071	10,740
Capital Contributions	- 100	- 102	- 104	- 106	- 108
NET CAPITAL EXPENDITURES	10,210	10,037	14,409	9,965	10,632
System O&M	9,275	9,530	9,792	10,061	10,338

Accounting Treatment of the Cost of Funds for Construction Work-in-Progress

In the event that a project spans multiple years, API follows the OEB's accounting guidance and utilizes account 2055-Work in Progress.

OEB Appendix 2-AA

Tables 18 through 21 on the following pages reproduce OEB Appendix 2-AA to show year over year capital projects in System Access, System Service, System Renewal and General Plant. Appendix 2-AA has also been populated in the OEB Chapter 2 Appendices workbook filed with the Application.

Table 18 – OEB Appendix 2-AA System Access Project Table

Project Name	2020 Board Approved	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Meters	$ 67,399	$ 302,112	$ 83,982	$ 137,956	$ 110,307	$ 132,952	$ 129,294
Service Connections	$ 750,334	$ 981,859	$ 1,506,238	$ 1,284,929	$ 12,463,740	$ 2,998,014	$ 1,150,988
Transformers - SA	$ 76,800	$ 51,982	$ 248,886	$ 278,992	$ 317,632	$ 154,000	$ 160,000
Relocation/Joint-Use	$ 8,873	$ 182,808	$ 648,395	$ 380,336	$ 97,786	$ 10,000	$ 25,000
Gross System Access	**$ 903,406**	**$ 1,518,760**	**$ 2,487,501**	**$ 2,082,212**	**$ 12,989,466**	**$ 3,294,967**	**$ 1,465,281**
Capital Contributions- SA	-$ 102,000	-$ 144,984	-$ 472,311	-$ 33,820	-$ 141,704	-$ 5,252,085	-$ 100,000
Net System Access	**$ 801,406**	**$ 1,373,776**	**$ 2,015,190**	**$ 2,048,392**	**$ 12,847,762**	**-$ 1,957,118**	**$ 1,365,281**

Project Name		2020 Actual vs. 2020 Board Approv	2021 Actual vs. 2020 Actual	2022 Actual vs. 2021 Actual	2023 Actual vs. 2022 Actual	2024 Bridge vs. 2023 Actual	2025 Test vs. 2024 Bridge
Meters		$ 234,713	-$ 218,130	$ 53,974	-$ 27,648	$ 22,645	-$ 3,659
Service Connections		$ 231,525	$ 524,380	-$ 221,310	$ 11,178,812	-$ 9,465,726	-$ 1,847,026
Transformers - SA		-$ 24,818	$ 196,904	$ 30,106	$ 38,640	-$ 163,632	$ 6,000
Relocation/Joint-Use		$ 173,935	$ 465,587	-$ 268,059	-$ 282,550	-$ 87,785	$ 14,999
Gross System Access		**$ 615,354**	**$ 968,740**	**-$ 405,289**	**$ 10,907,254**	**-$ 9,694,499**	**-$ 1,829,686**
Capital Contributions- SA		-$ 42,984	-$ 327,327	$ 438,491	-$ 107,883	-$ 5,110,382	$ 5,152,085
Net System Access		**$ 572,370**	**$ 641,414**	**$ 33,202**	**$ 10,799,371**	**-$ 14,804,880**	**$ 3,322,399**

2020 – 2025 System Access investments are modifications or relocation a distributor is obligated to perform to provide customer access to electricity services. API expects that its system will continue to accommodate the requests for new load connections and for service upgrades during the forecast period. During the historical period, the #4 Circuit 10 MW project required significant investment of time and resources. Further information regarding this project is included in section 2.1.1. Project Spending was $11,233,478 (put in service in 2023, with additional costs and CIAC reflected in2024) with an offsetting capital contribution of ($3,461,610) (fully recognized in 2024). Additionally, related project costs of $1,690,475, with an offsetting CIAC of $(1,690,475) are brought into service in 2024 (with a net impact of 0 NIL).

API notes that consistent with OEB accounting guidance, the costs and revenues associated with *Building Broadband Faster Act (BBFA)* are to be booked to a Deferral Account. Accordingly, none of the actual or forecasted costs above include BBFA costs.

Information on year-over-year variances and explanations where those variances are greater than the materiality threshold are summarized in the previous section 2.1.3.

Other material variances are explained below:

2020 Board Approved vs. 2020 Actual:

New meters were $234,713 higher due to the addition of Dubreuilville meters into rate base (as a result of the DLI MAADs transaction) which is included in the 2020 actual cost. While these additions are consistent with API's proposals in the MAADs transaction and 2020 COS, API did not contemplate these meter additions in Appendixes 2-AA/2-AB in the 2020 COS.

Service Connections were $232,525 higher than board-approved due to an increased pace of new service requests from customers in 2020. While new customer additions were above the OEB-approved level in most of the project categories under System Access in 2020, the only material variance was in the Sault Ste. Marie area. API notes that the DSP was developed prior to the onset of the COVID-19 pandemic. Following the start of the pandemic, API temporarily experienced a greater level of new service requests. API does not expect this pattern to continue in the long term.

The increase of $173,935 in third party relocations in 2020 was related to a fibre expansion project undertaken in the area by a telecommunications provider. API does not typically receive a material amount of third-party relocation requests, and these were therefore previously budgeted under "Miscellaneous SA" with other items.

2021 Actual vs. 2020 Actual

The decrease of ($218,130) in New Meters is related to the one-time addition of Dubreuilville meters in 2020, which did not occur again in 2021.

Service Connections continued to increase due to customer requests in 2021, contributing a $524,380 increase.

Transformers in the SA category also increased to $196,904 as a result of increased customer demands for new service and service upgrades in 2021.

In 2021, API continued to complete higher than forecasted third-party relocations as a result of a telecommunications fibre program which began in late 2019 resulting in an increase in Relocation/Joint Use of $465,587. API notes the work was not related to a Designated Project

under the Building Broadband Faster Act. API collected associated capital contributions as a result of this third-party joint use work.

Capital Contributions increased by $327,327 in 2021, primarily driven by increased capital contributions collected in relation to the Relocation/Joint Use project.

2022 Actual vs. 2021 Actual

There were overall lower requirements for service connections in 2022 compared to 2021, resulting in a ($221,310) decrease compared to the prior year.

Likewise, there were lower requirements for Relocations/ Joint Use in 2022 compared to 2021 contributing a ($268,059) year-over-year decrease.

Capital Contributions decreased by ($438,491) in 2022, consistent with the decreasing trend in Relocations/Joint Use and Service Connections.

2023 Actual vs. 2022 Actuals

Service Connections increased $11.2M as a result of the #4 Circuit 10 MW project discussed above. As outlined above, additional costs and the full CIAC related to this project were also included in 2024.

Relocation/Joint Use decreased by ($282,550), as a result of lower requests compared to prior years.

2024 Bridge vs. 2023 Actuals

Service Connections decreased by ($9,465,726), primarily caused by the majority of the spending for the #4 Circuit 10MW Project occurring in the prior year with no similar level of spending expected in 2024.

Capital Contributions increased by $5,110,382, driven by the recognition of the capital contributions for the #4 Circuit 10 MW Project in 2024, as well as capital contributions for related projects/studies.

2025 Test vs. 2024 Actuals

Service Connections are forecast to decrease by $1,847,026 primarily driven by the inclusion in 2024 bridge year of additional amounts related to the #4 Circuit 10MW project and other related spending. No similar project(s) are forecasted for 2025 Bridge Year.

Similarly, Capital Contributions for 2025 Test Year are lower by ($5,152,085) as a result of the significant CIAC for the #4 Circuit and related projects in 2024, which is not expected in 2025.

Table 2 - OEB Appendix 2-AA System Renewal Variances

	2020	2020	2021	2022	2023	2024	2025
Project Name	**Board Approved**	**Actual**	**Actual**	**Actual**	**Actual**	**Bridge**	**Test**
Storm Capital	$ 221,752	$ 78,102	$ 100,323	$ 37,690	$ 16,323	$ -	$ -
Small Lines/Station Capita	$ 1,931,250	$ 494,240	$ 317,612	$ 3,204,676	$ 408,238	$ 423,625	$ 430,224
Recloser, Regulator Replac	$ 81,828	$ 65,673	$ -	$ 16,219	$ 48,785	$ 62,100	$ 90,000
Distribution Line Rebuilds	$ 2,783,072	$ 3,198,061	$ 4,364,427	$ 4,234,143	$ 3,153,365	$ 5,454,691	$ 3,720,947
Subtransmission Line Rebu	$ 912,061	$ 57,830	$ 206,603	$ 11	$ 249,775	$ 1,994,380	$ 964,493
Transformers - SR	$ 76,800	$ 157,891	$ 150,133	$ 74,390	$ 225,373	$ 116,800	$ 140,000
Dubreuilville DS Rebuild	$ 16,415	$ -	$ -	$ -	$ -	$ -	$ -
Smart Meter Replacement	$ -	$ -	$ -	$ -	$ -	$ -	$ 406,509
Bruce Mines DS Rebuild	$ -	$ -	$ -	$ -	-$ 0	$ 4,345,863	$ -
Wawa #2 DS Rebuild	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross System Renewal	**$ 6,023,178**	**$ 4,051,798**	**$ 5,139,098**	**$ 7,567,129**	**$ 4,101,858**	**$ 12,397,459**	**$ 5,752,173**
Capital Contributions - SR	$ -	-$ 23,480	$ -	-$ 2,024	-$ 31,153	$ -	$ -
Net System Renewal	**$ 6,023,178**	**$ 4,028,318**	**$ 5,139,098**	**$ 7,565,105**	**$ 4,070,705**	**$ 12,397,459**	**$ 5,752,173**

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Project Name	**vs.**	**vs.**	**vs.**	**vs.**	**vs.**	**vs.**
	2020 Board Approv	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Actual**	**2024 Bridge**
Storm Capital	-$ 143,650	$ 22,221	-$ 62,633	-$ 21,367	-$ 16,323	$ -
Small Lines/Station Capital	-$ 1,437,010	-$ 176,628	$ 2,887,064	-$ 2,796,439	$ 15,387	$ 6,600
Recloser, Regulator Replacements	-$ 16,155	-$ 65,673	$ 16,219	$ 32,566	$ 13,315	$ 27,900
Distribution Line Rebuilds	$ 414,989	$ 1,166,366	-$ 130,284	-$ 1,080,778	$ 2,301,326	-$ 1,733,744
Subtransmission Line Rebuilds	-$ 854,231	$ 148,772	-$ 206,592	$ 249,764	$ 1,744,605	-$ 1,029,887
Transformers - SR	$ 81,091	-$ 7,758	-$ 75,743	$ 150,983	-$ 108,573	$ 23,200
Dubreuilville DS Rebuild	-$ 16,415	$ -	$ -	$ -	$ -	$ -
Smart Meter Replacements	$ -	$ -	$ -	$ -	$ -	$ 406,509
Bruce Mines DS Rebuild	$ -	$ -	$ -	-$ 0	$ 4,345,863	-$ 4,345,863
Wawa #2 DS Rebuild	$ -	$ -	$ -	$ -	$ -	$ -
Gross System Renewal	**-$ 1,971,380**	**$ 1,087,300**	**$ 2,428,031**	**-$ 3,465,270**	**$ 8,295,601**	**-$ 6,645,286**
Capital Contributions - SR	-$ 23,480	$ 23,480	-$ 2,024	-$ 29,129	$ 31,153	$ -
Net System Renewal	**-$ 1,994,860**	**$ 1,110,780**	**$ 2,426,007**	**-$ 3,494,400**	**$ 8,326,754**	**-$ 6,645,286**

2020 – 2025 System Renewal investments involve replacing and/or refurbishing system assets to extend the original service life of the assets and thereby maintain the ability of the distributor's distribution system to provide customers with electricity services. API's Line Rebuild and Sub Transmission Rebuild projects continue to be the most significant system renewal projects, with API completing approximately 400 (line rebuilds) and 100 (sub transmission rebuilds) pole replacements under each project annually. Additionally, in the Bridge Year, API's Bruce Mines DS project will become used and useful.

Other material year-over-year variances are explained below:

2020 Actual vs. 2020 Board Approved

Distribution Line Rebuilds were $414,989 higher than 2020 Board- Approved levels. This increase is primarily due to the one-time capitalization of the distribution line assets in the town of Dubreuilville following the approval of the MAAD application (EB-2018-0271). This was not accounted for in the 2020 Board Approved DSP.

Sub-transmission Rebuilds were $(854,231) lower than 2020 Board-Approved levels, as the work slated for 2020 in the OEB-Approved DSP was delayed due to the pandemic and resourcing constraints, as well as an increase in new customer requests. These factors resulted in a need to refocus resources on those other projects. These effects continued throughout the coming (2021 2022) years.

The decrease of ($1,437,010) in Small Lines/Station Capital is related to the substation capital project for Dubreuilville, which was delayed and ultimately completely largely in 2021 but capitalized in 2022 due to delays with commissioning caused by coordination of outages to minimize customer impact. The initial cost estimate was lower and developed prior to going through the competitive bid process. The pandemic introduced supply chain and project management challenges for this project which were not previously anticipated. No major change in orders affected the project scope.

2021 Actual vs 2020 Actual

Distribution Line Rebuilds increased $1,166,366 compared to the prior year. Due to delays with the #4 Circuit project, API advanced some of its planned work with respect to Line Rebuilds in 2021, anticipating lower resource availability for core distribution line rebuild work in 2022. Additionally, the work-in-progress adjustment for Line Rebuilds contributed a net $663k brought into service from prior years in relation to this project.

Small Lines/Station Capital decreased by ($176,628) due to lower investment requirements compared to the prior year, particularly in the areas surrounding Sault Ste. Marie, but also Desbarats.

2022 Actual vs. 2021 Actual

Sub transmission Rebuilds decreased by ($206,592) in 2022, partially in order to coordinate upcoming #4 Circuit work with Sub transmission rebuild work affecting the same area. API also re-allocated some sub transmission lines project spending to 2022 to the Line Rebuilds project.

Small Lines/Station capital increased by $2,887,064 in 2022, due to the Dubreuilville Substation project coming into service in 2022. This project was originally planned to be in service in 2020, however due to COVID-related delays, the project was put into service in early 2022. API notes the project cost exceeded the DSP forecast amount, also as a result of COVID related factors that caused increases in materials and project management/labour.

2023 Actuals vs. 2022 Actuals

Distribution Line Rebuilds decreased by ($1,080,778), as the cost of the work completed in 2022 was higher. The work completed in 2022 required upgrading from single to three phase, and the installation of new conductor.

Sub transmission Line rebuilds increased by $249,764 in 2023, as a result of deferrals in the prior year's budget for this program.

Small Lines/Station Capital decreased by ($2,796,439) in 2023, because there was no project in this program similar to the Dubreuilville Substation Rebuild which was included in 2022.

2024 Bridge Year vs. 2023 Actual

Distribution Line Rebuilds are expected to increase by $2,301,326. The increase is related primarily to assets coming into service which were under construction in prior years.

Sub transmission rebuilds are likewise expected to increase $1,744,605, driven by additions into service from projects under construction from prior years.

The Bruce Mines Distribution Station Rebuild is expected to be completed in 2024, leading to an increase of $4,345,863.

2025 Test vs. 2024 Bridge Year

Test Year Line Rebuilds are expected to decrease by ($1,733,744), and Sub transmission line rebuilds are expected to decrease by ($1,029,887), primarily due to previous WIP assets coming into service in the 2024 Bridge Year, which API has not forecasted to recur in 2025.

Table 20 - OEB Appendix 2-AA System Service Variances

Project Name	2020 Board Approved	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Transformers - SS	$ 38,400	$ -	$ 115,963	$ 30,979	$ 179,697	$ 55,000	$ -
Hawk Junction DS	$ -	$ -	$ 856,045	$ 699	$ -	$ -	$ -
Goulais Voltage Conversio	$ -	$ -	$ -	$ -	$ -	$ -	$ 296,560
Protection, Automation, R	$ 523,926	$ 255,092	$ 8,118	$ -	$ 11,213,244	$ 1,484,971	$ 757,301
Desbarats DS Upgrades	$ -	$ 3,487	$ -	$ -	-$ 0	$ 143,911	$ -
Goulais TS Refurbishment	$ -	$ -	$ -	$ -	-$ 0	$ 0	$ -
Gross System Service	**$ 562,326**	**$ 258,579**	**$ 980,125**	**$ 31,678**	**$ 11,392,940**	**$ 1,683,882**	**$ 1,053,861**
Capital Contributions - SS	$ -	$ -	$ -	-$ 227,852	-$ 98,993	$ -	$ -
Net System Service	**$ 562,326**	**$ 258,579**	**$ 980,125**	**-$ 196,174**	**$ 11,293,947**	**$ 1,683,882**	**$ 1,053,861**

Project Name	2020 Actual vs. 2020 Board Approv	2021 Actual vs. 2020 Actual	2022 Actual vs. 2021 Actual	2023 Actual vs. 2022 Actual	2024 Bridge vs. 2023 Actual	2025 Test vs. 2024 Bridge
Transformers - SS	-$ 38,400	$ 115,963	-$ 84,984	$ 148,718	-$ 124,697	-$ 55,000
Hawk Junction DS	$ -	$ 856,045	-$ 855,346	-$ 699	$ -	$ -
Goulais Voltage Conversion	$ -	$ -	$ -	$ -	$ -	$ 296,560
Protection, Automation, Reliability	-$ 268,834	-$ 246,974	-$ 8,118	$ 11,213,244	-$ 9,728,273	-$ 727,670
Desbarats DS Upgrades	$ 3,487	-$ 3,487	$ -	-$ 0	$ 143,911	-$ 143,911
Goulais TS Refurbishment	$ -	$ -	$ -	-$ 0	$ 0	-$ 0
Gross System Service	**-$ 303,747**	**$ 721,547**	**-$ 948,447**	**$ 11,361,263**	**-$ 9,709,058**	**-$ 630,021**
Capital Contributions - SS	$ -	$ -	-$ 227,852	$ 128,859	$ 98,993	$ -
Net System Service	**-$ 303,747**	**$ 721,547**	**-$ 1,176,299**	**$ 11,490,121**	**-$ 9,610,065**	**-$ 630,021**

2020 – 2025 System Service investments are modifications to API's distribution system to ensure the distribution system continues to meet distributor operational objectives while addressing anticipated future customer electricity service requirements. The Echo River TS project (included in the Sub Transmission Reliability Improvement category) involved a capital contribution made to Hydro One Sault Ste. Marie in support of Transmission Station upgrades to address an unacceptable transmission reliability contingency scenario. The need for this project was identified through regional planning. The ERTS project was the subject of an ACM request approved in API's 2020 COS. The ERTS upgrades went into service in 2023. Further information on this project is available in section 2.5.6.

For 2024 Bridge Year, API will complete additional Sub Transmission reliability project work, specifically the Desbarats Distribution Station refurbishment and Batchawana Transmission Station Supply Reconfiguration.

Other material variances are outlined below:

2020 Actual vs. 2020 Board-Approved

As a result of the increased focus on system access new service requests, some of the work on the Protection Automation/Reliability program was delayed, resulting in a decrease from budget in the in-service additions for this project in 2020. The Protection, Automation and Reliability category was ($268,834) lower than Board Approved.

2021 Actual vs. 2020 Actual

The Hawk Junction DS regulator replacement came into service in 2021, contributing a $856,045 increase over the prior year (when no project spending came into service).

Protection, Automation and Reliability decreased by ($246,974) in 2021 compared to prior year, related to the completion of feeder protection upgrades along API's No.4 circuit, which included the removal of an older SF6 breaker.

2022 Actual vs. 2021 Actual

The Hawk Junction DS regulator replacement was fully completed in 2021, and no related spending was incurred in 2022, resulting in a decrease of ($855,346).

API received capital contributions of $227,852 in 2022 related to the Hawk Junction regulator replacement project, whereas in the prior year, API did not receive any CIAC related to system service projects.

2023 Actual vs 2022 Actual

The increase in the Protection, Automation, Reliability program of $11,213,244 is related to the ERTS Second Transformer project which is further described in section 2.5.6.

2024 Bridge vs. 2023 Actual

The decrease in the Protection, Automation, Reliability program of ($9,728,273) is related to the ERTS Second Transformer project. API's Bridge year contains roughly $154k in additional in-service costs related to this project, as well as investments at the Desbarats DS and Batchawana TS, however the total spending in this program is lower than 2023.

2025 Test vs. 2024 Actual

The Goulais Voltage Conversion Project will begin in 2025, contributing a $296,560 increase from the Bridge Year. This program is further detailed in section 5.4.2.3.3.1 of the DSP.

The Protection, Automation, Reliability program will decrease by ($727,670) in the 2025 Test Year. API plans to complete work at the Bar River DS and Dubreuilville Sub 87 in 2025 Test Year (Projects D and E as outlined in section 5.4.2.3.3.2 of the DSP).

Table 21 - OEB Appendix 2-AA General Plant Variances

	2020	2020	2021	2022	2023	2024	2025
Project Name	**Board Approved**	**Actual**	**Actual**	**Actual**	**Actual**	**Bridge**	**Test**
ROW Expansion	$ -	$ 105,630	$ -	$ -	$ -	$ -	$ -
Tools & Equipment	$ 96,248	$ 29,186	$ 83,318	$ 59,546	$ 164,421	$ 90,000	$ 91,800
Business Systems	$ 131,860	$ -	$ 15,575	$ 9,179	$ 66,409	$ 485,448	$ 82,437
Land Rights	$ 28,605	$ 29,425	$ 62,085	$ 63,601	$ 76,710	$ 39,336	$ 33,420
Communication & SCADA	$ -	$ -	$ -	$ -	$ -	$ -	$ 125,564
Transportation & Work Equ	$ 661,609	$ 784,824	$ 499,513	$ 138,882	$ 1,145,318	$ 584,674	$ 1,207,470
IT Hardware/Software	$ 242,400	$ 61,070	$ 124,961	$ 240,475	$ 106,934	$ 58,933	$ 59,067
Buildings, Facilities & Yard	$ 96,336	$ 135,485	$ 53,185	$ 165,728	$ 25,498	$ 154,147	$ 213,866
Sault Facility	$ -	$ -	$ -	$ 15,708,824	$ 640,323	$ 200,622	$ -
ROW Access Program	$ 99,660	$ 279,359	-$ 19,969	$ -	$ 15,000	$ 288,217	$ 225,549
Gross General Plant	**$ 1,356,718**	**$ 1,424,978**	**$ 818,668**	**$ 16,386,235**	**$ 2,240,612**	**$ 1,901,377**	**$ 2,039,174**
Capital Contributions- GP	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net General Plant	**$ 1,356,718**	**$ 1,424,978**	**$ 818,668**	**$ 16,386,235**	**$ 2,240,612**	**$ 1,901,377**	**$ 2,039,174**

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Project Name	**vs.**	**vs.**	**vs.**	**vs.**	**vs.**	**vs.**
	2020 Board Approv	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Actual**	**2024 Bridge**
ROW Expansion	$ 105,630	-$ 105,630	$ -	$ -	$ -	$ -
Tools & Equipment	-$ 67,062	$ 54,132	-$ 23,771	$ 104,874	-$ 74,421	$ 1,800
Business Systems	-$ 131,860	$ 15,575	-$ 6,396	$ 57,230	$ 419,039	-$ 403,011
Land Rights	$ 820	$ 32,660	$ 1,515	$ 13,109	-$ 37,374	-$ 5,916
Communication & SCADA	$ -	$ -	$ -	$ -	$ -	$ 125,564
Transportation & Work Equipment	$ 123,215	-$ 285,311	-$ 360,631	$ 1,006,436	-$ 560,644	$ 622,796
IT Hardware/Software	-$ 181,330	$ 63,892	$ 115,513	-$ 133,541	-$ 48,000	$ 133
Buildings, Facilities & Yards	$ 39,149	-$ 82,300	$ 112,543	-$ 140,230	$ 128,650	$ 59,719
Sault Facility	$ -	$ -	$ 15,708,824	-$ 15,068,502	-$ 439,701	-$ 200,622
ROW Access Program	$ 179,699	-$ 299,328	$ 19,969	$ 15,000	$ 273,217	-$ 62,667
Gross General Plant	**$ 68,260**	**-$ 606,310**	**$ 15,567,567**	**-$ 14,145,624**	**-$ 339,235**	**$ 137,797**
Capital Contributions- GP	$ -	$ -	$ -	$ -	$ -	$ -
Net General Plant	**$ 68,260**	**-$ 606,310**	**$ 15,567,567**	**-$ 14,145,624**	**-$ 339,235**	**$ 137,797**

2020 – 2025 General Plant investments are modifications, replacements or additions to API's assets that are not part of its distribution system; including land and buildings; tools and equipment; rolling stock and electronic devices and software used to support day to day business and operations activities.

Throughout the period, API continued to invest in its fleet (transportation and work equipment) as one of its key General Plant projects which ensure API is able to provide customers with service

and prompt restoration times. In recent years, API has noted an increase in fleet prices and significant increases in delivery times.

In 2022, API took occupancy of its new facility (SSM Facility project), which is the subject of a prior ACM approval. Investments in the SSM facility continue in 2023 and 2024 to ensure the facility is configured to permit API to provide optimal and efficient service to its customers, and to enable API to access land purchase cost savings.

Other material year-over-year variances in the General Plant category are outlined below:

2020 Board Approved vs. 2020 Actual

The Right of Way Access program increased by $179,699 compared to OEB-Approved levels, primarily due to previous WIP assets coming into service in 2020.

IT Hardware decreased ($181,330). The OEB-approved 2020 DSP included a forecast capital spend of $227,400, which considered the capital costs required to commission a new data center above what costs were included in the facility budget. These items, such as server racks, network switches, wireless access points, and other items were needed to ensure that a fully tested, secure, and functional IT landscape was ready for occupants prior to the permanent occupancy date at the new facility.

Due to the plan to gradually occupy the new facility and a need to ensure both facilities had secure, operational technology in place in parallel, it was not feasible for any of the aforementioned equipment to be removed from Sackville Rd. and reinstalled at Industrial Park Crescent.

2021 Actual vs. 2020 Actual

Transportation and Work Equipment decreased by $(285,311). In 2020, API exceeded its OEB-approved target partially due to vehicles ordered in prior years but capitalized in 2020. In 2020, API capitalized one heavy fleet vehicle, three light fleet vehicles and four off-road. In 2021, API capitalized only one heavy fleet vehicle, one light fleet vehicle and one off-road.

The ROW Access program decreased by ($299,328) as minimal levels of cost were incurred in 2021, compared to 2020.

2022 Actual vs 2021 Actual

Transportation and Work Equipment spending decreased by ($360,631) due to lower in-service vehicle additions. In 2022, API capitalized one light fleet vehicle and two off-road, but no heavy fleet vehicles were received resulting in lower in-service additions. API notes that for one of the light fleet vehicles, it was able to repurpose some existing components, leading to cost savings.

$15,708,824 of in-service additions were recorded in 2022 as the SSM Facility project became used and useful. Further details regarding the SSM Facility can be found in section 2.5.5.

2023 Actual vs. 2022 Actual

Transportation and Work Equipment additions increased by $1,006,436 compared to 2022 Actuals due to the capitalization of two heavy fleet vehicles, five light fleet vehicles and one off-road. One of the heavy fleet vehicles was ordered in 2022 but only received in 2023, causing lower-than planned 2022 additions and relatively higher 2023 additions as a result.

SSM Facility additions in 2023 were lower by ($15,068,502), as the majority of the project was concluded in 2022 and only ancillary and close-out costs remained in 2023. Further details on the SSM facility project can be found in section 2.5.5.

2024 Bridge vs. 2023 Actual

Business Systems spending in the 2024 Bridge year is budgeted to increase $419,039 due to investments in API's SCADA. 20 relay intelligent electronic devices are planned to come online and connect to API's SCADA in 2024. The functionality of these devices initially include remote supervision, real-time system monitoring and fault indication during outages.

Transportation and Work Equipment is expected to decrease ($560,644) due to API's planned receipt of six light fleet vehicles and five off-road, but no heavy fleet vehicles (whereas two large vehicles were received in 2023).

SSM Facility Project in-service additions are expected to decrease by ($439,701) as all remaining spending in 2024 Bridge year will be related to the severance and reconveyance of a portion of the property at 251 Industrial Park Drive. Following this component, API will record any future capital spending in the "Buildings, Facilities and Yards" category.

ROW Access increased spending of $273,217 is related to the establishment and installation of helipads along API's No.4 circuit.

2025 Test vs. 2024 Bridge

Business System spending is expected to decrease by ($403,011) driven by reduced investments in SCADA compared to the prior year.

Transportation and work equipment is expected to increase $622,796 due to the anticipated receipt of two heavy fleet vehicles.

SSM Facility spending will decrease ($200,622), as the project will wind down fully compared to spending on severance and reconveyance in 2024.

2.3.2 ACCUMULATED DEPRECIATION

In API's 2015 cost of service application, API adopted depreciation rates effective January 1, 2013, using the Kinectrics Asset Depreciation Study as a guideline. The rates used within this application are presented below and are consistent with those presented and approved within API's previous cost of service application. API's capitalization policy and methodology are provided in Section 2.3.3. The depreciation expenses continuity schedules are presented in Exhibit 4.

Table 22 on the following pages provides API's depreciable lives by asset class in comparison to the Kinectrics report.

Table 22 – Useful Lives/Kinectrics Report

		Asset Details			Useful Life			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?	
Parent*	#	Category| Component | Type			MIN UL	TUL	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL
OH	1	Fully Dressed Wood Poles	Overall		35	45	75	1830	Poles, Towers and Fixtures	45	2%	45	2%	No	No
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	2	Fully Dressed Concrete Poles	Overall		50	60	80								
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	3	Fully Dressed Steel Poles	Overall		60	60	80								
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	4	OH Line Switch			30	45	55	1835	Overhead Conductors and Devices	45	2%	45	2%	No	No
	5	OH Line Switch Motor			15	25	25								
	6	OH Line Switch RTU			15	20	20								
	7	OH Integral Switches			35	45	60	1835	Overhead Conductors and Devices	45	2%	45	2%	No	No
	8	OH Conductors	Primary		50	60	75	1835	Overhead Conductors and Devices	45	2%	45	2%	Yes	No
			Service Wire		N/A			1855	Services	40	3%	40	3%	N/A	
	9	OH Transformers & Voltage Regulators			30	40	60	1850	Line Transformers	40	3%	40	3%	No	No
	10	OH Shunt Capacitor Banks			25	30	40	1835	Overhead Conductors and Devices	45	2%	45	2%	No	Yes
	11	Reclosers			25	40	55	1835	Overhead Conductors and Devices	45	2%	45	2%	No	No
TS & MS	12	Power Transformers	Overall		30	45	60	1820	Station Equipment < 50 kV	50	2%	50	2%	No	No
			Bushing		10	20	30								
			Tap Changer		20	30	60								
	13	Station Service Transformer			30	45	55								
	14	Station Grounding Transformer			30	40	40								
	15	Station DC System	Overall		10	20	30	1820A	Station Equipment < 50 kV	40	3%	40	3%	No	Yes
			Battery Bank		10	15	15								
			Charger		20	20	30								
	16	Station Metal Clad Switchgear	Overall		30	40	60	1820A	Station Equipment < 50 kV	40	3%	40	3%	No	No
			Removable Breaker		25	40	60								
	17	Station Independent Breakers			35	45	65	1820A	Station Equipment < 50 kV	40	3%	40	3%	No	No
	18	Station Switch			30	50	60	1820A	Station Equipment < 50 kV	40	3%	40	3%	No	No
	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			20	25	30	1845	UG Conductor & Devices	40	3%	40	3%	No	Yes
	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	1855	Services	40	3%	40	3%	No	No
	32	Secondary Cables in Duct			35	40	60								
	33	Network Tranformers	Overall		20	35	50								
			Protector		20	35	40								
	34	Pad-Mounted Transformers			25	40	45	1850	Line Transformers	40	3%	40	3%	No	No
	35	Submersible/Vault Transformers			25	35	45								
	36	UG Foundation			35	55	70								
	37	UG Vaults	Overall		40	60	80								
			Roof		20	30	45								
	38	UG Vault Switches			20	35	50								
	39	Pad-Mounted Switchgear			20	30	45								
	40	Ducts			30	50	85								
	41	Concrete Encased Duct Banks			35	55	80								
	42	Cable Chambers			50	60	80								
S	43	Remote SCADA			15	20	30	1980	System Supervisory Equipment	20	5%	20	5%	No	No

#	Asset Details		Useful Life Range		USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min,	
	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	1930A	Transportation Equipment	10	10%	10	10%	No	No
		Trailers	5	20	1930A	Transportation Equipment	10	10%	10	10%	No	No
		Vans	5	10	1930	Transportation Equipment	5	20%	5	20%	No	No
3	Administrative Buildings		50	75	1908	Buildings & Fixtures	50	2%	50	2%	No	No
4	Leasehold Improvements		Lease dependent		1910	Leasehold Improvements	5	20%	5	20%		
5	Station Buildings	Station Buildings	50	75	1808	Buildings	50	2%	50	2%	No	No
		Parking	25	30	1808A	Buildings - Components	25	4%	25	4%	N/A	
		Fence	25	60								
		Roof	20	30								
6	Computer Equipment	Hardware	3	5								
		Software - SAP	N/A		1920	Computer Hardware	5	20%	5	20%	Yes	Yes
		Software - Other	2	5	1611A	Computer Software	10	10%	10	10%	N/A	
7	Equipment	Power Operated	5	10	1611	Computer Software	5	20%	5	20%	No	No
		Stores	5	10	1950	Power Operated Equipment	10	10%	10	10%	No	No
		Tools, Shop, Garage Equipment	5	10								
		Measurement & Testing Equipment	5	10	1940	Tools, Shop & Garage Equipment	10	10%	10	10%	No	No
8	Communication	Towers	60	70	1945	Measurement & Test Equipment	10	10%	10	10%	Yes	No
		Wireless	2	10								
9	Residential Energy Meters		25	35	1955	Communication Equipment	10	10%	10	10%	Yes	No
10	Industrial/Commercial Energy Meters		25	35	1860	Meters	30	3%	30	3%	No	No
11	Wholesale Energy Meters		15	30	1860	Meters	30	3%	30	3%	No	No
12	Current & Potential Transformer (CT & PT)		35	50	1860	Meters	30	3%	30	3%	Yes	No
13	Smart Meters		5	15	1860B	Meters	30	3%	30	3%	No	Yes
14	Repeaters - Smart Metering		10	15	1860A	Meters	15	7%	15	7%	No	No
15	Data Collectors - Smart Metering		15	20								

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2.3.3 CAPITALIZATION POLICY

API's capitalization policy is in accordance with the use of a "modified IFRS" accounting basis, and this has not changed since its last Cost of Service in 2020.

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

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

- Assets that are intended to be used on an on-going basis and are expected to provide future economic benefit (generally considered to be greater than one year) will be capitalized.
- General Plant items with an estimated useful life greater than one year and valued at greater than $500 will be capitalized.
- Expenditures that create a physical betterment or improvement of the asset (i.e. there is a significant increase in the physical output or service capacity, or the useful life of the capital asset is extended) will be capitalized.
- Where internal resources are used in the construction of an asset, labour is charged to capital at a fully loaded (or "burden") labour rate, which is comprised of direct labour, payroll burden, vehicle charges and other directly attributable costs.
- Materials and supplies are charged to capital on the basis of actual costs for non-stock materials and the weighted average price for materials in inventory.

In accordance with the move to "modified IFRS" accounting basis effective January 1, 2013, indirect overhead costs, such as general and administration costs that are not directly attributable to an asset, are no longer being capitalized.

2.4 ALLOWANCE FOR WORKING CAPITAL

2.4.1 DERIVATION OF WORKING CAPTIAL

API has used the 7.5% Allowance Approach for the purpose of calculating its Allowance for Working Capital for the 2025 Test Year. This was done in accordance with the letter issued by the Board on June 03, 2016, for a rate of 7.5% of the sum of Cost of Power and controllable expenses (i.e., Operations, Maintenance, Billing and Collecting, Community Relations, Administration and General). API attests that the Cost of Power is determined using the most current RPP price and using forecasted UTR. The baseline assumptions for the proportions of RPP and non-RPP kWh are the most recent annual actuals (2023), however API has made adjustments where appropriate to reflect an expected increase to the Class A kWh as a result of a large industrial increase. Table 23 presented below show API's calculations in determining its Allowance for Working Capital.

Table 23 - Allowance for Working Capital

Description	2020 BA	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Distribution Expenses - Operation	$ 1,732,837	$ 1,481,440	$ 1,624,753	$ 1,891,114	$ 2,001,412	$ 2,049,080	$ 2,563,055
Distribution Expenses - Maintenance	$ 5,282,210	$ 5,596,378	$ 5,546,052	$ 5,496,523	$ 5,603,445	$ 5,834,295	$ 6,711,543
Billing and Collecting	$ 986,414	$ 951,794	$ 907,175	$ 891,233	$ 959,849	$ 1,039,479	$ 1,085,080
Community Relations	$ 96,558	$ 34,402	$ 52,871	$ 70,420	$ 68,681	$ 69,488	$ 75,220
Administrative and General Expenses	$ 5,559,123	$ 5,262,108	$ 5,446,867	$ 5,521,956	$ 5,329,489	$ 5,583,518	$ 5,842,116
Taxes Other Than Income Taxes	$ 118,600	$ 120,695	$ 146,380	$ 141,693	$ 243,806	$ 350,000	$ 260,000
Donations - LEAP	$ 31,140	$ 52,205	$ 23,016	$ 39,910	$ 52,475	$ 57,500	$ 42,000
Power Supply Expenses	$ 23,416,069	$ 30,169,802	$ 26,958,875	$ 29,360,809	$ 28,238,726	$ 28,298,495	$ 32,534,015
Total Expenses for Working Capital	$ 37,222,951	$ 43,668,825	$ 40,705,989	$ 43,413,659	$ 42,497,881	$ 43,281,855	$ 49,113,029
Working Capital Rate (%)	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Allowance for Working Capital	$ 2,791,721	$ 3,275,162	$ 3,052,949	$ 3,256,024	$ 3,187,341	$ 3,246,139	$ 3,683,477

2.4.2 LEAD LAG STUDY

API is not proposing to use a lead lag study in order to determine its Working Capital Allowance and has chosen to follow the Board's June 03, 2015, letter which provided two options for the calculation of the allowance for working capital:

(1) The 7.5% allowance approach; or
(2) The filing of a lead/lag study.

API has not been previously directed by the OEB to complete a lead-lag study.

2.4.3 CALCULATION OF COST OF POWER

API calculated the cost of power for the 2024 Bridge Year and the 2025 Test Year based on the results of the load forecast discussed in detail in Exhibit 3. The commodity prices used in the calculation were prices published in the Board's Regulated Price Plan Prices for the Period November 1, 2023, to October 31, 2024, released on October 19, 2023. API will update the electricity prices in its cost of power forecast based on the updated report anticipated in October 2024, should this updated Regulated Price Plan Report be issued prior to the Board's Decision in the Application.

The sale of energy is a flow-through revenue, and the cost of power is a flow-through expense. Energy sales and cost of power expense are presented in the table below. API records no profit or loss resulting from the flow through energy revenues and expenses. Any temporary variances are included in the RSVA account balances.

The components of API's cost of power are summarized in Table 24 and detailed in Table 25 through Table 32. These tables replicate the information included in OEB Appendix 2-Z, which has been populated in Excel version of the OEB Chapter 2 Appendices workbook filed with the Application.

Table 24 – Summary of Cost of Power for 2025

2025 Test Year - Cost Of Power	
4705 -Power Purchased	$23,138,120
4707- Global Adjustment	$6,577,233
4708-Charges-WMS	$2,001,183
4714-Charges-NW	$2,696,717
4716-Charges-CN	$2,002,629
4750-Charges-LV	$0
4751-IESO SME	$62,451
Misc A/R or A/P (OER)	($3,944,317)
TOTAL	**$32,534,015**

Table 25 – Class Proportions

Forecast Class Proportions			
Class Name	Class A Non-RPP %	Class B Non-RPP %	Class B RPP %
Residential R1(i)	0.00%	0.70%	99.30%
Residential R1(ii)	0.00%	12.78%	87.22%
Residential R2	85.29%	10.24%	4.47%
Seasonal	0.00%	0.16%	99.84%
Street Light	0.00%	100.00%	0.00%

Table 26- Commodity Cost Assumptions

Forecasted Commodity Prices			non-RPP	RPP
HOEP ($/MWh)	Load-Weighted Price for RPP Consumers		$31.79	$31.79
Global Adjustment ($/	Impact of the Global Adjustment		$72.86	$72.86
Adjustments ($/MWh)				$6.40
TOTAL ($/MWh)	Average Supply Cost for RPP Consumers			**$111.05**

API uses the split between the RPP and Non-RPP to determine the weighted average price, as illustrated in Table 26 above. The weighted average price is then applied to the projected 2025 Load Forecast to determine the commodity to be included in the Cost of Power, as shown in Table 27 below. The commodity for 2025 is projected at $29,715,353 (before OER).

Table 27 - Electricity Projections

Commodity						2025 Test Year				
Customer		**Revenue**	**Expense**							
Class Name	UoM	USA #	USA #	Class A Non-RPP Volume**		Class B Non-RPP Volume**	Class B RPP Volume**	Average HOEP	Average RPP Rate	Amount
Residential	kWh	4006	4705	-		772,093	110,161,402	$0.03179	$0.11105	$12,257,969
GS < 50	kWh	4010	4705	-		4,117,517	28,096,839	$0.03179	$0.11105	$3,251,050
GS 50 to 4,999 kW	kWh	4015	4705	166,502,219		19,832,953	8,716,504	$0.03179	$0.11105	$6,891,563
Seasonal	kWh	4025	4705	-		10,674	6,467,568	$0.03179	$0.11105	$718,563
Street Light	kWh	4030	4705	-		596,907	-	$0.03179	$0.11105	$18,976
TOTAL				**166,502,219**		**25,330,144**	**153,442,313**			**$23,138,120**

Class A - non-RPP Global Adjustment					2025 Test Year			
Customer		**Revenue**	**Expense**		**kWh Volume**		**Hist. Avg GA/kWh *****	**Amount**
GS 50 to 4,999 kW					166,502,219		$0.0284	$4,731,679
				#REF!	166,502,219			**$4,731,679**

Class B - non-RPP Global Adjustment						2025 Test Year				
Customer		**Revenue**	**Expense**							Amount
Class Name	UoM	USA #	USA #			Class B Non-RPP Volume			GA Rate/kWh	
Residential	kWh	4006	4705			772,093			$ 0.07286	$56,255
GS < 50	kWh	4010	4705			4,117,517			$ 0.07286	$300,002
GS 50 to 4,999 kW	kWh	4015	4705			19,832,953			$ 0.07286	$1,445,029
Seasonal	kWh	4025	4705			10,674			$ 0.07286	$778
Street Light	kWh	4030	4705			596,907			$ 0.07286	$43,491
Total Volume						**25,330,144**				
TOTAL										**$1,845,554**
										$29,715,353

The commodity prices used in the calculation were prices published in Table ES-1: Average RPP Supply Cost Summary of the Board's Regulated Price Plan Prices and the Global Adjustment Modifier for the Period November 1, 2023, to October 31, 2024. As confirmed above, API will update the electricity prices in its cost of power forecast based on the most recent Regulated Price Plan Report issued prior to the Board's Decision in the Application.

Table 28 - Transmission Network and Connection

Transmission - Network Class per Load Forecast	Units	Volume	Rate	$	Volume	Rate	$	Total
Residential	kWh	110,161,402	0.0092	1,017,545	772,093	0.0092	7,132	
GS < 50	kWh	28,096,839	0.0092	259,526	4,117,517	0.0092	38,033	
GS 50 to 4,999 kW	kW	16,644	3.5192	58,574	355,813	3.5192	1,252,161	
Seasonal	kWh	6,467,568	0.0092	59,740	10,674	0.0092	99	
Street Light	kW	0	2.5483	0	1,533	2.5483	3,907	
	0			0			0	
SUB-TOTAL				**1,395,386**			**1,301,331**	**2,696,717**
Transmission - Connection Class per Load Forecast	Units	Volume	Rate	$	Volume	Rate	$	Total
Residential	kWh	110,161,402	0.0069	756,442	772,093	0.0069	5,302	
GS < 50	kWh	28,096,839	0.0069	192,932	4,117,517	0.0069	28,274	
GS 50 to 4,999 kW	kW	16,644	2.6105	43,451	355,813	2.6105	928,858	
Seasonal	kWh	6,467,568	0.0069	44,411	10,674	0.0069	73	
Street Light	kW	0	1.8832	0	1,533	1.8832	2,887	
				0	0		0	
SUB-TOTAL				**1,037,235**			**965,393**	**2,002,629**

The Transmission Network charges are calculated in the OEB's RTSR model, which are further detailed in Exhibit 8. The Rates are applied to the 2025 Load Forecast to determine the amount to be included in the Cost of Power. The RTSR model is filed in conjunction with this application. The transmission network charges included in the Cost of Power for 2025 is projected at $2,696,171. The Transmission Connection charges are also calculated in the OEB's RTSR model and are projected to be $2,002,629.

Table 3 - Wholesale Market Service Test Year Forecast

Wholesale Market Service Class per Load Forecast	Units	Volume	Rate	$	Volume	Rate	$	Total
Residential	kWh	110,161,402	0.0041	451,662	772,093	0.0041	3,166	
GS < 50	kWh	28,096,839	0.0041	115,197	4,117,517	0.0041	16,882	
GS 50 to 4,999 kW	kWh	8,716,504	0.0041	35,738	186,335,172	0.0041	763,974	
Seasonal	kWh	6,467,568	0.0041	26,517	10,674	0.0041	44	
Street Light	kWh	0	0.0041	0	596,907	0.0041	2,447	
	kWh	0	0.0041	0	0	0.0041	0	
SUB-TOTAL				**629,113**			**786,513**	**1,415,626**

Class A CBR Class per Load Forecast	Units	Volume	Rate	$	Volume	Rate4	$	Total
Residential	kWh			-			-	
GS < 50	kWh			-			-	
GS 50 to 4,999 kW	kWh			-	166,502,219	0.0002	30,663	
Seasonal	kWh			-			-	
Street Light	kWh			-			-	
	0			-			-	
SUB-TOTAL				**0**			**30,663**	**30,663**

Class B CBR Class per Load Forecast	Units	Volume	Rate	$	Volume	Rate	$	Total
Residential	kWh	110,161,402	0.0004	44,065	772,093	0.0004	309	
GS < 50	kWh	28,096,839	0.0004	11,239	4,117,517	0.0004	1,647	
GS 50 to 4,999 kW	kWh	8,716,504	0.0004	3,487	19,832,953	0.0004	7,933	
Seasonal	kWh	6,467,568	0.0004	2,587	10,674	0.0004	4	
Street Light	kWh	0	0.0004	0	596,907	0.0004	239	
						0.0000	0	
SUB-TOTAL				**61,377**			**10,132**	**71,509**

On December 7, 2023, the OEB released Decision and Order for the Wholesale Market Service (WMS) and the Rural or Remote Electricity Rate Protection (RRRP) charges effective January 1, 2024. The Board's decision is summarized as follows:

- The WMS rate used by rate-regulated distributors to bill their customers shall be $0.0041 per kilowatt-hour.
- For Class B customers, a CBR component of $0.0004 per kilowatt-hour shall be added to the WMS rate for a total of $0.0045 per kilowatt-hour. For Class A customers, distributors shall bill the actual CBR costs to Class A customers in proportion to their contribution to peak.
- The RRRP rate used by rate-regulated distributors to bill their customers shall be $0.0014 per kilowatt-hour.

Consistent with this order, API has applied the Board Approved WMS of $0.0041 rate to its 2025 Load Forecast, in addition to 0.0004 for CBR, applicable only to Class B customers. For Class A CBR, API assumed the 2023 average Class A CBR rate per kWh (of Class A consumption) of

0.0002. This was multiplied by the forecasted Class A kWh. In total, API forecasts $1,517,798 in WMS charges (including CBR) for the 2025 Test Year.

Table 30 - Remote Electricity Rate Protection Test Year Forecast

RRRP Class per Load Forecast	Units	Volume	Rate	$	Volume	Rate	$	Total
Residential	kWh	110,161,402	0.0014	154,226	772,093	0.0014	1,081	
GS < 50	kWh	28,096,839	0.0014	39,336	4,117,517	0.0014	5,765	
GS 50 to 4,999 kW	kWh	8,716,504	0.0014	12,203	186,335,172	0.0014	260,869	
Seasonal	kWh	6,467,568	0.0014	9,055	10,674	0.0014	15	
Street Light	kWh	0	0.0014	0	596,907	0.0014	836	
	kWh	0	0.0014	0	0	0.0014	0	
SUB-TOTAL				**214,819**			**268,565**	**483,385**

API has applied the Board Approved RRRP rate of $0.0014/kWh to its 2025 Load Forecast to include $483.385 in its Cost of Power.

Table 31 - Smart Meter Entity Charge Test Year Forecast

Smart Meter Entity Charge	Units	Customers	Rate	$
Class per Load Forecast			Per Month	per Yr
Residential R1(i)	# Cust	8621	$ 0.42	$ 43,449
Residential R1(ii)	# Cust	1053	$ 0.42	$ 5,307
Seasonal	# Cust	2717	$ 0.42	$ 13,695
SUB-TOTAL		12391		$ 62,451

API has applied the Board Approved SME charge of $0.42 per customer per month to its 2021 Customer Forecast to include $62,451 in its Cost of Power. API's R1 class (inclusive of both subclasses R1(i) and R1(ii)), as well as the Seasonal class are subject to the SME charge.

Low Voltage service is not applicable at API and therefore no low voltage costs are included in the Cost of Power calculation.

The Ontario Electricity Rebate is currently set at 19.3% and is applicable to certain customer classifications. Per the methodology in Appendix 2-Z, API has calculated the following OER Allocations.

Table 32 – OER Test Year Forecast

2025 COP for Sheet 1.2 TB Adjustments				
Exp Acct	Rev Acct	From Above	Less OER	Adjusted
4705	See Below	23,138,120	(3,288,675)	19,849,444
4707	See Below	6,577,233	-	6,577,233
4708	4062	2,001,183	(174,725)	1,826,458
4714	4066	2,696,717	(269,309)	2,427,407
4716	4068	2,002,629	(200,186)	1,802,442
4750	4075	-		-
4751	4076	62,451	(11,421)	51,030
Total		36,478,332	(3,944,317)	**32,534,015**

2.5 CAPITAL EXPENDITURES

2.5.1 DISTRIBUTION SYSTEM PLAN

API's DSP describes how API's proposed capital investments for the 2025-2029 period are informed by its asset management process, consideration of the OEB's Renewed Regulatory Framework, coordination with third parties, the results of customer engagement and the findings of various third-party studies and reports. The DSP was authored by API staff. Metsco completed an Asset Condition Assessment for API in 2023, which is included as Appendix J to the DSP. A number of additional studies and reports supporting the DSP are included as appendices and cover a wide range of topics such as area planning, vegetation management, system planning and reliability.

Section 1 of the DSP provides additional introductory comments on the objectives, scope, and content of the DSP, while Sections 2-4 follow the structure of Chapter 5 of the Filing Requirements, with headings that reference the related Chapter 5 heading numbers where applicable.

In accordance with Section 2.2.6 of the Filing Requirements, API has filed its DSP as a stand-alone document, included as Attachment A. Historical and forecasted capital investment amounts summarized in this Exhibit 2 are consistent with amounts detailed in the DSP.

2.5.2 CAPITALIZATION OF OVERHEAD

In accordance with the move to "modified IFRS" accounting basis effective January 1, 2013, indirect overhead costs, such as general and administration costs that are not directly attributable to an asset, are no longer being capitalized.

Burden Rates

As outlined in 2.2.3, where internal resources are used in the construction of an asset, labour is charged to capital at a fully loaded (or "burden") labour rate. On a departmental basis, API uses direct wages, employee benefits and directly attributable overhead costs, including vehicle costs if applicable, in order to calculate the fully loaded labour rates. These rates are then used in the allocation of labour to both OM&A and PP&E. The following table shows the average percentages applied to base wages for employee benefits and directly attributable overhead costs:

Table 33 – Burden Costs

	2020	2021	2022	2023	2024	2025
	Historical Year	Historical Year	Historical Year	Historical Year	Bridge Year	Test Year
Operational Departments	39%	41%	39%	37%	35%	35%
Customer Service Department	25%	30%	25%	21%	21%	21%
Administrative and General Departments	30%	32%	29%	26%	29%	27%

The primary driver of the declining trend in the burden rates shown in Table 33 is a declining trend in pension and post-retirement benefit costs, as detailed in Section 4.4.3 of Exhibit 4.

In accordance with the Filing Requirements, API has also completed Appendix 2-D of the Chapter 2 Appendices, which is filed in Excel format with the Application.

2.5.3 COSTS OF ELIGIBLE INVESTMENTS FOR DISTRIBUTORS

API attests that it has not included any costs or included any Investments to Connect Qualifying Generation Facilities in its capital costs or in its Distribution System Plan.

As such, details of any capital contributions made or forecast to be made to a transmitter with respect to a Connection and Cost Recovery Agreement related to a Qualifying Generation Facility are not applicable in this case.

API has not planned for any conservation initiatives or other non-wires solutions in order to defer or avoid future infrastructure projects as part of distribution system planning processes nor is API currently planning on applying for funding through distribution rates to pursue activities such as energy efficiency programs, demand response programs, energy storage programs, a generation facility, etc. Accordingly, Appendices 2-FA through 2-FC of the Excel version of the Chapter 2 Appendices filed with the Application contain zero values.

While API is not forecasting the above types of investments at this time, API will consider "non-wires solutions" when evaluating project alternatives, as discussed in Section 5.3.1.5 of the DSP.

2.5.4 NEW POLICY OPTIONS FOR THE FUNDING OF CAPITAL

API is not requesting funding for any new ACM or projects in this Application. API has reviewed the projects over the Distribution System Plan forecast period of 2026-2029 to identify material one-time "lumpy investments". API notes the Wawa Main Substation Upgrade project in 2027, which is forecasted to cost $4.6M, brings the total in-service additions for 2027 to $14.4M, which is significantly higher than the average $10.2M per year in the remaining DSP years.

API has completed a preliminary assessment of the ACM threshold applicable in 2027 and using the current parameters (including the most recent OEB inflation factor applicable to 2024 rates of 4.8%), the ICM materiality threshold in 2027 would not permit API to complete an ICM for the Wawa Main Substation Upgrade project. Furthermore, API expects it will have further information regarding the timing, budget, and scope of the project closer to the intended in-service year, which would permit a fulsome business case to be submitted with a future ICM application.

API intends to apply for an ICM in the future, should this project or another unexpected project meet the ICM threshold in advance of the in-service year, in accordance with the OEB's policy.

2.5.5 ACM PROJECT- SSM FACILITY

Introduction

In 2022, API substantially completed construction and took occupancy of its new administration and operations centre, the Sault Ste. Marie Facility ("SSM Facility") project. Prior to the project's completion, API sub-leased its shared facilities at 2 Sackville Road from Hydro One Sault Ste. Marie (HOSSM). API's lease at 2 Sackville Road was scheduled to expire at the end of 2019, however API secured short term extensions until the new facility was ready for occupancy.

SSM Facility -Summary of Key Items from Previous Regulatory Evidence

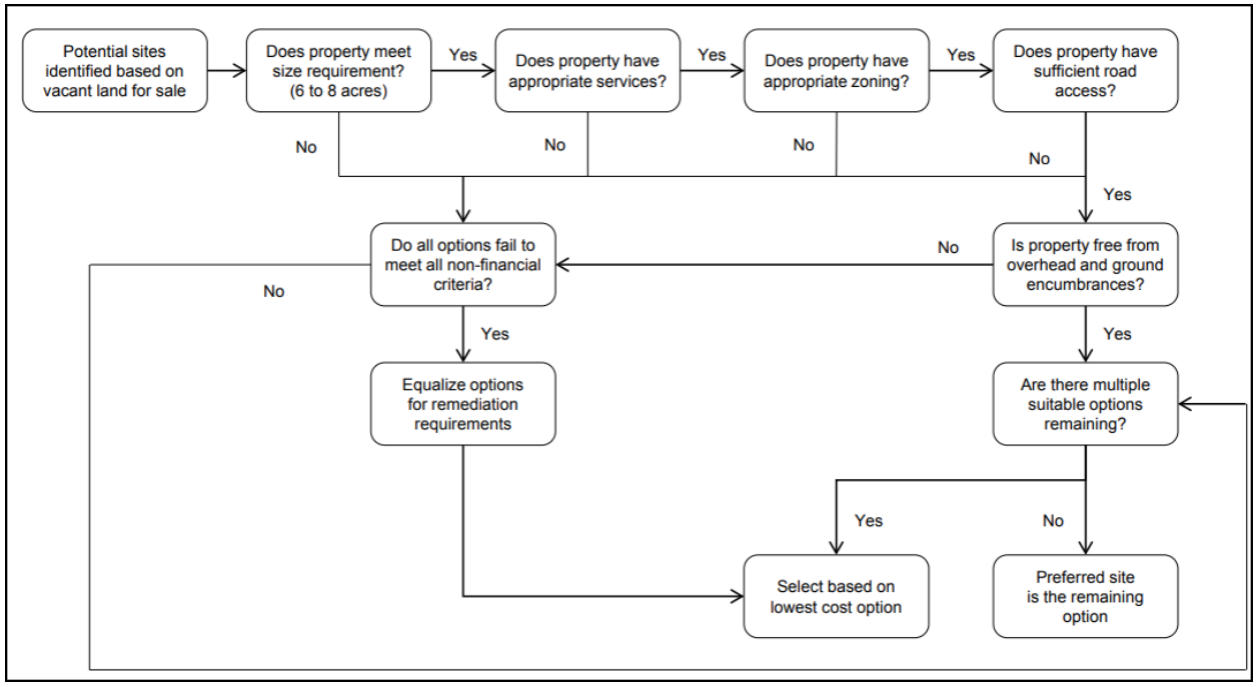
In its ACM application during the last COS, API presented evidence regarding its facility relocation due diligence until that point. Specifically, API presented a Benchmarking Analysis comparing multiple options (Status Quo, Lease Existing, Brownfield and Greenfield), which recommended API's current approach to design and build a new facility on Greenfield land, after considering financial and qualitative factors. The business case, in turn, was supported by several detailed reports undertaken to thoroughly investigate the various options available to API.

One of the reports, the "SFP Report" assessed a requirement of 13,700 sq ft for Administration, 15 800 sqft for Operations/Shops and 12 300 sqft for a Covered Fleet Garage for API to meet its operational needs. While the existing facility exceeded the Administrative Office requirement, there were significant shortages in the square footage available for Operations/Shops and Covered Fleet Garage (please see table below, where "Current sq. ft." represents the space previously available to API at 2 Sackville Rd.).

Table 34 – Space Requirements for API SSM Facility

Indoor Space Usage	MGP Assessment - Required Space (sq ft)	Current Space (2 Sackville)(sq ft)	Variance (sq ft)	Industrial Park Drive (Actuals)	Variance vs. MGP Needs	Variance vs. Sackville Rd.
Administrati	13,676.0	19,698.0	6,022.0	13,653.7	- 22.3	- 6,044.3
Operations a	15,747.0	7,810.0	- 7,937.0	16,066.1	319.1	8,256.1
Covered Flee	12,280.0	1,590.0	- 10,690.0	9,320.9	- 2,959.1	7,730.9
Total Indoor	41,703.0	29,098.0	- 12,605.0	39,040.7	- 2,662.3	9,942.7
Outdoor Space		13.5 Acres (shared)				

As part of its due diligence, API considered multiple available properties, applying the following site selection process flow chart:



251 Industrial Park Crescent was the only property to meet 100% of the criteria, while other properties scored in the range of 50%-83%. The property at 251 Industrial Park Crescent, and also represented one of the lowest-risk and one of the lowest-cost options.

API selected to proceed with a new build facility at 251 Industrial Park Crescent, because this option would best support API's requirements, in a cost-effective manner, with relatively lower project risks.

SSM Facility - Budget in ACM Application and ACM Approval

In its 2020 COS Application, API submitted an ACM request for the SSM Facility project with a budget of $14.118M. This budget was current as of March 2019 and was based on reports prepared at a Class D estimate accuracy, typically associated with +/- 20% accuracy. API notes that at the time of that application API had excluded $140k of capital costs (considered work in progress) already incurred from the budget proposed in the application. The original proposal for the full project cost would therefore have been $14.2M. API notes that, on the basis of the +/-20% accuracy, the maximum anticipated project cost at the time would have been $17.1M, inclusive of the prior work in progress.

The table below outlines the baseline assumptions for the 2020 ACM proposal.

Table 35- SSM Facility 2019 Budget and Conceptual Design

Item	Value	Notes
Buildings	$ 9,082,987	MGP Architects
Design and Construction Contingency (5%	$ 908,298	MGP Architects
Site Development	$ 1,927,000	MGP Architects
Total Construction and Design	$ 11,918,285	MGP Architects
Internal Labour and External Consultants	$ 200,000	API Estimate
Land	$ 1,000,000	API Estimate
Moving, Fixtures, Furniture, etc.	$ 1,000,000	API Estimate
Total Budget	**$ 14,118,285**	
Percent of Estimate based on MGP Repor	84%	
MGP Square Footage Assumptions		
Corporate Administration/Offices	13,676	MGP Architects
Operation/Shops	15,747	MGP Architects
Fleet Storage Garage	12,280	MGP Architects
Total Square Footage	**41,703**	MGP Architects

Applying the estimated error for the original budget results in a range of $11.4M – $17.1M as shown below. API has assumed the error estimate applies to the non-construction elements of the budget which were uncertain at the time of the application (but not prior costs already incurred). API expects that given the unforeseen and extremely material impacts of COVID-19 at the time of the estimate, it is appropriate to consider the "high boundary" of the estimate or potentially more.

Table 36- Estimate Error Boundaries- SSM Facility 2019 Budget

	Low Boundary -20%	Estimate	High Boundary: +20%
Construction and Design	$ 9,534,628	$ 11,918,285	$ 14,301,942
Consulting, Labour, Land, Move, FFE	$ 1,760,000	$ 2,200,000	$ 2,640,000
Consulting and Study Costs Already Incurred prior to 2019 (no adj- already incurred)	$ 139,331	$ 139,331	$ 139,331
Total	**$ 11,433,959**	**$ 14,257,616**	**$ 17,081,273**

As a result of the Settlement Agreement (dated September 24, 2019) in the 2020 COS, which was the basis for the OEB's Decision and Order, the Parties to the Settlement agreed to an ACM

amount of $12.69M, with an in-service date in 2022. The Settlement on this issue included an acknowledgement that API may explain and justify the prudence of any overspending at the next rebasing application (this Application)[3].

In its 2022 IRM Application, API applied for ACM rate riders in accordance with the OEB's Decision and Order in the 2020 COS, with ACM rate riders based on in-service additions of $12.69M as agreed upon in the Settlement Agreement. API provided an updated budget projection at that time for the project of $14.86M at that time.

SSM Facility -Summary of Progress Since 2020 ACM Application

API proceeded to work towards a facility cost of $12.69M, consistent with the Decision and Order, through a variety of cost-saving measures. The first and most significant cost saving measure was Change Order #1, which is summarized below in the section "Change Orders".

The project location and timing presented several unique challenges to the execution of the project. The largest challenges include timing delays (partially related to the COVID-19 Pandemic), as well as unexpected work required as a result of geotechnical issues at the selected site. Geotechnical challenges delayed the construction of the foundation as the neighboring properties have natural drainage flowing through the site. Significant efforts were made during the project resulting in increased costs (please see explanation and quantification below) and delayed construction. The project occurred during the covid pandemic resulting in multiple scheduled completion date slippages, from June 1, 2022, to December 1, 2022, when the City of Sault Ste. Marie issued a temporary occupancy permit to API. Supply chain issues also impacted the final occupancy date.

<u>Land Purchase</u>

API completed its land purchase agreement with a local developer on September 25, 2020, on the 12.08-acre parcel of land located at 251 Industrial Park Crescent in Sault Ste. Marie. The purchase

[3] Decision and Order in EB-2019-0019, October 17, 2019, p69

agreement included the purchase of 7.94 acres of land for API's new work centre with a severance and reconveyance of 4.14 acres of property back to its original owner.

Recognizing that the acreage available exceeded API's core needs, API was able to negotiate with the seller to only purchase 7.94 of the 12.08 acres, subject to API's ability to sever and reconvey the excess land back to the seller. API pursued this opportunity to reduce the land costs by up to 34% and avoid unused land.

The severance of the property into two parts was completed in April 2024. The reconveyance of the 4.14 acres is expected to be completed in 2024. API notes that significant and unexpected efforts were required to complete the severance in order to reduce the final land cost.

Please see the letter from Tulloch dated March 19, 2024, in Attachment B, which confirms API's purchase price per acre for the land is considered in line with the average price per acre in Sault Ste. Marie.

Construction

A Request for Proposals was issued by API on October 6, 2020, for the design and construction of the Algoma Power Sault Ste. Marie Operations Facility. The building design criteria are outlined below:

- New 42,000 square foot facility
    - Administrative Office: 14,000 square feet
    - Materials Management/Operations and Stores: 16,000 square feet
    - Fleet Parking Garage: 12,000 square feet.
- 1.5 acres of land to house various storage solutions (pole bunks, racks, bins, etc.), open areas to lay down material, and parking areas for Customers, Staff, and additional small Fleet.
- Development of the site including servicing, landscaping, parking, and lighting.
- Meet or exceed Ontario Building Code

- All critical building systems will be designed to ensure all applicable codes and standards are followed. The building will be designed as "post disaster" under the 2012 Ontario Building Code (OBC).

- Storm water management requirements - Sault Ste, Marie
- Standby generator
- Energy efficiency considerations
- A waterless fire suppression system for the server room.
- Provide 70,000 square foot gated exterior storage compound.
- Future space and capabilities to be included in the design including EV charging, Solar PV generation, DERs, Transformer station (20'x20')

Following a competitive process for which API received multiple bids, all of which exceeded its intended budget for the project, the contract was awarded to S&T Group on December 11, 2020. The value of the awarded contract was $14,694,849. Bidders alerted API to construction cost increases brought about as a result of COVID- 19. The successful bidder, S&T, estimated an impact of 6.3% to the total contract cost compared to pre-pandemic pricing. For further details please see Attachment ##

Though the selected bid exceeded API's budget target, API and S&T promptly began a robust review of cost-saving opportunities, with the goal of bringing the total project in line with the ACM-approved amount, while maintaining the necessary functionality in the building to enable API to deliver safe and reliable power and other services over the long term. While API and its consultants were able to identify significant reductions to the construction contract scope, the level of achievable changes did not allow the total project budget to come within the $12.69M (i.e.: inclusive of not only construction cost, but also Land, Consulting, and other costs).

This review resulted in a reduction in the contract price through Change Order #1 to a value of $12,368,737. The design portion of the new facility started immediately after award.

The cost reductions were made to the scope of the project are summarized below:

- Reduce footprint from 42,000 to 38,927 square feet (- $1,023,462)

- Reduced light scope from 75,000 hrs. to 50,000 hours life cycle. (-$ 120,000)
- Remove the cold Storage building (-$ 200,000)
- Reducing the standby generator sizing to supplying the areas that would impact API's ability to respond to customer outages. (- $ 200,000)
- Reduction to site works based upon building orientation. (- $ 110,650)
- Removal of API Contingency Allowance (- $500,000)
- Removed Constructor Supplied Lunchroom furniture and appliances and API purchased (savings of $22,500)
- Construction material was ordered in advance to avoid rapidly changing supply chain demands. API is unable to quantify the impact of this decision, however API experienced significant increases in materials and other costs were observed as a result of the COVID-19 Pandemic, and avoided as a result of the decision to order materials in advance.

Table 37 – Cost Savings in Change Order 1

Item	Value	
Initial Awarded Contract	**$**	**14,694,849**
Reduce Square Footage	$	(1,023,462)
Reduce Light Scope	$	(120,000)
Remove Overhead Cranes	$	(125,000)
Remove cold storage building	$	(200,000)
Reduce Standby Generator	$	(200,000)
Reduce site works	$	(110,650)
Remove contingency	$	(500,000)
Other Misc.	$	(47,000)
Order Materials	unknown avoided increase	
Total Reductions	**$**	**(2,326,112)**
Updated Contract	**$**	**12,368,737**

A Request for Proposals was issued by API on November 18, 2020, for an "Advising (Owner's) Engineer of the new Sault Facility Centre" and through the selection process was awarded to Tulloch Engineering.

API further undertook measures to minimize furniture costs by maximizing the use of existing furniture from 2 Sackville Road to be repurposed at the Industrial Park Drive facility.

Change Orders

At times throughout the construction process, new developments led to adjustments to the scope of the construction contract, and associated price changes. API has reviewed each change order carefully to ensure that these items are both: (a) incremental to the agreed upon work; and (b) necessary for API's safe and efficient use of the facility. The table below outlines the material items added to the project scope through change orders. Please see the discussion below for a detailed explanation of each item.

Table 38- Rationale for Items in Change Orders

Added Scope Items:	Impact to Construction Cost		Rationale
Geotechnical Issues and related	$	416,683	Unforseeable, Uncontrollable
Transformer Storage Platform	$	398,992	Reduce financial and operating risks
Pole Storage Racks	$	155,559	Reduce financial and operating risks
Parking lot and Driweway modif	$	235,000	Safety, ongoing OM&A Savings, operational efficiency
Add back Overhead crane	$	139,132	Safety, Operational Efficiency
Overhead Doors, Motorized Sho	$	126,592	Security, loss prevention, operational efficiency
Other Misc.	$	50,370	Sustainability, Environmental Goals
Final Construction Costs	**$**	**13,891,064**	

Geotechnical Issues and Related Impacts:

Before purchasing the property, API commissioned a geotechnical report which included drilling samples on the property which confirmed the property was feasible for API's intended use building. API also conducted Phase I and Phase II Environmental Assessments, which confirmed that the property was appropriate for its project.

During the detailed design stage, it was determined that there were subsurface issues that were not previously identified in this original due diligence. API conducted a review which confirmed that these issues would not have been reasonably identified through the regular feasibility work typically conducted for projects of this nature.

API and its Owners' Engineer completed further due diligence and validated that the majority of the incremental scope in the change order was related to work outside of the original scope and was not reasonably foreseeable.

As a result, following some fine-tuning regarding the appropriate scope and pricing, API accepted this change order which covered all the impacts to the contract price and timing related to design, geotechnical issues, and winter work.

Transformer Storage Platform and Pole Storage Racks

While it was initially believed that API owned the existing transformer rack and the pole bunk at 2 Sackville Road, it was later determined that these assets were owned by the lessor at 2 Sackville Road. API investigated the option of purchasing the existing items, however the pole bunks were not available for sale, while the existing transformer racks were deemed insufficient for API's long-term needs.

Specifically, API's larger, more expensive, and more specialized power transformers could not be stored on the existing Transformer Storage Platform, and were instead being stored on wooden pallets or on the ground, increasing the risk of unnecessary damage. In light of the operational and financial risks, API chose to purchase an appropriately sized newer transformer storage platform.

Site Modifications- Parking and Driveway

Close to the conclusion of the project, following API's temporary occupancy, it was determined that further site modifications would be needed to optimize API's use of the parking lot and driveway.

API determined that the driveway was too narrow to accommodate foot/bicycle traffic and two-way traffic, which is required at "peak" times (i.e.: start of day and end of day), leading API to request the driveway be widened in order to avoid safety concerns, as well as an inefficiency. While the original specifications in the design were deemed initially appropriate, upon full occupancy of the facility, API became aware of the traffic flow and other impacts identified below.

The Parking lot was originally developed with a sufficient number of spaces, but the width and configuration were insufficient considering their primary use by trucks and other large vehicles, often with trailers. These types of larger vehicles could impede traffic flow under the original

configuration and increased the risk of property damage. Furthermore, the parking lot configuration did not leave any space for the storage of cleared snow in the winter. In the winter of 2022/2023, API paid roughly $12,000 to clear snow to be picked up and disposed of. By undertaking the parking lot re-configuration, API expects this cost will not be necessary in future years, so the capital investment will result in future annual avoided maintenance expenses. Over the next 20 years, the savings would roughly pay for this change order, while also bringing about the efficiency and safety benefits outlined above.

API worked with the constructor to ensure costs savings for the site modifications; by incorporating these changes into the construction project rather than completing the site modifications as a stand-alone project, API believes it saved on the cost to complete this work.

Overhead Crane

Despite initially removing the overhead cranes from the scope of work due to cost-saving measures, further discussions during design review with API Operations, indicated that there were health and safety needs for the crane in both the garage and electrical bays. The requirement for a 5 Ton overhead crane in both the electrical and fleet mechanical bays was added to the scope of work. As a result of design discussions, the single 5 Ton crane serves both electrical and fleet bays.

Overhead Doors, Motorized Shop Door, and Motorized Gates

The addition of motorized overhead doors, motorized shop door and a personnel gate were required to be installed to improve security and functionality to the yard, stores, and warehouse areas. Similarly, motor operated vehicle gates were determined to be required for both the east and west yard compound entrances in order to integrate these areas into the building security system.

Other Non-Material Items.

Other non-material items include the installation of an EV charging station (with two units), which was not contemplated at the time of the bid submissions. Additionally, API undertook non-

material investments to enable the elimination of single use plastic bottles, in alignment with API's environmental initiatives.

In 2024, API has budgeted continued facility related costs associated with the ongoing efforts at that time necessary to sever and reconvey the excess land at the property.

The final expected spending to the test year is outlined in the table below:

Table 39 - Final Costs by Year In-Service

	2022	2023	2024 (Bridge)	Total
Land	$ 859,001		$ 200,622	**$ 1,059,623**
Construction	$ 13,526,132	$ 364,932	$ -	**$ 13,891,064**
Consulting & Labour	$ 1,428,109	$ 275,867	$ -	**$ 1,703,976**
Total	**$ 15,813,241.8**	**$ 640,799.2**	**$ 200,622.0**	**$ 16,654,663.0**

SSM Facility -Summary of Costs, Comparison to Budget

Table 40 below compares the final project costs to the initial project budget

Table 40 – Comparison- Final Costs to 2019 Project Budget

	Total SSM Facility Additions	Compare to 2019 Budget	Variance	%Variance
Land	$ 1,059,623	$ 1,000,000	$ 59,622.84	6%
Construction	$ 13,891,064	$ 11,918,285	$ 1,972,778.88	17%
Consulting & Labour	$ 1,703,976	$ 1,200,000	$ 503,976.32	42%
Total	$ 16,654,663.0	$ 14,118,285	$ 2,536,378.04	18%

The following factors, further detailed above, have contributed to the variances:

Land: unanticipated costs to complete severance and reconveyance.

Construction Cost: As outlined above, changes in the scope of the facility (upwards and downwards) as well as COVID-related and other inflationary factors, contributed to construction cost changes.

Consulting, Labour, FF&E and Moving – a higher degree of consulting and internal attention was required in order to address unforeseen circumstances such as COVID-19, to complete cost-

saving measures, to review and "right-size" other change orders, and to address geotechnical issues.

While this cost level exceeds the budget amount, it does fall within the total "high boundary" of $17,081,273 associated with the 2019 budget, which API believes is the appropriate comparator in consideration of the significant unforeseen circumstances since that budget was prepared. API therefore considers that compared to the 2019 budget, it has demonstrated considerable cost control.

Compared to the ACM Approved Amount, API provides the following comparison Analysis

Table 41 – Project Progress Compared to ACM Budget

Item	Project Cost At Each Stage	Variance from 12.69M
2019 Budget Proposed in ACM	**$ 14,118,285**	**$ 1,428,285**
Impacts of COVID 19	*unclear*	
Increase to Construction Budget Upon Signing	$ 2,776,564	
Adjusted Budget Upon Construction Contract	**$ 16,894,849**	**$ 4,204,849**
Reduce Square Footage	-$ 1,023,462	
Reduce Light Scope	-$ 120,000	
Remove Overhead Cranes	-$ 125,000	
Remove cold storage building	-$ 200,000	
Reduce Standby Generator	-$ 200,000	
Reduce site works	-$ 110,650	
Remove contingency	-$ 500,000	
Other Misc.	-$ 47,000	
Order Materials Early	unknown avoided increase	
Adjusted Budget with Downward Scope Changes	**$ 14,568,737**	**$ 1,878,737**
Geotechnical Issues and related impacts	$ 416,683	
Transformer Storage Platform	$ 398,992	
Pole Storage Racks	$ 155,559	
Parking lot and Driweway modifications	$ 235,000	
Add back Overhead crane	$ 139,132	
Overhead Doors, Motorized Shop Doors, Motorized	$ 126,592	
Other Misc.	$ 50,370	
Adjusted Budget with Scope Changes	**$ 16,091,064**	**$ 3,401,064**
Add: Previous WIP from 2019	$ 139,331	
Add: other variances in non-constuction budget	$ 223,646	
Add: Costs for Land Severance and Reconveyance ir	$ 200,622	
Expected final Project Cost	**$ 16,654,664**	**$ 3,964,664**

As outlined above, despite being notified of significant COVID-related cost increases by the bidders to its construction contract, API approved significant reductions in the construction contract totaling $2.3M to attempt to reach the ACM-approved project budget. API was able to reach within $2M of the ACM-approved amount through this reduction. However, due to a combination of unforeseen circumstances (Geotechnical Issues, Transformer and Pole Storage) and key items affecting long-term building functionality, safety, security, and cost-effectiveness (Parking Lot, Motorized doors, Crane), the construction cost required further increases beyond the target. API has additionally included the pre-2019 project WIP, as well as forecasted costs to

complete the land reconveyance (which will have a net decreasing "avoided cost" impact on the project budget), to arrive at a total variance of $3.79M from the OEB-approved amount.

For another perspective on this adjustment, API has compiled the Building Construction Cost Index from Statistics Canada (summarized in Attachment ##) for the purposes of the benchmarking analysis below.

SSM Facility -Benchmarking -Comparators and Normalization

The following analysis outlines the final cost of API's building compared to the approved costs for facilities of other OEB rate-regulated entities. It is difficult to find a comparable project to API's due to a number of unusual factors affecting this project. API has made adjustments to attempt to normalize some potential comparators in order to provide a more reasonable comparison, which are outlined in the discussion that follows.

The COVID-19 pandemic resulted in increased costs to the project. An report from S&T Group in December 2020 estimated that, based on a pre-COVID budget of $11M, a $693k increase would have already been incurred, due to lost labour productivity due to following public health protocols. S&T referred to further compounding increases related to subcontractor productivity loss and supply chain factors not included in this quantification. API has included this estimated impact of COVID 19 as a normalizing item.

Additionally, API has removed the cost of Geotechnical impacts. These impacts were unexpected and outside of API's direct control and are unlikely to have occurred at the other comparators.

API has also reduced the construction costs by 15% based on commentary received from two consultants (one in 2024, another in 2017). These consultants estimate higher Northern Ontario construction costs in the range of 10%-20% due to limitations of available labour and material supply, longer travel and delivery distances, etc. API has applied a similar adjustment to the PUC facility, based on a similar breakout between construction and non-construction costs.

Lastly, API has applied the impact of the Building Construction Price Index to the change orders (except Geotechnical), to acknowledge further inflationary impacts between the signing of the contract and the signing of each change order.

Each of the above items is quantified below:

Table 42- Normalizing Adjustments to API Facility in Benchmarking Analysis

	API Building	COVID 19 Impact	Geotechnical	Northern Ontario Construction Premium	Inflation Impact-Change Orders	Adjusted Cost
Construction	$ 13,891,064	-$ 693,000	-$ 416,683	-$ 2,083,660	-$ 332,465	$ 10,365,256
Non Construction	$ 2,763,599					$ 2,763,599
Total	**$ 16,654,663**					**$ 13,128,856**

API has also adjusted the costs for the other facilities in the benchmarking group as follows to provide a fair comparison:

- API has adjusted the construction costs of each utility by the Building Construction Price Index between the estimated construction start of each facility [4] and the signing of API's construction contract in Q4 2020. The adjustment percentage for each facility's approved costs is shown in the benchmarking table below.
- As outlined above a 15% adjustment was made to estimate the Northern Ontario construction price premium for PUC Hydro and reduce the estimated construction portion of that project accordingly.
- Based on publicly available records, API understands that PUC Hydro's construction project cost did not include any land costs. To support an apples-to-apples comparison, API increased the building cost per square foot for PUC Hydro by $27/square foot, which is equivalent to API's land cost per building square foot.

[4] Assumed to be two years prior to the in-service year of the building, consistent with API's experience.

The resultant normalized benchmarking is summarized in the table that follows.

Table 43- Building Benchmarking Analysis

									
LDC	Milton Hydro	Waterloo North	Innisfil Hydro	PUC Hydro	Energy+	Enersource	PowerStream	Brantford Power	Algoma Power Inc
Function	Admin & Operatic	Admin & Operatic	Admin & Operatic	Admin & Operatic	Admin	Admin	Admin	Admin & Operatic	Admin & Operatio
Custom Build vs. Purchase and Refurbish	Purchase and Refu	Custom Build	Custom Build	Custom Build	Purchase and Refurb	Purchase and Refu	Custom Build	Purchase and Refu	Custom Build
Application No.	EB-2015-0089	EB-2010-0144 EB-2015-0108	EB-2014-0086	EB-2012-0162	EB-2018-0028 EB-2021-0018	EB-2012-0033	EB-2008-0244	EB-2021-0009	EB-2024-0007
Building In-Service Year	2015	2011	2015	2012	2022	2012	2008	2020	2022
Northern Ontario?	No	No	No	Yes	No	No	No	No	Yes
Capital Cost	$ 14,460,000.00	$ 26,476,961.00	$ 13,491,210.00	$ 23,000,000.00	$ 8,150,000.00	$ 20,000,000.00	$ 27,700,000.00	$ 14,829,117.00	$ 13,128,855.52
Customers (2021*)	42,082	58,746	19,703	33,865	68,193	201,359	353,284	41,065	12,227
Square Footage	91,828	105,000	36,172	110,382	21,892	79,000	92,000	72,668	39,051
FTEs (2021)	59	120	55	78	124	150	250	63	50
cost/sqft	$ 141.90	$ 252.16	$ 308.01	$ 216.67	$ 356.29	$ 227.85	$ 301.09	$ 204.07	$ 336.20
Construction Price Index between estimated construction year and 2022	120.90%	126.65%	120.90%	126.68%	100%	126.68%	137.60%	107.48%	1.00
Inflation Adjusted Approved	**$ 171.56**	**$ 319.36**	**$ 372.38**	$ 276.90	**$ 356.29**	**$ 288.63**	**$ 414.30**	**$ 219.32**	$ 336.20
Inflation Adjusted Construction Price	$ 190.38	$ 319.36	$ 450.93	$ 263.95	$ 372.28	$ 320.70	$ 414.30	$ 219.32	$ 336.20

*** Enersource 2014 data provided**

SSM Facility- Benchmarking Analysis:

The construction costs per square foot of a facility can vary depending on the nature of the space constructed- Administrative offices can attract different cost levels than operational areas (warehouse, garage, etc.). Of the comparison facilities, three comparators are administrative offices only, therefore API does not consider these to be adequate comparators (Energy+, Enersource, and PowerStream).

Additionally, costs can be affected depending on whether the facility is a custom-build or the purchase and refurbish of an existing building. API explored the option to purchase and refurbish the existing facility at 2 Sackville Rd, however as outlined in the prior application due diligence, a financially prudent option to purchase and refurbish was not available to API. On this basis, API considers that "custom build" projects are most comparable to its building. API has therefore not considered Milton Hydro and Brantford Power as reasonable comparators.

This leaves three comparators which API considers to be reasonably similar in nature: Waterloo North, Innsifil Hydro, and PUC Hydro.

API considers the cost per square foot to be an appropriate cost metric for the purposes of comparison.

As compared to the inflation-adjusted cost per square foot for the three comparators of $320, API's adjusted cost of $336 is within 5% of the average, and 10% lower than the maximum approved cost per square foot of $372.

API acknowledges that the inflation-adjusted cost per square foot of the PUC Hydro building is lower than API's cost per square foot, and both buildings are located in Sault Ste. Marie. In discussions with Tulloch engineering, it was noted that at least some of this differential can be explained by the relative size of the PUC Hydro building, which is significantly larger than API's[5], and is a multi-story building. The foundation of a facility is one of the larger cost contributors to

[5] Notably, PUC shares its facility with three affiliates, and less than half (46%) of building costs are allocated to PUC, indicating the majority of the facility is used by affiliates. Please see PUC Interrogatory response 4-Staff-37 in EB-2012-0162 (filed April 3, 2013).

a facility, and multi-story facilities will have smaller sized foundation to a single-story building with the same square footage. The cost per square foot of foundation construction is therefore typically lower for multi-story buildings than for single-story buildings. Furthermore, API is aware based on publicly available information that PUC Hydro's facility was constructed to accommodate more than just PUC's operations, and that less than half of the facility costs on an annual basis are allocated to PUC's distribution business. As a result, API believes PUC's facility cost per square foot may not be directly comparable due to the presence of additional economies of scale present in the PUC facility, as well as potentially a different use profile for the facility which could have an impact on construction costs.

The two-utility average of the remaining comparators is $346, with API's normalized cost representing a 3% decrease from this average, indicating that API's costs are reasonable, in light of other comparable projects, after normalizing for appropriate factors.

With respect to the total building square footage, API notes that its facility was designed specifically to meet the functional operating requirements for API to provide safe and reliable service to its customers. Among the comparator group, API's facility has the third-lowest square footage, and the second-lowest when comparing only to Admin and Operations facilities (rather than admin-only).

On this basis, API respectfully proposes that the benchmarking indicates its facility project cost is within a reasonable range compared to similar past OEB-approved facility projects [6], when adjusting for construction inflation and Northern Ontario Cost Premium.

API has included statistics regarding the number of customers for each comparator and the number of FTEs, however API considers these statistics difficult to apply to this benchmarking for the following reasons:

[6] API notes it has used the OEB-approved facility cost as the basis for comparison, however several of the comparators reviewed ultimately experienced higher costs than were approved by the OEB, indicating that the average construction cost per square foot above may not necessarily reflect true construction costs.

- As discussed in other sections of the Application, API is a very low-customer density utility, however a high level of effort is required to provide safe and reliable service to customers, therefore API considers comparative statistics on a per-customer basis to be misleading.
- API's total employee complement is split amongst three locations, and therefore API does not believe it would be appropriate to compare metrics on a per-FTE basis, as some of API's employees do not report to the SSM Facility, and yet many functions are centrally performed at the SSM facility. API is aware that some of the other comparators in the data set similarly have (or had) multiple operating facilities. Further, API notes that some of the comparator LDCs have since merged, and therefore a relevant current FTE count is not available.

SSM Facility -Efficiency Improvements from New Facility

As a result of the new facility API has experienced the following efficiency improvements:

- Increased response times as a result of storing vehicles indoors;
  - Easier to restock line trucks with Stores
  - Line truck is out of the weather
    - snow removal
    - removal of the need for winter startups / long idling times for diesel engines
    - reduced risk of weather-related vehicle slips / trips in back of vehicle.
    - material in back of truck not covered with snow.
    - minor work online truck indoors versus outdoors
- Lower financial risk (write-offs, replacement costs, maintenance expense) as a result of proper indoor stores
- Improvements in communication between departments as a result of optimized facility layout;
  - Operational Supervisors are now close to work areas staff and each other.
  - Staff are close together resulting in improved communications between work groups.
  - Customer Service and Engineering are now close to Lines / Forestry / Technical Services, resulting in improved communications and interactions.
- Avoided productivity loss as a result of optimized facility layout.
  - Technical Services Dept has area combining office, metering shop and workshop.
  - Forestry Dept has area combining office, drying room, and workshop.
  - Line Dept has area combining office, drying room, and workshop.
  - Store's location is indoors and has immediate access to indoors fleet parking which makes restocking trucks easier and quicker.

- Store's location also allows for material planning and getting material ready to go out for a job.
- Most of the Stores inventory indoors and accessible without digging out/cleaning off snow/ice, etc.
- Some of the mechanical inspection and repair work on larger fleet vehicles, particularly the articulated booms, can be done indoors within fleet storage.
- Engineering Fleet vehicles can be brought indoors in inclement weather before trips to field, to thaw/prepare truck for departure.

For the most part these improvements cannot be quantified and typically result in API resources being better-utilized, with productivity improvement allowing staff to re-focus their time and efforts on higher-priority work.

In the Strategic Facility Planning document submitted during AP's 2020 COS, API's consultant MGP noted:

" The lost time during winter months for vehicle warm up time, gas usage, snow removal, per pole / line or Forestry Lift truck is estimated to be 20 to 30 minutes each day. Assuming a cost of $100 per day in lost wages, [for a two - man crew] for 5 months [November to March] the cost is estimated to be $10,000.

per truck X seven trucks = $70,000 - in lost wages and production time per year.

It is recommended that API consider the construction of a heated Fleet Storage Garage for the seven pole / line and Forestry Lift service trucks, plus smaller seasonal equipment [all terrain vehicles, chippers etc. The less vulnerable 9 pickup trucks could be left outside but parked adjacent to a fleet garage wall. with provided exterior power for block heaters."

SSM Facility -Summary and Conclusion

API believes it has undertaken prudent investments in its SSM Facility project, as outlined above in the evidence supporting each of the significant change orders. API undertook a competitive procurement process for its facility, however despite receiving multiple bids, none were within the ACM-approved budget. API has demonstrated that it has taken measures to reduce overall project costs to the ACM-approved amount of $12.69M, including over $2.3M in cuts from its original construction design, as well as savings due to severing and reconveying excess land of

approximately $370,000, for a total of $2.7M in targeted cost reductions. Despite these cost control measures, project costs exceeded the ACM target level due to:

- Unanticipated increases related to COVID-19 and its impacts to supply chain, work protocols, and other factors;
- Geotechnical issues at the selected site which API could not reasonably have anticipated;
- Change orders required to support long-term safe and efficient operation from the facility;

Each of the items above are either outside of API's control or necessary and prudently incurred in the interest of supporting API in providing safe, reliable, and cost-effective service to customers. API has identified sources of improved productivity and cost-effectiveness above, including quantification of some of the items ($70k annually in improved productivity due to indoor vehicle storage and $12k annually in avoided snow removal costs due to parking and driveway modifications). API notes that some of the building features will also contribute positively to improved outage response times-specifically indoor vehicle and equipment storage. Through its cost-saving efforts, API's total spending on this facility, has come in below the "high boundary" of the original 2019 budget estimate of $17.1M, despite the significant unforeseen challenges outlined above (COVID-19, Geotechnical work, etc.).

Additionally, API believes it has demonstrated through its benchmarking analysis that its costs are within the range of previously- OEB- approved facility costs for similar facilities, when factors outside of API's control (such as inflation and higher northern Ontario costs) are normalized.

On this basis, API believes it has demonstrated the prudence of any spending beyond the ACM-approved amount, and respectfully proposes that the OEB approve the rate base additions proposed in section 2.5.7 of this Exhibit 2. API has proposed a true-up treatment for the ACM rate riders, which is documented in Exhibit 9.

2.5.6 ACM PROJECT- ECHO RIVER TS

In its 2020 COS, API proposed the "Echo River TS– Add Second Transformer" project, with a project budget of 7.5M, expected to be in-service in 2021. The project costs to API were expected to be incurred as a capital contribution to Hydro One Sault Ste. Marie (HOSSM), however at that time of the application, API and HOSSM were still determining the cost responsibility for the project.

The intention of the project was to provide a spare transformer at the TS that would allow power restoration within 24-48 hours if the existing transformer were to fail.

The risk at ERTS was identified in 2014, as part of the Needs Assessment report created for the regional planning process occurring at that time, however as the issue was isolated to API and HOSSM (then Great Lakes Power Transmission or "GLPT"), planning to address the issue was conducted by HOSSM and API directly rather than through the Regional Planning process.

In the settlement agreement underpinning the OEB's Decision in API's 2020 COS, API made the following commitments with respect to this project, to be completed at API's next rebasing (i.e.: this Application):

> API will provide information and business case analysis that incorporates the updated forecast cost responsibility for the project based on the outcome of Hydro One's detailed engineering study and cost estimate process. API must demonstrate to the satisfaction of the OEB that it will have considered the refined cost estimate and cost responsibility in comparison to other reasonable alternatives prior to having Hydro One proceed with the project.

In the DSP, section 5.4.1.1.3, API has provided a detailed overview of the work completed on the ERTS Second Transformer project since the last COS, including the steps to meet the commitments listed above.

Specifically, API provides the following evidence:

- Appendix M of the DSP represents a third party (CIMA+) study identifying the best distribution level alternative to address the reliability contingency at ERTS;
- Appendix J of the DSP is a third party (also CIMA+) business case study which compares the updated HOSSM cost estimate and cost responsibility with the distribution alternative identified in Appendix M.

As outlined in DSP Appendix M, and section 5.4.1.1.3 of the DSP, the business case study confirmed that the ERTS Second Transformer project was the optimal solution from a variety of perspectives:

- Lower capital costs;

- Lower construction risks.
- Better supports long-term growth in the area.

CIMA+ provided the following comparison table:

Table 44 – Financial Business Case Analysis (from CIMA+ Report)

Table 1: Project Comparison

Category	ERTS Upgrade	NATS Feeder Upgrade
Minimum Project Estimate	$6,208,000	$9,470,550
Upper Project Estimate	$10,088,000	$12,461,250
Turn-Key Solution	Yes	No
Construction Risk	Low	Medium
Project Timeline	2 Years	1 Year
Capacity for Future Load Growth	10MW	2.3MW

The budgetary range for these projects does overlap, however, the ERTS Upgrade budget is for a turn-key solution, whereas the NATS Feeder Upgrade budget does not include project management.

The business case considered an updated cost estimate from HOSSM of $7.76M, provided at a -20%, +30% accuracy level.

On this basis, API proceeded to execute an agreement with HOSSM to enhance and upgrade the supply connection, having taken into account the business case analysis which incorporated the updated cost estimates and cost responsibility, consistent with the requirements in the Settlement Agreement.

In The DSP section 5.4.1.1.3, API outlines the progress of the project, as well as steps taken to evaluate available options as API received notices of project cost increases from HOSSM, caused by project delays (including due to procurement and required scope change delays), increases in materials and subcontractor quotes, higher fuel costs, and other factors). In the above referenced section of the DSP, API shows that continuing with the project remained the best available alternative due to:

- Inflationary and project coordination challenges which likely would have affected either option resulting in a similar relative updated financial comparison, as well as "sunk costs" required for a change of course after API had already signed the CCRA with HOSSM[7]; and
- The continuing relative benefits of the Transmission Option over the distribution option;

A breakdown of the project budget and actual project costs are outlined in the table below.

Table 45- ERTS Cost Breakdown

Cost Item	Budget	Total Actual Cost	Variance ($)
Cost payable to HOSSM/IESO	$7,500,000	$10,754,279	$3,254,279
API Internal Cost		$63,207	$63,207
Study Cost (for Alternative & Business Case		$181,111	$181,111
Modification required to API Wholesale Meter		$7,614	$7,614
Total	$7,500,000	$11,006,211	$3,506,211

API is requesting rate base treatment for the entirety of the project costs, as the costs were prudently incurred as outlined above and in the DSP. API continued to pursue the best value-for-money solution to the existing reliability concern at Echo River TS. Despite project delays and cost escalation, some of which can be indirectly attributed to COVID-19 impacts, the additional transformer at Echo River Transmission Station was the lower- cost alternative, with the additional benefits including improved capacity for the Echo River area.

[7] Please refer to tables 4.4 and 4.5 in the DSP, which compare updated projections for each of the options at various points through the project's progress, and demonstrate the Transmission option continued to be the lower-cost option.

2.5.7 ADDITION OF ACM ASSETS TO RATE BASE

As outlined above, API applied for 2 ACM projects in its 2020 COS.

The Echo River TS project was identified in prior Regional Plans as required in order to address a non-acceptable reliability contingency in API's service territory. The project was constructed by Hydro One Sault Ste. Marie (HOSSM), the regional transmitter, to whom API paid a capital contribution.

At the time of the 2020 ACM filing, API had projected an in-service date in 2021 and anticipated a budget of $7.5M for the Echo River TS, which was the basis for the approved ACM. In the Settlement Agreement supporting the OEB's Decision in the 2020 COS, the parties also agreed that API would provide a business case analysis which incorporates updated cost and cost responsibilities for the project from HOSSM, as well as it has considered other reasonable alternatives prior to having HOSSM proceed with the project.

For the Sault Ste. Marie Facility (SSM Facility) project, the parties agreed upon a project budget of 12.69M, reduced from API's projections of $14.1M, with an expected in-service date in 2022.

The explanations for the actual project spending and timing for each of the ACM projects are included in section 2.5.5 and 2.5.6.

As required by the accounting procedure handbook guidance, API recorded the costs and revenues associated with the ACM projects in the requisite 1508 sub-accounts.

Accordingly, in the fixed asset continuity in section 2.1.4 above, API has shown the total project spending coming into rate base as adjustments to the 2025 test year opening balance. API has also addressed the accumulated depreciation related to the projects in the same manner. In Appendix 2-AA and Appendix 2-AB, API has shown the project in-service additions in the year the assets became used and useful (2022 for the SSM facility and 2023 for the Echo River TS[8]).

[8] Additional elements of the SSM facility came into service in 2023 and are expected in the 2024 Bridge Year. An immaterial additional component of the Echo River TS project is included in the 2024 Bridge Year.

Table 46 below shows the in-service actual spending associated with each project in each year. Table 47 shows the adjustments to 2025 opening fixed asset balances in order to bring the ACM project costs and accumulated depreciation into rate base.

Table 46- ACM Project Spending – In-Service Timing

	SSM Facility	Notes	ERTS	Notes
Approved ACM Amounts	**$ 12,690,000**	**2022 in-service**	**$ 7,500,000**	**2021 In-Service**
Actual In-Service Additions	**SSM Facility**	**Notes**	**ERTS**	**Notes**
2022	$ 15,708,824	Building in-service, occupancy	$ -	
2023	$ 640,323	Close-out improvements, parking and driveway adjustments.	$ 10,906,211	Spare Transformer
2024	$ 200,622	Additional costs for severance and other items.	$ 100,000	Station Transformer Work
Actual In-Service Additions	**$ 16,549,769**		**$ 11,006,211**	
Adjust for IT Assets - see note	**$ 104,894**		**N/A**	
Total With Adjustment	**$ 16,654,663**			

IT Hardware assets of $104,894 were included with the ACM capital additions placed in account 1508-ACM. These expenditures were related to the facility project; however, API considers them not to be part of the SSM Facility but rather as part of General Plant spending, due to the nature of the assets not being part of the facility itself (i.e.: API is easily able to move the equipment in question to other locations). API has therefore brought the spending out of account 1508 and into rate base in the 2025 opening balances, however API considers this amount as part of regular General Plant spending rather than the ACM project.

Table 47- Adjustments to Bring ACM Assets into Rate Base

Closing 2024 Balances- before ACM Adjustments					
2024 Closing Gross Assets				$	239,972,587
2024 Closing Accumulated Depreciation				-$	94,386,856
2024 Closing Net Fixed Assets				**$**	**145,585,731**
Addition of ACM Projects					
	SSM Facility		ERTS		Total ACM Projects
Adjustments to 2025 Opening Gross Assets	$	16,654,663	$ 11,006,211	$	27,660,874
Adjustments to 2025 Opening Accumulated Depreciation	-$	343,349	-$ 735,302	-$	1,078,651
Net Book Value of ACM Projects	**$**	**16,311,314**	**$ 10,270,909**	$	26,582,223
Opening Test Year Balances					
2025 Opening Gross Assets				$	267,633,461
2025 Opening Accumulated Depreciation				-$	95,465,507
2025 Opening Net Fixed Assets				**$**	**172,167,954**

Further details regarding API's justification for the increased spending versus the ACM approved amounts are provided in sections 2.5.5 and 2.5.6. API has provided evidence regarding the ACM balances in account 1508 and the applicable carrying charges in Exhibit 9. API has also proposed ACM true up treatment in Exhibit 9, section 9.3.12.

2.6 SERVICE QUALITY AND RELIABILITY PERFORMANCE

API records and reports annually on the Service Quality Requirements and System Reliability Indicators listed in Sections 2.1.4.1 and 2.1.4.2 of the OEB's *Electricity Reporting and Record Keeping Requirements*. API's 2019-2023 results are populated in Appendix 2-G of the Chapter 2 Appendices and are reproduced in Table 48 and Table 49 below.

API's performance and targets with respect to all OEB scorecard and other measures are discussed in detail in Exhibit 1, the Business Plan and Section 2.3 of the DSP.

Table 48 – OEB App 2-G ESQR Results

Indicator	OEB Minimum Standard	2019	2020	2021	2022	2023
Low Voltage Connections	90.0%	97.10%	100.00%	100.00%	99.09%	100.00%
High Voltage Connections	90.0%	N/A	N/A	N/A	N/A	N/A
Telephone Accessibility	65.0%	81.61%	84.84%	88.36%	85.46%	78.32%
Appointments Met	90.0%	100.00%	100.00%	100.00%	100.00%	100.00%
Written Response to Enquires	80.0%	100.00%	100.00%	99.88%	100.00%	100.00%
Emergency Urban Response	80.0%	N/A	N/A	N/A	N/A	N/A
Emergency Rural Response	80.0%	93.33%	94.44%	90.48%	95.65%	94.12%
Telephone Call Abandon Rate	10.0%	6.73%	2.03%	1.25%	2.38%	5.07%
Appointment Scheduling	90.0%	99.76%	99.86%	99.88%	99.56%	100.00%
Rescheduling a Missed Appointment	100.0%	N/A	N/A	N/A	N/A	N/A
Reconnection Performance Standard	85.0%	100.00%	100.00%	100.00%	100.00%	100.00%

API's historical ESQR results have consistently met or exceeded the OEB minimum standard. In the 2019-2023 period, API did not connect any high-voltage services, did not receive emergency calls in urban areas, and did not miss any appointments. As a result, results are reported as "n/a" for three of the ESQR metrics. All results in Table 47 above are consistent with API's 2.1.4.1 RRR filings and the three Service Quality metrics included on API's scorecard.

A detailed discussion of API's historical reliability performance, reliability trending, and discussion of Major Event Days is provided in Section 2.3.1.3 of the DSP. The SAIDI and SAIFI results included in API's historical ESQR results have consistently met or exceeded the OEB minimum standard. API notes that scorecard SAIDI and SAIFI values are adjusted to exclude both loss of supply and Major Event Days, as reflected in Table 49:

Table 49 – SAIDI SAIFI Results – Consistent with Scorecard

Index	Excluding Loss of Supply and Major Event Days				
	2019	2020	2021	2022	2023
SAIDI	7.33	6.79	3.61	4.43	5.25
SAIFI	3.39	2.93	1.77	2.08	2.27
5 Year Historical Average					
SAIDI					5.481
SAIFI					2.487

Index	Including Major Event Days, Excluding Loss of Supply				
	2019	2020	2021	2022	2023
SAIDI	13.64	6.79	10.55	4.43	5.25
SAIFI	4.26	2.93	2.72	2.08	2.27
5 Year Historical Average					
SAIDI					8.129
SAIFI					2.850

Index	Including Loss of Supply, Excluding Major Event Days				
	2019	2020	2021	2022	2023
SAIDI	9.93	19.76	6.60	5.05	9.71
SAIFI	4.05	5.62	2.51	3.71	4.51
5 Year Historical Average					
SAIDI					10.210
SAIFI					4.080

Index	Including Loss of Supply and Major Event Days				
	2019	2020	2021	2022	2023
SAIDI	16.23	19.76	13.55	5.05	9.71
SAIFI	4.92	5.62	3.50	3.71	4.51
5 Year Historical Average					
SAIDI					12.861
SAIFI					4.452

LIST OF ATTACHMENTS

Attachment A	API Distribution System Plan (2025-2029)
Attachment B	SSM Facility- Owner's Engineer Cost Commentary
Attachment C	Letter: Northern Ontario Cost Premium
Attachment D	Summary- Construction Price Index

Attachment 2A

API Distribution System Plan (2025-2029)

(filed separately)

Algoma Power Inc.
EB-2024-0007

Attachment 2B

SSM Facility Owner's Engineer Cost Commentary

Algoma Power Inc.
EB-2024-0007

TULLOCH

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191101
March 19, 2024

Algoma Power Inc.
2 Sackville Road, Suite A
Sault Ste. Marie, Ontario
Canada P6B 6J6

Attention: Jennifer Rose
Regional Manager

Re: Algoma Power New Facility – Construction Cost Commentary

Dear Jennifer,

As requested, TULLOCH has prepared this letter report to summarize anticipated and actual costs associated with the construction of the new Algoma Power Facility. The project involved the construction of a new 39,041 square foot +/- operations and maintenance facility, exterior storage compound and associated site works. The building has a mixed use of office space, repair garage, and interior vehicle and material storage.

This report will review land acquisition costs, building construction costs, geographic price index, the impact of the COVID-19 pandemic, as well as requested additions to the project scope and unanticipated extras to the contract.

Project Cost Discussion

As of December 2023, the project is totally complete with the exception of small deficiencies, having achieved temporary occupancy as of November 30, 2022 and final occupancy as of February 9, 2023. In addition to the originally approved project costs, additional work was undertaken at the request of API. This additional work was outlined in Change Orders 007, 008 & 009 and relates to the automated access to the secure compound, improvements to the functionality of the site works, as well as the installation of an ice maker and filtered water dispenser.

The total project cost (land acquisition plus construction), including change order 007, 008 & 009 is $14,745,649.88. This is an increase of $2,055,649.88 relative to the Ontario Energy Board approved Capital costs of $12,690,000.

Property Acquisition Costs

In 2020, Algoma Power Inc. purchased approximately 11.78 acres of industrial land at 251 Industrial Court B with the intent to reconvey 4 acres back to the original owner. The cost for the required 8 acres was $854,586 or $106,823.25 per acre.

Evaluating the average price per acre of vacant land is challenging as there are a wide variety of factors that will ultimately influence the sale price. Items such as location, proximity to truck routes, proximity of available services, etc. will vary significantly between properties.

Generally, $100,000 per acre was considered to be an average cost for land suitable for Industrial/Commercial or Institutional (ICI) developments in 2020.

The purchase price of $106,823.25 per acre in 2020 would have been considered to be in line with the average.

Since the purchase in 2020, ICI land costs have increased significantly in Sault Ste. Marie. Discussion with a local real state broker suggested that the cost for a comparable parcel of land in 2023 would be substantially higher than the purchase price.

Building Structure Construction Costs

When evaluating costs on a square footage basis it is important to ensure that all variables are understood, which will ultimately allow for a fair and equitable comparison of a specific project to an industry average. Specialized building construction or equipment contained within a project can have a definite influence on the total project costs. As an example, an overhead crane and an emergency backup generator are both examples of high-cost items that will influence costs.

Construction costs vs. total project costs must be determined. Construction costs would be all costs associated with the building proper and the site whereas total project costs would be inclusive of the construction costs, plus design fees, permitting fees as well as furniture, fixtures, and equipment.

Furthermore, including site development in an average square footage cost comparison can be a challenge due to site specific requirements such as storage compounds, unique topographic or soil conditions, stormwater management, and distance from municipal services.

When evaluating the construction costs for the building itself, the following must be considered:

1. Site developments costs should not be considered as part of the building.
2. Project elements not part of the building itself should not be considered part of the calculation (transformer storage and pole bunks as an example).
3. Engineering and Architectural fees should not be considered as part of the calculation.

In determining the cost per square foot for the building component of this project, the following considerations have been made:

Total Revised Contract Value	$13,891,063.88
Consulting Fees	(-$877,831.50)
Site development costs	(-$2,705,155.25)
Change Order 004	(-$583,778.24)

Total construction costs related to “the building proper” are $9,724,298.89.

Total building square footage 39,041 ft2

Cost per square foot = $249.08, exclusive of HST.

Published data for average industry construction costs has been considered unreliable as a result of the COVID-19 pandemic. The 2022 edition of Hanscombe's Yardsticks for Costing indicates that an average cost for an industrial building such as this would range from $407 to $497 per square foot. These unit rates were presented assuming an industrial building of steel construction with administration space, storage space, maintenance bays, and wash bays. The unit rates were also based on a building approximately twice the size of Algoma Power's Building. Unit rates for construction do change with the scale of a project, so some adjustment may be required for a direct comparison. The referenced unit rates do not include site development costs.

Anecdotal review of historic local projects of similar scope and complexity would suggest that construction costs of $249.08 per square foot are in line. When considering that in calculating construction costs, two larger pieces of equipment (emergency generator and overhead crane) were included, $249.08 per square foot may in fact be considered on the low end of the price range.

Although difficult to quantify, the Geotechnical conditions on site that were captured by Change Order 003 likely impacted the overall project cost in other ways as well. In approaching the bid process for a Design-Build project, a general contractor does not have the benefit of a full design drawing set on which to base the cost estimate. As such, estimates are formulated for all major project elements (site work, foundations, structure, building envelope, plumbing, electrical, etc.). These various elements are allocated a sum of money. The final approved design will ideally fall within that sum. On occasion, once a detailed design is in place, the actual costs may exceed the allocated costs. Provided that the final design falls within the client's Statement of Requirements, the overage is not resolved through a change order, but rather through redistribution of budgets from other elements. The geotechnical conditions on site not only resulted in increased project costs, but may have depleted other budget allocations, resulting in reduced flexibility for the Design Builder to accommodate additional client requested changes.

When comparing building projects on a square footage basis, it is not possible to capture all the unique details and nuances of a specific project. As such, estimates in this type would be categorized as a Class D (Indicative) Construction Cost Estimates. The level of accuracy for a Class D cost estimate would generally range from +/- 20-25%.

A notable construction project was recently featured in the Sault Ste. Marie Media and showcases the current construction cost escalations being experienced locally. An expansion to the Ontario Finish Resthome Association has experienced cost escalation in excess of 300% since commencement of design approximately three to four years ago. An expansion to the long-term care home was initially estimated to cost approximately $30 million dollars (pre-pandemic). The project budget had been revised to $50 million dollars due to supply chain shortages, labour shortages and fluctuating materials costs. The project was publicly tendered. Two bids were received by the client in the fall of 2023. The received bids ranged from $95 million to $101 million.

Geographic Adjustment Factor

Historically and prior to the COVID-19 pandemic, construction that occurred in Northern Ontario was considered to cost a premium when compared to similar projects in Southern Ontario.

There are several factors that are typically attributable to lower prices in Southern Ontario:

- Lower labour costs due to larger labour pool
- Greater availability of building materials and thereby greater competition in building material supply, resulting in lower prices
- Lower material delivery costs (substantial cost to ship materials to Northern Ontario)

Published construction cost guides generally suggest that construction in Norther Ontario should be valued at 10-15% more than similar projects in Southern Ontario. Typically, actual tendered values for Northern Ontario construction projects exceed those indexes by a significant amount.

Change Order Rationale

The table below is a summary of each change order that has been approved during the project. A more detailed rationale for each change order is provided below.

CO-001	-2,326,112.00	Scope Amendment and Contract Price Reduction
CO-002	139,131.50	Addition of 5-ton Capacity Overhead Crane
CO-003	416,682.83	Subsurface Conditions
CO-004	554.551.11	Tx Storage, Pole Bunks
CO-004	29,227.13	EV Charging
CO-005	49,827.02	Interior Overhead Doors
CO-006	56,634.33	Compound gate, additional overhead door and work benches
CO-007	20,130.25	Gate Access
CO-008	235,000.00	Additional Site Work
CO-009	21,142.71	Ice Dispenser and water fill station

Summary of Approved Change Orders

CO-002 *This item was initially removed from the project scope as part of cost reduction measures. Due to operational concerns, the overhead crane was added back to the project scope.*

CO-003 *This item was representative of extra costs incurred by the Design-Builder as a result of encountering geotechnical conditions that were not known at the time of submitting a bid for the project.*

CO-004 *The transformer storage racks, and pole storage bunks were priced as provisional within the design-builder's bid (i.e., not included in the base price). Although the original submitted price was not accepted, these items were later added back into*

the project scope. Provisioning for future EV charging stations had been included within the project scope since inception. The addition of Class 2 chargers at select locations was approved by API later in the construction process.

CO-005 *This change order reflects additional costs to provide overhead doors (some fire rated) in areas that had not been included within the design-builder's proposed scope of work. These doors were not items specifically required in the Owner's Statement of Requirements.*

CO-006 *A review of workflow within the exterior fenced compound determined that an additional personnel gate would be appropriate. Steel work benches were added into the lines and forestry work rooms and proposed double doors were upgraded to a roll up door between shipping/receiving and stores to better accommodate a large forklift.*

CO-007 *Operational standards of Fortis Ontario required upgrades to the proposed exterior gate automation system. This included the addition of RFID readers and RFID badges for all API fleet vehicles.*

CO-008 *Operational review of parking and large vehicle access necessitated modifications to the site. This included widening and realignment of small vehicle parking, widening of a portion of the perimeter ring road, and widening of the access road.*

CO-009 *Fortis Ontario Environmental Policy mandated the reduction/elimination of single use plastics. This change order involves the installation of a high-capacity commercial ice maker and filtered water distribution station. This installation is intended to eliminate the purchase of water bottles to be used by field crews.*

COVID-19 Commentary

The COVID-19 pandemic commenced in the first quarter of 2020 and was considered to have been a significant impact to construction project through to the third quarter of 2022. With the contract for the design and construction of the new Algoma Power Facility being solidified in the fourth quarter of 2020 and construction complete by the fourth quarter of 2022, the project has been overshadowed throughout its duration.

The COVID-19 pandemic has had a significant impact on the construction industry in Canada, leading to a rise in construction costs. Several factors have contributed to this increase, including disruptions to global supply chains, labour shortages, and increased demand for construction materials and equipment.

One of the main reasons for the rising cost of construction in Canada is the disruption to global supply chains caused by the pandemic. Many countries shut down their manufacturing plants, and there were significant disruptions to the transportation of goods, which caused delays in the delivery of construction materials and equipment. This delay in the delivery of materials led to a

shortage of building materials and a subsequent increase in their prices. Structural steel costs in Canada experienced a sharp increase during the commencement of construction. Although contractually protected from price escalations, the increased costs that the design-builder were forced to bear strained any budgetary reserves.

COVID-19 driven pricing and schedules (due to supply chain interruptions) did have an impact on all items added to the scope of work through change orders.

The pandemic also resulted in labour shortages in the construction industry in Canada. Many construction workers were either laid off or unable to work due to lockdowns and travel restrictions. This shortage of labour led to delays in construction projects and an increase in the cost of labour.

Another factor contributing to the rise in construction costs is the increased demand for construction materials and equipment. Spending increased at all levels (residential to commercial/industrial):

- Homeowners took advantage of the lockdowns to renovate their homes
- The private sector opted to catch up on overdue maintenance and capital improvements
- Municipalities and publicly funded entities were able to access stimulus money to complete maintenance and capital improvements.

All of the above lead to an increased demand for construction materials such as lumber, cement, and steel. This increased demand led to a surge in prices for these materials.

In addition, the pandemic has led to increased costs associated with health and safety measures on construction sites. Employers have had to invest in personal protective equipment, sanitation equipment, and other measures to keep workers safe, leading to additional costs.

Overall, the COVID-19 pandemic has had a significant impact on the construction industry in Canada, leading to a rise in construction costs. While the industry has continued to adapt and adjust to the new realities of the pandemic, it is expected that the impact of the pandemic on construction costs will be felt for some time to come.

According to spot prices and commodity markets, the cost of steel, rebar, glass, mechanical and electrical components will all increase by nearly 10% in 2022. Prices for asphalt, concrete and brick will rise less dramatically but still above trend. Labour shortages across the country, especially in major markets, are driving up costs and the risk of project delays and cancellations. And this is all happening while demand is being fuelled by low interest rates, strong infrastructure spending and a pick-up in construction activity compared to 2020.

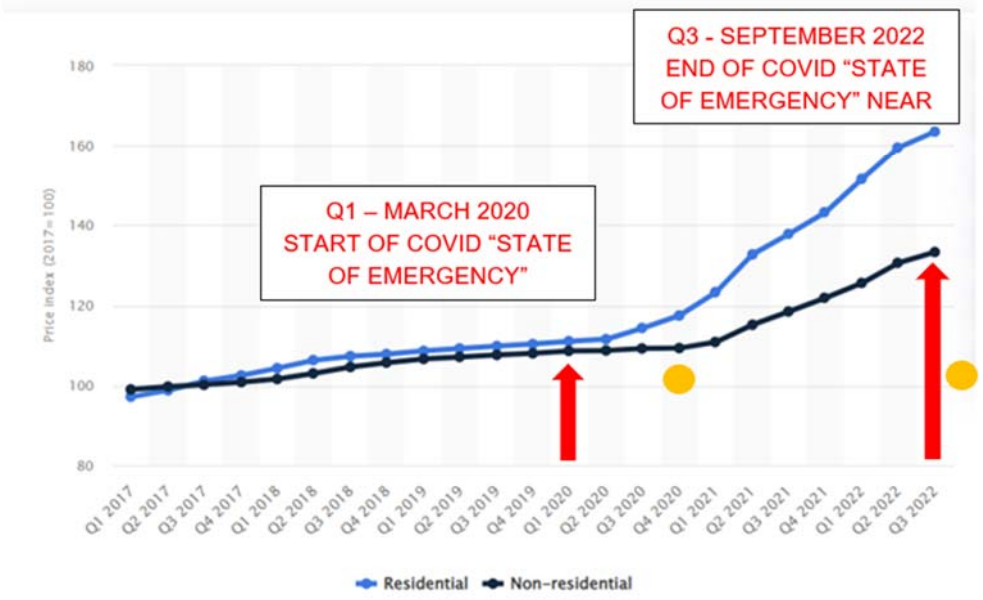
Add the supply constraints in materials and labour to the surge in demand for new construction, and it's not hard to see a landscape in which inflation persists much longer than any of us would like.

An even bigger problem for builders is inflation's unpredictability. The challenge is both inflation volatility in the aggregate and the sheer number of issues that drive cost variability. Perhaps more than other sectors, construction is heavily reliant on global supply chains – for everything from refined steel from China and lumber from British Columbia to semiconductors from South East Asia, which are vital components in modern buildings. The COVID-19 pandemic has weakened those supply chains, but factors beyond the pandemic are driving volatility too.

Chris Gower (COO Buildings) with PCL Constructors. Northern Ontario Business, Feb 11, 2022.

Residential and Non-Residential Building Construction Price Index

In Metropolitan Areas of Canada from 1st Quarter of 2017 to 3rd Quarter of 2022



DENOTES AWARD OF API NEW FACILITY CONTRACT Q4 – DECEMBER 2020, AND COMPLETION OF PROJECT IN Q4 2022

Overview of the COVID-19 Pandemic, the commencement of the project and the increasing consumer price index.

Labour Relations Impact on Construction Projects

The Carpenters' District Council of Ontario as well The Union of Operating Engineers and The Sheet Metal Contractor's Association exercised their right to strike in May of 2022. The impact of these work actions extended far beyond the individual unions. The close interdependency of certain trades made even basic progress a challenge on many construction sites.

Although S&T made efforts to mitigate the impact of the strikes, progress on the project site was significantly impacted for a 4-to-6-week period.

7.0 Closing

The above is respectfully submitted. Please contact the undersigned if you have any questions.

Sincerely,
TULLOCH Engineering Inc.

Dan Moody
Project Manager

Enclosures:

Finnish Resthome CEO ‘very disappointed over skyrocketing construction costs - Sault Ste Marie.pdf

SOOTODAY.com

Finnish Resthome CEO 'very disappointed' over skyrocketing construction costs

Darren Taylor
Sep 14, 2023 8:00 AM

Stock image

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00:04:33

Ontario Finnish Resthome Association officials are still reeling from figures provided by contractors showing costs for a redeveloped long-term care home, Mauno Kaihla Koti (MKK), to be three times higher than first hoped for.

"We were very disappointed," said Paul Belair, Ontario Finnish Resthome Association CEO, speaking to *SooToday* on Wednesday.

It was hoped by OFRA officials that work on the redeveloped MKK would commence by September 2023.

Plans for the redeveloped long-term care home called for an increase from its current number of 63 beds to 128 beds.

However, as reported earlier, OFRA was recently informed that an original, pre-pandemic $30-million estimate for the project, already having jumped to $50 million due to supply chain issues, labour shortages, and fluctuating material costs, has now increased to approximately $100 million.

"Our motivation in wanting to do the project in the first place was to improve the quality of life for residents and to welcome in more residents as well," Belair said.

"We wanted to have a much nicer, better facility because our seniors deserve that so when the bids came back at roughly double what we were expecting them to come in at, it was shocking to say the least."

The increase presents a severe problem for the MKK project, despite having received an Ontario Ministry of Long-Term Care top up grant in Nov. 2022.

OFRA says the sudden cost escalation has left it in a position where securing a mortgage to fund the project exceeds the organization's available collateral.

"We did have a third party quantity surveyor do an estimate of the project and they estimated it at around $30 million which we could do and that was just before the pandemic," Belair said.

"The pandemic is technically not over, but near the end of that three year span we got another estimate done fearing that prices had changed, and we were right about that. They went up to about $50 million and that was about the limit that we could handle within the organization given available collateral and what the bank would support."

Then, bids from two contractors - one for $95 million, another for $101 million - were presented to OFRA.

"We still don't have a satisfactory explanation as to what caused that," Belair said.

He said OFRA is in the process of communicating with the bidders about the high costs.

"We feel our supporters, our many donors who have been very generous over the years toward this campaign need an explanation and to date we really don't understand why the big jump."

Belair said he wouldn't speculate as to why and is waiting to hear explanations from the contractors themselves.

Belair was asked where he sees OFRA's project going from here.

"We have communicated the outcome of the tender to the ministry and our desire is to work closely with them to identify a way forward from here. I can't really say much beyond that because those discussions are in the very early stages right now. All I can say is we're talking to them about it.

"The Alternate Level of Care pressures at Sault Area Hospital have been present for many, many years now. It's an ongoing concern not only for long term care operators like OFRA but for the hospital itself and for home care, the entire health care system, really. What it basically means is that there are patients in the hospital for whom there is a more appropriate setting for their care but because of lack of availability they end up staying in the hospital longer than they need to be and it's happening all over Ontario but it seems to be more prevalent in the north."

Though Belair did not have Finnish Resthome waiting list figures on hand, he said "there is a wait list historically for the Finnish Resthome and for all other long- term care facilities and they remain pretty long. A prospective resident's best bet is to put their names on as many lists as possible in the hope that one of them will come available sooner than the others."

Belair said OFRA has not given up on the project.

"We're making plans for next steps. Our intention is to move forward with this project but we obviously can't do it under current circumstances. We need this situation to change in order for us to proceed with the project. Hopefully we'll find a path forward here. We just don't know what it is yet."

Related Local Links

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Health & Wellness

What's next?

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If you would like to apply to become a **Verified Commenter**, please fill out this form.

Discussion (9)

Trending

18372 How did a convicted fraudster end up teaching law at Algoma University?

17738 'Absolute nightmare': Contractor moved into client's house, pawned their stuff

17599 **WANTED WEDNESDAY:** Nov. 8, 2023

12173 ‘Very serious’: Ministry confirms deer poaching in Pointe Des Chenes

11249 OPP 'sincerely regrets' anti-Trudeau posts on its social media

About the Author: **Darren Taylor**

Darren Taylor is a news reporter and photographer in Sault Ste Marie. He regularly covers community events, political announcements and numerous board meetings. With a background in broadcast journalism, Darren has worked in the media since 1996.
Read more

Attachment 2C

Letter: Northern Ontario Cost Premium

Algoma Power Inc.
EB-2024-0007

P | W

PelicanWoodcliff

ENVISION. EVALUATE. EXCEL.

September 13, 2017

Mr. Gord Mezzomo
MGP Architects Engineer Inc.,
123 East Street,
Sault Ste. Marie, ON. P6A 3C7

Dear Gord,

Re: Algoma Power Inc. – New Facility, Sault Ste. Marie

Further to your request for advice regarding the relative cost of construction in Sault Ste. Marie and Southern Ontario in the context of the above captioned project we would respond as follows:

In our opinion, construction costs in Sault Ste. Marie run at about 15% to 20% higher than in Southern Ontario for similar projects. The main cost drivers of this cost increase are:

- Haulage Costs for Materials and Equipment – Unlike Southern Ontario where materials such as concrete, steel and Mechanical and Electrical equipment are readily available, such items tend to be hauled over much greater distances to sites in Sault Ste. Marie resulting in higher material and equipment costs.

- Smaller Local Sub-Trade Pool – the number of Local Sault Ste. Marie sub-contractors that are available and capable of performing on such projects is much smaller than in Southern Ontario and so competition on price is diminished. In addition to this, a busy Southern Ontario construction market, such as we have now, means that Southern Ontario trades are far less likely to consider working in Sault Ste. Marie.

- Fewer Large General Contracting Companies – Similar to the sub-trade issue described above, there are far fewer General Contracting companies available in Sault Ste. Marie that are capable of performing on such projects, again resulting in increased pricing levels.

Another impact that the limited local, Sault Ste. Marie, construction resources has on construction costs is unpredictability. A relatively small increase or decrease in construction volume can have a large impact on costs for a specific project. In light of this we would advise that you continue to carry some level of pricing contingency in your budgeting right up to and including the tender estimate stage. The level of this contingency should be in keeping with your Clients appetite for risk with respect to the budget being exceeded at tender stage.

Please do not hesitate to contact the writer should you require any further assistance with this matter.

Yours very truly,

PELICAN WOODCLIFF INC.

Jim Ryan
Principal

JR:rk

100 York Blvd., Suite 608, Richmond Hill, ON L4B 1J8
Tel 905.889.9996 Fax 905.889.9950
pelicanwoodcliff.com

Name: **Jim Ryan, B.Sc. (Surveying), PQS** **RESUME**

Role: Cost Consulting Team Leader / Principal in Charge

Education: Bachelor of Science Degree (Surveying), Trinity College, Dublin, Ireland
Diploma in Construction Economics, Bolton St. College of Technology, Dublin, Ireland

Professional Affiliation: Member of Canadian Institute of Quantity Surveyors - Professional Quantity Surveyor

Experience & Capability: Jim Ryan completed his education and training in Dublin, Ireland and immigrated to Canada in 1994. Jim is a Principal of Pelican Woodcliff and a senior architectural and structural quantity surveyor with over thirty (30) years of experience working for a variety of consulting and contracting firms in Canada, the UK and Ireland. Jim has successfully provided cost consulting on a broad range of projects. His experience also spans the life cycle of projects from master planning stage through to final account preparation.

2005 - Present	Pelican Woodcliff Inc. - Senior Quantity Surveyor / Principal
2002 - 2005	Stantec - Manager Cost Consulting Services
1997 - 2002	Hanscomb - Senior Quantity Surveyor
1996 - 1997	Woodcliff Construction Consultants Inc. - Senior Quantity Surveyor
1994 - 1996	Shiu & Associates Inc. – Quantity Surveyor / Billing Clerk
1989 - 1993	Brophy Building, Civils and Landscape Contractors, England - Quantity Surveyor/Contracts Manager
1985 - 1989	Modern Display Artists, Ireland - Estimator & Purchasing Manager
1979 - 1984	Brendan Merry & Partners, Dublin, Ireland - Assistant Quantity Surveyor

Project Experience: The following are some of the projects on which Jim has worked as Senior QS / Team Leader:

PUC Services Facility, Sault Ste. Marie	$23,000,000
Fisheries & Oceans Facility, Sault Ste Marie	$7,000,000
MTO Facility, Gravenhurst	$5,500,000
MTO Facility, Sundridge	$6,300,000
Durham Region Transit Facility	$45,000,000
York Region Joint Household Hazardous Waste Facility & Road Maintenance Facility	$28,000,000
York Region Transit, Operations and Maintenance Facility	$30,000,000
GRT Bus Storage & Maintenance Facility Expansion, Kitchener	$44,000,000
TTC Wilson Car House, Operations Upgrades	>$50,000,000
TTC Wilson Car House North Expansion	$34,000,000
Sheppard Avenue East Light Rapid Transit System (LRT)	>$500,000,000
TTC Wilson Car House South & East Expansion & Renovation	$90,000,000
Pickering GO Station Parking Structure	$37,000,000
Toronto-York-Spadina Subway Extension, (5 Bid Packages)	$1,170,000,000
Erindale GO Station Parking Structure, Mississauga	$66,000,000
TTC Queensway Bus Garage, Repair Bay and Storage Bay Modifications	$15,000,000
Finch Avenue West Light Rapid Transit System (LRT)	>$500,000,000
Viva Next Bus Rapid Transit System	>$500,000,000

Attachment 2D

Summary – Construction Price Index

Algoma Power Inc.
EB-2024-0007

Building construction price indexes, by type of building and division 1
Frequency: Quarterly
Table: 18-10-0276-01
Release date: 2024-05-02
Geography: Census metropolitan area, Census metropolitan area part

Building construction price indexes, by type of building and division (statcan.gc.ca)

Type of building	Non-residential buildings [622]														
Division 2	Division composite														
Geography 3	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
	Index, 2017=100														
Eleven census metropolitan area composite	74.6	76.5	78.5	80.3	81.9	84.7	86	86.8	89.1	94.5	96.7	94	90	88.4	87.1
St. John's, Newfoundland and Labrador	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Halifax, Nova Scotia	75.7	76.8	77.9	78.5	79.8	81.9	82.5	82.8	83.8	86.6	88.3	88.4	87.9	88.3	87.9
Moncton, New Brunswick	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Montréal, Quebec	75.2	75.9	76.7	77	77.2	79.2	79.3	80.1	82	83.9	85.8	86.7	87	87	87.5
Ottawa-Gatineau, Ontario part, Ontario/Quebec	71.2	72.5	73.7	74.7	76	78.1	78.5	78.9	81	85	87	85.8	85.1	84.8	84.4
Toronto, Ontario	**72.5**	**74**	**75.3**	**76.2**	**77.4**	**79.6**	**80.2**	**80.8**	**83**	**87.9**	**89.5**	**88.2**	**86.7**	**85.7**	**84.9**
Winnipeg, Manitoba	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Saskatoon, Saskatchewan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Calgary, Alberta	71.3	74.6	78.6	83.3	86.6	90	92.2	93.6	96.1	104.4	108.3	103.4	98.6	95	93.6
Edmonton, Alberta	73.3	76.6	79.7	84.1	86.9	91	94	95.3	98.6	105	107.7	102	94	90.8	90.4
Vancouver, British Columbia	74.2	77.1	79.4	82.6	84.4	87.6	90	91.1	92.9	97.4	99.1	94.7	84.5	83.5	79.8

Symbol legend:
.. not available for a specific reference period

Footnotes:

1 This table replaces table 18-10-0135 which was archived with the release of the fourth quarter 2022 data.
2 Cost components for twenty-three construction divisions are included in the building models used to construct the building construction price indexes. Data by division are
3 All geographic regions are based on the 2016 Census boundaries.

How to cite: Statistics Canada. Table 18-10-0276-01 Building construction price indexes, by type of building and division
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810027601

Building construction price indexes, by type of building an
Frequency: Quarterly
Table: 18-10-0276-01
Release date: 2024-05-02
Geography: Census metropolitan area, Census metropolit

Type of building
Division 2

Geography 3	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Eleven census metropolitan area composite	86.8	86.7	87.9	88	88.3	89.6	90.7	91.4	92	92.9	93.5	93.7	93.9	93.9	94.3
St. John's, Newfoundland and Labrador	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Halifax, Nova Scotia	88	88.4	89.1	89.2	89.4	90.4	91.2	91.5	91.9	92.5	93	93.6	93.8	93.9	94.4
Moncton, New Brunswick	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Montréal, Quebec	87.7	87.4	88.2	88.4	89.2	90.2	90.8	91.6	91.9	92.5	92.7	92.8	93.3	93.3	93.6
Ottawa-Gatineau, Ontario part, Ontario/Quebec	84.4	85.8	87.5	87.9	88.4	90	91.3	92.8	93.2	93.7	94.3	94.4	94.5	94.1	94
Toronto, Ontario	**84.5**	**84.6**	**85.5**	**85.7**	**85.9**	**87.5**	**88.8**	**89.4**	**90**	**90.4**	**90.9**	**91**	**91.2**	**91.1**	**91.2**
Winnipeg, Manitoba	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Saskatoon, Saskatchewan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Calgary, Alberta	93.4	92.6	93.5	93	93.1	94.1	95.3	95.9	96.7	98.3	99.1	99.3	99.6	99.6	99.9
Edmonton, Alberta	89	90.3	93.3	94	94.1	95.3	96.4	97.3	98	99.6	100.4	100.7	101	101.1	101.4
Vancouver, British Columbia	79.6	78.8	79.9	80.3	80.8	81.8	82.7	83.4	83.9	85.3	85.9	86	86.2	86.4	88.4

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Footnotes:

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2 available starting from the first quarter of 2017.
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How to cite: Statistics Canada. Table 18-10-0276-01 Build
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1

Building construction price indexes, by type of building an
Frequency: Quarterly
Table: 18-10-0276-01
Release date: 2024-05-02
Geography: Census metropolitan area, Census metropolit

Type of building Division 2 Geography 3	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Eleven census metropolitan area composite	94.5	94.6	95.1	95.6	95.8	96	96.3	96.7	96.3	96.6	96.8	97.2	97.6	98.2	99.1
St. John's, Newfoundland and Labrador	..	..	..	..	..	..	..	..	..	..	..	..	..	..	99.8
Halifax, Nova Scotia	94.5	94.5	95.1	96.2	96.4	96.4	96.8	97.4	97.7	98	97.8	98.3	98.3	98.3	98.8
Moncton, New Brunswick	..	..	..	..	..	..	..	..	..	..	..	..	..	..	99.7
Montréal, Quebec	93.5	93.5	94.1	94.2	94.3	94.6	94.8	95.1	94.6	95.7	95.8	96.6	96.6	97.6	98.5
Ottawa-Gatineau, Ontario part, Ontario/Quebec	94.1	94.1	94.2	95.4	95.9	95.6	95.9	96.8	96.8	97.1	97.6	97.9	97.9	98.2	98.9
Toronto, Ontario	**91.2**	**91.3**	**91.8**	**92.4**	**92.6**	**93**	**93.7**	**94.1**	**94.3**	**94.6**	**95.3**	**96.9**	**97.4**	**98.1**	**98.9**
Winnipeg, Manitoba	..	..	..	..	..	..	..	..	..	..	..	..	..	..	99.5
Saskatoon, Saskatchewan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	99.5
Calgary, Alberta	100.6	101	101.3	101.7	101.7	101.7	101.4	101.7	100.5	100.2	99.4	97.8	97.9	98.3	99.5
Edmonton, Alberta	101.9	102.1	103.2	103.7	103.8	103.7	103.1	103.6	102.2	102.2	100.7	99.2	99.5	99.5	99.7
Vancouver, British Columbia	88.6	88.7	88.9	89.4	90	89.7	90.4	90.9	91.2	91.2	92.6	94	95.4	96.5	98.3

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How to cite: Statistics Canada. Table 18-10-0276-01 Build
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1

Building construction price indexes, by type of building an
Frequency: Quarterly
Table: 18-10-0276-01
Release date: 2024-05-02
Geography: Census metropolitan area, Census metropolit

Type of building
Division 2

Geography 3	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Eleven census metropolitan area composite	99.8	100.3	100.9	101.7	103.1	104.7	105.8	106.7	107.2	107.7	108.1	108.7	108.8	109.3	109.4
St. John's, Newfoundland and Labrador	99.9	99.9	100.3	100.6	100.9	101.8	101.9	101.9	102	102.2	102.5	102.8	102.3	102.6	102.8
Halifax, Nova Scotia	99.5	100.6	101.1	101.4	102.5	104.1	105	105.4	105.7	105.9	106.2	106.8	107.2	107.9	108.7
Moncton, New Brunswick	99.9	99.9	100.4	100.6	101.8	103.3	105.6	105.9	106.2	106.7	106.9	107.3	107.8	108.3	107.9
Montréal, Quebec	99.6	100.5	101.4	102.4	103.8	105.6	106.9	107.8	109	109.8	110.8	111.6	112.2	113.8	114.2
Ottawa-Gatineau, Ontario part, Ontario/Quebec	99.7	100.3	101.1	102	104	106.6	108	109.2	110	110.7	111.1	112	112.9	114.2	114.8
Toronto, Ontario	**100**	**100.4**	**100.8**	**102.1**	**104.1**	**105.7**	**106.6**	**107.4**	**108.3**	**109.2**	**109.7**	**110.6**	**111.1**	**111.9**	**112.1**
Winnipeg, Manitoba	99.8	100.2	100.5	101.1	102.4	103.4	104.4	104.9	105	105.4	105.8	106	106	106.3	106.1
Saskatoon, Saskatchewan	99.7	100	100.8	100.9	101.8	102.9	103.7	104.1	104	104	104	104.1	103.9	104	103.7
Calgary, Alberta	99.9	100.1	100.4	100.8	101.4	102.6	103.4	103.9	104.1	104.2	104.2	104.8	104.5	104.5	104.6
Edmonton, Alberta	99.8	100.1	100.5	100.9	101.9	103.2	104	104.8	104.9	105.3	105.6	105.9	105.4	105.5	105.5
Vancouver, British Columbia	99.5	100.4	101.8	102.9	104.3	106.5	107.9	109.4	109.6	109.8	110.1	110.5	110.4	110.5	110.3

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How to cite: Statistics Canada. Table 18-10-0276-01 Build
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1

Building construction price indexes, by type of building an
Frequency: Quarterly
Table: 18-10-0276-01
Release date: 2024-05-02
Geography: Census metropolitan area, Census metropolit

Type of building
Division 2

Geography 3	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Eleven census metropolitan area composite	110.9	115.2	118.5	121.9	125.6	130.6	133.3	135.4	137.7	139.9	141.7	142.9	144
St. John's, Newfoundland and Labrador	104.5	109.4	111.8	114.6	116	118.2	120.9	121.2	121.8	123.4	124.1	125.2	125.6
Halifax, Nova Scotia	110.1	114.5	117.5	120.4	123.2	126.4	128.1	129.6	131.5	134.1	134.5	135.4	136.1
Moncton, New Brunswick	108	110.2	114	116.8	118.6	125.3	127.7	132.4	135.6	141	143.5	144.7	146.3
Montréal, Quebec	116.5	121.8	124.8	128.2	132.8	138.4	141	142.7	144.6	146.3	146.9	147.6	148.8
Ottawa-Gatineau, Ontario part, Ontario/Quebec	117.2	124.6	129.8	134.7	137.8	143.1	146.1	148.1	151	154.9	158.1	159.6	160
Toronto, Ontario	**114.2**	**119.9**	**125**	**129.3**	**134.2**	**140.9**	**144.5**	**148.1**	**150.6**	**152.3**	**155.3**	**156.1**	**157.6**
Winnipeg, Manitoba	107.4	111.8	114.8	116.6	119	121.7	123.7	124.8	125.8	127.7	127.9	129.2	129.5
Saskatoon, Saskatchewan	104.3	107.1	108.7	112	114.6	117.6	118.9	119.7	120.5	122.4	124.6	126	128.3
Calgary, Alberta	105.3	107.9	109.7	112.4	115.4	118.3	120	120.7	122.1	123.9	125	125.6	126.1
Edmonton, Alberta	107	111.7	115.2	119.1	122.1	127.1	129.4	130.6	132	133	134.4	135.3	136.7
Vancouver, British Columbia	111.3	114.1	116.2	118.6	121.3	125.4	127.6	129.3	132.6	136.2	138	140.5	141.6

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How to cite: Statistics Canada. Table 18-10-0276-01 Build
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1

Table 1: Quartery Data

Geography 3			**Toronto, Ontario**
Type of building			Division 2
Non-residential buildings [622]			Division composite
Index, 2017=100	Qua	year	
Q1 2006	Q1	2006	**72.5**
Q2 2006	Q2	2006	**74**
Q3 2006	Q3	2006	**75.3**
Q4 2006	Q4	2006	**76.2**
Q1 2007	Q1	2007	**77.4**
Q2 2007	Q2	2007	**79.6**
Q3 2007	Q3	2007	**80.2**
Q4 2007	Q4	2007	**80.8**
Q1 2008	Q1	2008	**83**
Q2 2008	Q2	2008	**87.9**
Q3 2008	Q3	2008	**89.5**
Q4 2008	Q4	2008	**88.2**
Q1 2009	Q1	2009	**86.7**
Q2 2009	Q2	2009	**85.7**
Q3 2009	Q3	2009	**84.9**
Q4 2009	Q4	2009	**84.5**
Q1 2010	Q1	2010	**84.6**
Q2 2010	Q2	2010	**85.5**
Q3 2010	Q3	2010	**85.7**
Q4 2010	Q4	2010	**85.9**
Q1 2011	Q1	2011	**87.5**
Q2 2011	Q2	2011	**88.8**
Q3 2011	Q3	2011	**89.4**
Q4 2011	Q4	2011	**90**
Q1 2012	Q1	2012	**90.4**
Q2 2012	Q2	2012	**90.9**
Q3 2012	Q3	2012	**91**
Q4 2012	Q4	2012	**91.2**
Q1 2013	Q1	2013	**91.1**
Q2 2013	Q2	2013	**91.2**
Q3 2013	Q3	2013	**91.2**
Q4 2013	Q4	2013	**91.3**

Geography 3			**Toronto, Ontario**
Type of building			Division 2
Non-residential buildings [622]			Division composite
Q1 2016	Q1	2016	**95.3**
Q2 2016	Q2	2016	96.9
Q3 2016	Q3	2016	97.4
Q4 2016	Q4	2016	**98.1**
Q1 2017	Q1	2017	**98.9**
Q2 2017	Q2	2017	**100**
Q3 2017	Q3	2017	**100.4**
Q4 2017	Q4	2017	**100.8**
Q1 2018	Q1	2018	**102.1**
Q2 2018	Q2	2018	**104.1**
Q3 2018	Q3	2018	**105.7**
Q4 2018	Q4	2018	**106.6**
Q1 2019	Q1	2019	**107.4**
Q2 2019	Q2	2019	**108.3**
Q3 2019	Q3	2019	**109.2**
Q4 2019	Q4	2019	**109.7**
Q1 2020	Q1	2020	**110.6**
Q2 2020	Q2	2020	**111.1**
Q3 2020	Q3	2020	**111.9**
Q4 2020	Q4	2020	**112.1**
Q1 2021	Q1	2021	**114.2**
Q2 2021	Q2	2021	**119.9**
Q3 2021	Q3	2021	**125**
Q4 2021	Q4	2021	**129.3**
Q1 2022	Q1	2022	**134.2**
Q2 2022	Q2	2022	**140.9**
Q3 2022	Q3	2022	**144.5**
Q4 2022	Q4	2022	**148.1**
Q1 2023	Q1	2023	**150.6**
Q2 2023	Q2	2023	**152.3**
Q3 2023	Q3	2023	**155.3**
Q4 2023	Q4	2023	**156.1**
Q1 2024	Q1	2024	**157.6**

Table 2: Average Quarterly Value

Year	Average Value
2006	74.50
2007	79.50
2008	87.15
2009	85.45
2010	85.43
2011	88.93
2012	90.88
2013	91.20
2014	92.45
2015	94.18
2016	96.93
2017	100.03
2018	104.63
2019	108.65
2020	111.43
2021	122.10
2022	141.93
2023	153.58

Table 3: Adjustment Required to Normalize Costs to Q4 2020 Levels

Year	Adjustment
2006	137.6%
2007	132.6%
2008	125.0%
2009	126.7%
2010	126.7%
2011	123.2%
2012	121.2%
2013	120.9%
2014	119.7%
2015	117.9%
2016	115.2%
2017	112.1%
2018	107.5%
2019	103.5%
2020	
2021	
2022	