EXHIBIT 2 – RATE BASE AND CAPITAL

EXHIBIT 2 – RATE BASE

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2.1 RATE BASE

2.1.1 Overview

The following Exhibit contains information on London Hydro's rate base, with an explanation of variances for the years 2022 Actual, 2022 OEB-Approved, 2023 Actual, 2024 Actual, 2025 Actual, 2026 Bridge Year, and 2027 Test Year. Rate base has been calculated in accordance with Chapter 2 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications – 2026 Edition for 2027 Rate Applications*, issued on December 16, 2025 (the "Filing Requirements").

London Hydro has calculated the 2027 Test Year rate base using the average of opening and closing balances for gross fixed assets and accumulated depreciation, plus a working capital allowance ("WCA") of 7.5% of the sum of the cost of power ("COP") and controllable expenses. Consistent with the OEB's letter dated June 3, 2015[1] and the Filing Requirements, London Hydro has chosen to apply the default allowance of 7.5% rather than performing a lead/lag study.

Net fixed assets include those distribution assets that are in service and associated with the delivery of electricity to customers within the City of London.

London Hydro's capital expenditures are not equivalent to in-service additions as London Hydro's rate base calculation excludes any non-distribution assets, work-in-progress and inventory held for capital projects. Table 2-1 below reconciles capital expenditures to in-service additions for the years 2022 to 2027. Variance analysis discussed in this and the following section is based on in-service additions.

[1] OEB Letter: *Allowance for Working Capital for Electricity Distribution Rate Applications*, June 3, 2015

Table 2-1 – Reconciliation of Capital Additions to Capital Spending

RECONCILIATION OF CAPITAL SPENDING TO CAPITAL ADDITIONS 2022 - 2027							
	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
	$	$	$	$	$	$	$
System Access	17,987,000	13,464,949	15,424,920	18,185,720	15,766,066	18,753,200	13,643,800
System Renewal	17,493,000	19,391,583	17,977,327	19,299,121	23,703,610	25,597,100	33,182,600
System Service	1,135,000	1,277,162	1,386,357	1,913,631	1,661,370	1,995,900	22,517,300
General Plant	15,935,000	12,246,882	14,548,068	16,247,910	20,261,769	23,876,400	12,732,800
Other[1]	(500,000)	(25,290)	1,506,388	488,141	1,357,488	-	-
	52,050,000	46,355,286	50,843,060	56,134,522	62,750,303	70,222,600	82,076,500
Capital Contributions	(4,558,000)	(3,886,349)	(6,606,145)	(6,327,028)	(6,194,432)	(5,627,000)	(4,436,000)
Net Capital Expenditures	47,492,000	42,468,937	44,236,914	49,807,494	56,555,870	64,595,600	77,640,500
Change in Work-in-progress	9,750,000	4,293,898	10,440,749	8,728,135	10,341,380	13,233,500	16,007,600
Additions for Rate Base	**37,742,000**	**38,175,039**	**33,796,165**	**41,079,359**	**46,214,490**	**51,362,100**	**61,632,900**

[1] 'Other' consists of inventory held for capital projects, representing the change in expenditures on capital-related inventory items that have been purchased but not yet assigned to a specific capital project or investment category. These costs remain in work-in-progress at each year-end and are reflected in the "Change in Work-in-Progress" line above. As they have not yet been placed into service, they are excluded from rate base.

A capital expenditure summary for the 2022 OEB-Approved Year, 2022 to 2025 Historical Years, 2026 Bridge Year, and 2027 Test Year has been provided in OEB Appendix 2-AA and 2-AB in accordance with OEB Filing Requirements, and is discussed within Section 5.4 of the Distribution System Plan ("DSP"), APPENDIX 2-5 to this exhibit. The capital expenditure plan for 2027 to 2031 is outlined in Section 5.4.1.2 of the DSP.

London Hydro's 2027 Cost of Service Rate Application has been filed in accordance with Modified International Financial Reporting Standards ("MIFRS"). All schedules and numeric references in this Application are in accordance with MIFRS.

2.1.2 Summary of Rate Base

Table 2-2 below presents a summary of London Hydro's rate base for the 2022 OEB-Approved Year, 2022 to 2025 Historical Years, 2026 Bridge Year, and 2027 Test Year.

Table 2-2 - Summary of Rate Base

SUMMARY OF RATE BASE									
	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 OEB Approved to 2027 Test	CAGR
	$	$	$	$	$	$	$	$	%
Opening Balance, January 1	343,764,523	341,404,464	357,667,738	368,389,857	386,671,578	410,572,545	439,241,209	95,476,687	*5.0%*
Closing Balance, December 31	359,791,723	357,667,738	368,389,857	386,671,578	410,572,545	439,241,209	476,738,109	116,946,387	*5.8%*
Net Fixed Assets (Average)	351,778,123	349,536,101	363,028,797	377,530,718	398,622,062	424,906,877	457,989,659	106,211,537	*5.4%*
Allowance for Working Capital	27,784,109	28,699,616	29,430,777	30,912,085	33,859,231	36,497,756	37,028,535	9,244,426	*5.9%*
Rate Base	**379,562,232**	**378,235,717**	**392,459,575**	**408,442,802**	**432,481,293**	**461,404,633**	**495,018,195**	**115,455,963**	*5.5%*
Annual Change		(1,326,515)	14,223,858	15,983,228	24,038,490	28,923,340	33,613,562		
Annual Change %		-0.4%	3.7%	4.1%	5.9%	6.7%	7.8%	**30.4%**	

Rate base for the 2027 Test Year totals $495.0M. This represents an overall increase of $115.5M over the 2022 OEB-Approved year or a 5.5% compound annual growth rate ("CAGR"). The change is attributable to an increase in average net fixed assets of $106.2M and an increase in working capital allowance of $9.2M.

A summary of the allowance for working capital as well as the gross fixed assets and accumulated depreciation balances used in London Hydro's Rate Base calculation are shown in Table 2-3 and correspond directly to the Fixed Asset Continuity Schedules that can be found in APPENDIX 2-1, within this Exhibit.

Table 2-3 – Summary of Average Fixed Assets and Working Capital Allowance for Rate Base

SUMMARY OF AVERAGE FIXED ASSETS AND WORKING CAPITAL ALLOWANCE FOR RATE BASE								
	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 OEB Approved to 2027 Test
	$	$	$	$	$	$	$	$
Opening Gross Fixed Assets*	572,690,826	567,893,853	594,442,671	612,145,894	639,585,466	655,205,690	694,831,232	122,140,406
Closing Gross Fixed Assets	598,846,226	594,442,671	612,145,894	639,585,466	655,205,690	694,831,232	742,500,332	143,654,106
Gross Fixed Assets (Average)	**585,768,526**	**581,168,262**	**603,294,282**	**625,865,680**	**647,395,578**	**675,018,461**	**718,665,782**	**132,897,256**
Opening Accumulated Depreciation*	228,926,304	226,489,389	236,774,933	243,756,036	252,913,889	244,633,144	255,590,023	26,663,719
Closing Accumulated Depreciation	239,054,504	236,774,933	243,756,036	252,913,889	244,633,144	255,590,023	265,762,223	26,707,719
Gross Accumulated Depreciation (Average)	**233,990,404**	**231,632,161**	**240,265,485**	**248,334,962**	**248,773,516**	**250,111,583**	**260,676,123**	**26,685,719**
Net Fixed Assets (Average)	**351,778,123**	**349,536,101**	**363,028,797**	**377,530,718**	**398,622,062**	**424,906,877**	**457,989,659**	**106,211,537**
Allowance for Working Capital								
Controllable Expenses	42,939,800	45,469,490	47,982,026	51,743,382	58,659,819	64,977,400	67,765,300	24,825,500
Cost of Power (COP)	327,514,989	337,192,061	344,428,339	360,417,751	392,796,598	421,659,340	425,948,506	98,433,517
Total Controllable Expenses & COP	370,454,789	382,661,551	392,410,365	412,161,133	451,456,417	486,636,740	493,713,806	123,259,017
WCA Rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	-
	27,784,109	**28,699,616**	**29,430,777**	**30,912,085**	**33,859,231**	**36,497,756**	**37,028,535**	**9,244,426**
Rate Base	**379,562,232**	**378,235,717**	**392,459,575**	**408,442,802**	**432,481,293**	**461,404,633**	**495,018,195**	**115,455,963**

* Opening balances may include transfers from regulatory deferral accounts

2.1.3 Rate Base Variance Analysis

The following section provides year-over-year rate base variance explanations from London Hydro's 2022 Cost of Service Application through to the 2027 Test Year.

The variance of $115.5M between the 2022 OEB-Approved amounts and the 2027 Test Year is primarily driven by a $106.2M increase in average net fixed assets. The growth of London Hydro's rate base is the result of prudent and necessary capital investments aligned with asset management and long-term corporate strategic priorities. These investments are vital to enable customer growth, sustain asset performance and secure a safe, dependable electricity network for the future. The majority of these capital additions are concentrated in two key areas:

- System Renewal: Infrastructure investments to maintain current system reliability by replacing assets that have reached end-of-life or present a high risk of failure. Expenditures in this category are guided by asset condition, which is critical for reliability, safety, and performance. London Hydro's Asset Condition Assessment ("ACA") and asset management processes inform capital planning, ensuring these high-priority initiatives

mitigate risks from aging infrastructure. London Hydro applies a comprehensive lifecycle optimization framework to ensure that System Renewal investments are prudent, cost-effective, and aligned with customer expectations for reliability and safety.

- System Access: Non-discretionary infrastructure investments driven by system demand to facilitate new connections, regional growth, and third-party relocation requests. A significant portion of this category is related to developer-driven expansions where, historically, London Hydro's competitive pricing and execution have led developers to bypass alternative bidding[2] options entirely. By performing this work internally, London Hydro ensures full asset standardization and long-term reliability, which directly mitigates future O&M risks and maintains cost-effective service for ratepayers.

Beyond these core investments, the growth in rate base reflects the extraordinary inflationary environment persisting since 2021. Significant price increases have directly impacted the capital cost of critical distribution components, most notably transformers and poles. For additional information on these record inflationary impacts, refer to Exhibit 1, Section 1.11. Combined with sustained load growth, these inflationary pressures resulted in higher capital investments to satisfy system demand and essential infrastructure renewal.

Table 2-4 summarizes the year-over-year changes in rate base from the 2022 OEB Approved year to the 2027 Test Year.

[2] Ontario Energy Board, *Distribution System Code*, Section 3: Connections and Expansions, November 25, 2025, p. 54-62

Table 2-4 – Summary of Variances in Rate Base

VARIANCES IN RATE BASE YEAR-OVER-YEAR CHANGE	2022 Actual vs 2022 OEB Approved	2023 Actual vs 2022 Actual	2024 Actual vs 2023 Actual	2025 Actual vs 2024 Actual	2026 Bridge vs 2025 Actual	2027 Test vs 2026 Bridge	2027 Test vs 2022 OEB Approved
	$	$	$	$	$	$	$
Net Fixed Assets (Average)							
Gross Fixed Assets (Average)	(4,600,265)	22,126,020	22,571,398	21,529,898	27,622,883	43,647,321	132,897,256
Accumulated Depreciation (Average)	(2,358,242)	8,633,324	8,069,478	438,554	1,338,067	10,564,539	26,685,719
	(2,242,022)	**13,492,697**	**14,501,920**	**21,091,344**	**26,284,816**	**33,082,782**	**106,211,537**
Allowance for Working Capital							
Controllable Expenses	2,529,690	2,512,536	3,761,356	6,916,437	6,317,581	2,787,900	24,825,500
Cost of Power (COP)	9,677,072	7,236,278	15,989,412	32,378,847	28,862,742	4,289,166	98,433,517
Total Controllable Expenses & COP	12,206,762	9,748,814	19,750,768	39,295,284	35,180,323	7,077,066	123,259,017
WCA Rate	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	915,507	**731,161**	**1,481,308**	**2,947,146**	**2,638,524**	**530,780**	**9,244,426**
Rate Base	**(1,326,515)**	**14,223,858**	**15,983,228**	**24,038,490**	**28,923,340**	**33,613,562**	**115,455,963**

2022 OEB-Approved vs. 2022 Actuals

Table 2-5 – 2022 OEB Approved vs. 2022 Actuals – Rate Base

RATE BASE VARIANCE ANALYSIS 2022 OEB Approved vs 2022 Actuals				
	2022 OEB Approved	2022 Actual	Variance	Variance
	$	$	$	%
Net Fixed Assets (Average)				
Gross Fixed Assets (Average)	585,768,526	581,168,262	(4,600,265)	-0.8%
Accumulated Depreciation (Average)	233,990,404	231,632,161	(2,358,242)	-1.0%
	351,778,123	**349,536,101**	**(2,242,022)**	-0.6%
Allowance for Working Capital				
Controllable Expenses	42,939,800	45,469,490	2,529,690	5.6%
Cost of Power (COP)	327,514,989	337,192,061	9,677,072	2.9%
Total Controllable Expenses & COP	370,454,789	382,661,551	12,206,762	3.2%
WCA Rate	7.50%	7.50%	-	
	27,784,109	**28,699,616**	**915,507**	3.2%
Rate Base	**379,562,232**	**378,235,717**	**(1,326,515)**	-0.4%

As shown in Table 2-5 above, in 2022, the actual rate base was $1.3M (0.4%) lower than the OEB-Approved amount. This variance is driven by lower-than-anticipated net fixed assets of $2.2M, which was partially offset by a $0.9M increase in WCA due to higher actual cost of power ("COP") expenses.

2023 Actuals vs. 2022 Actuals

Table 2-6 – 2023 Actuals vs. 2022 Actuals – Rate Base

RATE BASE VARIANCE ANALYSIS 2023 Actuals vs 2022 Actuals				
	2022 Actual	2023 Actual	Variance	Variance
	$	$	$	%
Net Fixed Assets (Average)				
Gross Fixed Assets (Average)	581,168,262	603,294,282	22,126,020	3.8%
Accumulated Depreciation (Average)	231,632,161	240,265,485	8,633,324	3.7%
	349,536,101	**363,028,797**	**13,492,697**	3.9%
Allowance for Working Capital				
Controllable Expenses	45,469,490	47,982,026	2,512,536	5.5%
Cost of Power (COP)	337,192,061	344,428,339	7,236,278	2.1%
Total Controllable Expenses & COP	382,661,551	392,410,365	9,748,814	2.5%
WCA Rate	7.50%	7.50%	-	
	28,699,616	**29,430,777**	**731,161**	2.5%
Rate Base	**378,235,717**	**392,459,575**	**14,223,858**	3.8%

As shown in Table 2-6 above, in 2023, the actual rate base increased by $14.2M (3.8%) over 2022 actuals. This growth was driven by a $13.5M rise in average net fixed assets, alongside a $0.7M increase in the WCA due to higher COP expenses.

2024 Actuals vs. 2023 Actuals

Table 2-7 – 2024 Actuals vs. 2023 Actuals – Rate Base

RATE BASE VARIANCE ANALYSIS 2024 Actuals vs 2023 Actuals				
	2023 Actual	2024 Actual	Variance	Variance
	$	$	$	%
Net Fixed Assets (Average)				
Gross Fixed Assets (Average)	603,294,282	625,865,680	22,571,398	3.7%
Accumulated Depreciation (Average)	240,265,485	248,334,962	8,069,478	3.4%
	363,028,797	**377,530,718**	**14,501,920**	4.0%
Allowance for Working Capital				
Controllable Expenses	47,982,026	51,743,382	3,761,356	7.8%
Cost of Power (COP)	344,428,339	360,417,751	15,989,412	4.6%
Total Controllable Expenses & COP	392,410,365	412,161,133	19,750,768	5.0%
WCA Rate	7.50%	7.50%	-	
	29,430,777	**30,912,085**	**1,481,308**	5.0%
Rate Base	**392,459,575**	**408,442,802**	**15,983,228**	4.1%

As shown in Table 2-7 above, in 2024, the actual rate base increased by $16.0M (4.1%) over 2023 actuals. This growth was driven by a $14.5M rise in average net fixed assets, alongside a $1.5M increase in the WCA due to higher COP expenses.

2025 Actuals vs. 2024 Actuals

Table 2-8 – 2025 Actuals vs. 2024 Actuals – Rate Base

RATE BASE VARIANCE ANALYSIS 2025 Actuals vs 2024 Actuals				
	2024 Actual	2025 Actual	Variance	Variance
	$	$	$	%
Net Fixed Assets (Average)				
Gross Fixed Assets (Average)	625,865,680	647,395,578	21,529,898	3.4%
Accumulated Depreciation (Average)	248,334,962	248,773,516	438,554	0.2%
	377,530,718	**398,622,062**	**21,091,344**	5.6%
Allowance for Working Capital				
Controllable Expenses	51,743,382	58,659,819	6,916,437	13.4%
Cost of Power (COP)	360,417,751	392,796,598	32,378,847	9.0%
Total Controllable Expenses & COP	412,161,133	451,456,417	39,295,284	9.5%
WCA Rate	7.50%	7.50%	-	
	30,912,085	**33,859,231**	**2,947,146**	9.5%
Rate Base	**408,442,802**	**432,481,293**	**24,038,490**	5.9%

As shown in Table 2-8 above, in 2025, the actual rate base increased by $24.0M (5.9%) over 2024 actuals. This growth was driven by a $21.1M rise in average net fixed assets, alongside a $2.9M increase in the WCA due to higher COP expenses.

2026 Bridge Year vs. 2025 Actuals

Table 2-9 – 2026 Bridge Year vs. 2025 Actuals – Rate Base

RATE BASE VARIANCE ANALYSIS 2026 Bridge Year vs 2025 Actuals				
	2025 Actual	2026 Bridge	Variance	Variance
	$	$	$	%
Net Fixed Assets (Average)				
Gross Fixed Assets (Average)	647,395,578	675,018,461	27,622,883	4.3%
Accumulated Depreciation (Average)	248,773,516	250,111,583	1,338,067	0.5%
	398,622,062	**424,906,877**	**26,284,816**	6.6%
Allowance for Working Capital				
Controllable Expenses	58,659,819	64,977,400	6,317,581	10.8%
Cost of Power (COP)	392,796,598	421,659,340	28,862,742	7.3%
Total Controllable Expenses & COP	451,456,417	486,636,740	35,180,323	7.8%
WCA Rate	7.50%	7.50%	-	
	33,859,231	**36,497,756**	**2,638,524**	7.8%
Rate Base	**432,481,293**	**461,404,633**	**28,923,340**	6.7%

As shown in Table 2-9 above, in 2026, rate base is projected to increase by $28.9M (6.7%) over 2025 actuals. This growth is driven by a $26.3M rise in average net fixed assets, alongside a $2.6M increase in the WCA due to higher COP expenses.

2027 Test Year vs. 2026 Bridge Year

Table 2-10 – 2027 Test Year vs. 2026 Bridge Year – Rate Base

RATE BASE VARIANCE ANALYSIS 2027 Test Year vs 2026 Bridge Year	2026 Bridge	2027 Test	Variance	Variance
	$	$	$	%
Net Fixed Assets (Average)				
Gross Fixed Assets (Average)	675,018,461	718,665,782	43,647,321	6.5%
Accumulated Depreciation (Average)	250,111,583	260,676,123	10,564,539	4.2%
	424,906,877	**457,989,659**	**33,082,782**	7.8%
Allowance for Working Capital				
Controllable Expenses	64,977,400	67,765,300	2,787,900	4.3%
Cost of Power (COP)	421,659,340	425,948,506	4,289,166	1.0%
Total Controllable Expenses & COP	486,636,740	493,713,806	7,077,066	1.5%
WCA Rate	7.50%	7.50%	-	
	36,497,756	**37,028,535**	**530,780**	1.5%
Rate Base	**461,404,633**	**495,018,195**	**33,613,562**	7.3%

As shown in Table 2-10 above, in 2027, the rate base is projected to increase by $33.6M (7.3%) over 2026 Bridge Year amounts. This growth is driven by a $33.1M rise in average net fixed assets, alongside a $0.5M increase in the WCA due to higher COP expenses.

2.2 FIXED ASSET CONTINUITY SCHEDULES

2.2.1 Fixed Asset Continuity Schedules Summary

London Hydro has completed Fixed Asset Continuity Schedules in accordance with OEB Appendix 2-BA of the Filing Requirements for each of the following years: 2022 OEB-Approved, 2022 Actuals, 2023 Actuals, 2024 Actuals, 2025 Actuals, 2026 Bridge Year, and 2027 Test Year. A summary of these continuity schedules is provided in Table 2-11 below, with individual schedules located in APPENDIX 2-1, at the end of this Exhibit. The summary below provides year-end balances for gross fixed assets and accumulated depreciation.

Table 2-11 – Summary of Continuity Schedules

SUMMARY OF FIXED ASSET CONTINUITY SCHEDULES							
	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
	$	$	$	$	$	$	$
Gross Fixed Assets							
Opening balance	564,580,583	559,783,609	594,442,671	612,145,894	639,585,466	655,205,690	694,831,232
Transfer regulatory deferrals	8,110,244	8,110,244	-	-	-	-	-
Additions	37,742,000	38,175,039	33,796,165	41,079,359	46,214,490	51,362,100	61,632,900
Disposals	(11,586,600)	(11,626,221)	(16,092,942)	(13,639,787)	(30,594,267)	(11,736,557)	(13,963,800)
Closing balance (excluding WIP)	598,846,226	594,442,671	612,145,894	639,585,466	655,205,690	694,831,232	742,500,332
Average Gross Fixed Assets	585,768,526	581,168,262	603,294,282	625,865,680	647,395,578	675,018,461	718,665,782
Accumulated Depreciation							
Opening balance	226,741,480	224,304,566	236,774,933	243,756,036	252,913,889	244,633,144	255,590,023
Transfer regulatory deferrals	2,184,824	2,184,824	-	-	-	-	-
Additions	21,714,800	21,666,422	22,861,712	22,748,873	21,996,508	22,622,000	24,134,000
Disposals	(11,586,600)	(11,380,878)	(15,880,609)	(13,591,020)	(30,277,253)	(11,665,121)	(13,961,800)
Closing balance	239,054,504	236,774,933	243,756,036	252,913,889	244,633,144	255,590,023	265,762,223
Average Accumulated Depreciation	233,990,404	231,632,161	240,265,485	248,334,962	248,773,516	250,111,583	260,676,123
Net Fixed Assets	**359,791,723**	**357,667,738**	**368,389,857**	**386,671,578**	**410,572,545**	**439,241,209**	**476,738,109**

Table 2-12 below reconciles the additions to accumulated depreciation shown above to the annual depreciation expense, as reported in Section 2.3 (DEPRECIATION, AMORTIZATION AND DEPLETION).

Table 2-12 – Reconciliation of Change in Accumulated Depreciation to Depreciation Expense

DEPRECIATION EXPENSE RECONCILIATION 2022 - 2027							
	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
	$	$	$	$	$		$
Change in Accumulated Depreciation	21,714,800	21,666,422	22,861,712	22,748,873	21,996,508	22,622,000	24,134,000
Less: Vehicle & Equipment ("V&E") Depreciation [1]	(1,158,000)	(1,107,070)	(1,240,512)	(1,281,602)	(1,328,702)	(1,389,000)	(1,527,000)
Less: Deferred Revenue [2]	969,000	937,672	1,070,808	1,245,125	1,401,091	1,546,000	1,672,000
Depreciation Expense	**21,525,800**	**21,497,024**	**22,692,008**	**22,712,395**	**22,068,898**	**22,779,000**	**24,279,000**

[1] V&E depreciation is included in overhead allocation as part of the Fleet Department burden rates discussed in Section 2.8.3. It is therefore excluded from depreciation expense.

[2] Contributions in the aid of construction are amortized to other revenues and are therefore excluded from depreciation expense

2.2.2 Gross Fixed Assets – By Function

Table 2-13 below provides a summary of London Hydro's gross fixed asset balance, divided into the following three functional categories:

- **Distribution Plant Assets** – This category includes assets that directly support the delivery of electricity throughout London Hydro's service territory including, but not limited to, conductors, poles, transformers, and metering equipment. Accounts include the Uniform System of Accounts ("USoA") 1609, 1610, 1612, and 1805-1860. Additions in this category over the historical period are typically related to System Access and System Renewal capital investments, although they can include other investment categories.
- **General Plant Assets** – This category includes assets that support the overall operations of London Hydro to indirectly enable the delivery of electricity throughout its service territory. Assets include, but are not limited to, buildings and furniture, vehicles, information technology, and system supervisory equipment. Accounts include the USoA 1611, 1908 – 1980 and 2005. Additions in this category over the historical period are typically related to System Service and General Plant capital investments, although they can include other investment categories.
- **Contributions and Grants** – This category represents amounts received from customers, developers, or other third parties in support of the construction of London Hydro's utility plant. Accounts include the USoA 1995 and 2440. Additions in this category are directly related to System Access capital investments.

Table 2-13 - Summary of Gross Assets by Function

GROSS ASSETS BY FUNCTION 2022 TO 2027								
	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 OEB Approved to 2027 Test
	$	$	$	$	$	$	$	$
Distribution Plant	587,049,569	582,891,045	607,090,751	644,305,475	659,367,272	698,863,172	741,743,372	154,693,803
General Plant	92,080,871	90,722,947	90,832,609	87,384,486	94,137,345	99,893,987	109,118,887	17,038,016
Contributions and Grants	(80,284,213)	(79,171,321)	(85,777,467)	(92,104,495)	(98,298,927)	(103,925,927)	(108,361,927)	(28,077,714)
Total Gross Fixed Assets	**598,846,226**	**594,442,671**	**612,145,894**	**639,585,466**	**655,205,690**	**694,831,232**	**742,500,332**	**143,654,106**

For each of these functionalized plant categories, a detailed breakdown by major plant account is provided in Table 2-14 below and reconciles with the closing balance of Gross Fixed Assets in Table 2-11 and OEB Appendix 2-BA (Fixed Asset Continuity Schedules).

Table 2-14 - Summary of Gross Assets by Major Plant Account

GROSS ASSET BALANCES 2022 TO 2027								
	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 OEB Approved to 2027 Test
	$	$	$	$	$	$	$	$
Distribution Plant								
1609 Capital Contributions Paid	5,518,934	5,518,934	5,518,934	6,297,462	6,300,887	7,200,587	7,200,587	1,681,653
1805 Land - Substations	379,690	349,690	349,690	349,690	349,690	349,690	349,690	(30,000)
1610 Miscellaneous Intangible Plant	1,293,406	1,293,406	1,293,406	1,293,406	1,293,406	1,293,406	1,293,406	-
1612 Land Rights	431,177	779,549	701,029	740,406	740,171	740,171	740,171	308,994
1808 Buildings - Substations	1,631,195	1,635,245	1,663,242	1,663,242	1,663,242	1,720,442	1,779,942	148,747
1820 Substation Equipment	16,779,305	14,949,780	14,618,796	14,378,078	14,594,386	14,611,186	14,693,486	(2,085,820)
1830 Poles, Towers & Fixtures	56,461,067	56,953,141	59,573,618	63,157,378	66,203,965	69,464,465	73,054,265	16,593,199
1835 OH Conductors & Devices	83,269,192	81,234,606	83,856,803	87,550,988	89,868,501	92,876,801	98,113,601	14,844,410
1840 UG Conduit	96,005,306	99,151,954	106,752,564	117,158,840	129,077,653	143,490,553	158,311,553	62,306,247
1845 UG Conductor & Devices	109,661,087	106,120,254	107,153,531	113,498,403	115,017,595	119,447,195	125,514,795	15,853,708
1850 Line Transformers	118,688,819	120,436,186	126,352,555	131,934,497	138,368,739	145,798,739	153,338,639	34,649,819
1855 Services (OH & UG)	61,100,191	59,269,485	63,428,666	68,651,471	72,985,087	77,825,787	82,720,687	21,620,497
1860 Meters	35,830,199	35,198,816	35,827,916	37,631,613	22,903,948	24,044,148	24,632,548	(11,197,650)
	587,049,569	582,891,045	607,090,751	644,305,475	659,367,272	698,863,172	741,743,372	154,693,803
General Plant								
2005 Property Under Finance Lease	2,318,969	2,318,969	2,318,969	2,318,969	6,939,834	6,939,834	6,939,834	4,620,865
1908 Buildings & Fixtures	25,766,564	25,659,994	26,811,035	26,780,610	28,342,314	29,447,714	30,795,714	5,029,150
1910 Leasehold Improvements	-	-	-	-	-	-	-	-
1915 Office Furniture & Equipment	1,617,467	1,134,125	1,031,312	882,974	787,564	1,475,864	2,074,864	457,397
1920 Computer - Hardware	1,907,919	1,935,222	2,147,231	1,344,069	2,084,898	2,617,698	3,521,798	1,613,878
1611 Computer - Software	26,867,475	26,632,882	24,744,864	21,955,809	20,618,051	20,250,451	20,347,051	(6,520,424)
1930 Transportation Equipment	15,780,329	15,330,513	14,809,059	15,708,558	16,210,410	17,675,848	19,392,648	3,612,319
1935 Stores Equipment	365,466	366,169	382,767	370,320	398,280	420,680	439,280	73,814
1940 Tools, Shop & Garage Equipment	1,154,870	1,098,923	1,194,876	1,309,874	1,374,570	1,558,270	1,714,270	559,400
1945 Measurement & Testing Equipment	1,407,878	1,274,463	1,078,452	848,872	870,732	907,432	874,832	(533,046)
1950 Power Operated Equipment	1,366,224	1,318,808	1,511,452	1,597,051	1,633,312	1,610,317	1,610,317	244,092
1955 Communication Equipment	6,068,429	5,957,821	6,138,228	4,273,402	4,394,000	4,885,800	4,454,700	(1,613,729)
1960 Miscellaneous Equipment	141,315	115,790	123,605	131,400	183,351	235,351	235,851	94,537
1980 System Supervisory Equipment	7,317,966	7,579,267	8,540,760	9,862,579	10,300,030	11,868,730	16,717,730	9,399,764
	92,080,871	90,722,947	90,832,609	87,384,486	94,137,345	99,893,987	109,118,887	17,038,016
Total Gross Balance before Contributed Capital	**679,130,440**	**673,613,992**	**697,923,360**	**731,689,961**	**753,504,616**	**798,757,159**	**850,862,259**	**171,731,819**
1995 /2440 Contributions and Grants	(80,284,213)	(79,171,321)	(85,777,467)	(92,104,495)	(98,298,927)	(103,925,927)	(108,361,927)	(28,077,714)
Total Gross Fixed Asset Balance	**598,846,226**	**594,442,671**	**612,145,894**	**639,585,466**	**655,205,690**	**694,831,232**	**742,500,332**	**143,654,106**

2.2.3 Variance Analysis of Gross Asset Balances

London Hydro's gross asset balances are projected to be $742.5M at the end of the 2027 Test Year. This represents an increase of $143.7M between the 2022 OEB-Approved Year and 2027, as shown in Table 2-14. Significant annual variances, categorized by function, have been identified using the materiality threshold of $549,000 established in Exhibit 1, Section 1.9.9 – Materiality Threshold. Detailed analysis of these variances follows below.

2022 OEB-Approved vs. 2022 Actuals

Actual gross asset balances for 2022 totaled $4.4M (0.7%) less than OEB-Approved amounts. Table 2-15 illustrates these variances, categorized by function and major plant account.

Table 2-15 – 2022 OEB-Approved vs. 2022 Actuals - Gross Assets by Account

GROSS ASSET VARIANCE ANALYSIS 2022 OEB APPROVED vs. 2022 ACTUALS				
	2022 OEB Approved	2022 Actual	Variance	Variance
	$	$	$	%
Distribution Plant				
1609 Capital Contributions Paid	5,518,934	5,518,934	-	0%
1805 Land - Substations	379,690	349,690	(30,000)	-9%
1610 Miscellaneous Intangible Plant	1,293,406	1,293,406	-	0%
1612 Land Rights	431,177	779,549	348,371	45%
1808 Buildings - Substations	1,631,195	1,635,245	4,050	0%
1820 Substation Equipment	16,779,305	14,949,780	(1,829,526)	-12%
1830 Poles, Towers & Fixtures	56,461,067	56,953,141	492,075	1%
1835 OH Conductors & Devices	83,269,192	81,234,606	(2,034,586)	-3%
1840 UG Conduit	96,005,306	99,151,954	3,146,648	3%
1845 UG Conductor & Devices	109,661,087	106,120,254	(3,540,833)	-3%
1850 Line Transformers	118,688,819	120,436,186	1,747,366	1%
1855 Services (OH & UG)	61,100,191	59,269,485	(1,830,706)	-3%
1860 Meters	35,830,199	35,198,816	(631,383)	-2%
	587,049,569	**582,891,045**	**(4,158,523)**	-1%
General Plant				
2005 Property Under Finance Lease	2,318,969	2,318,969	-	
1908 Buildings & Fixtures	25,766,564	25,659,994	(106,570)	0%
1915 Office Furniture & Equipment	1,617,467	1,134,125	(483,342)	-43%
1920 Computer - Hardware	1,907,919	1,935,222	27,303	1%
1611 Computer - Software	26,867,475	26,632,882	(234,592)	-1%
1930 Transportation Equipment	15,780,329	15,330,513	(449,816)	-3%
1935 Stores Equipment	365,466	366,169	703	0%
1940 Tools, Shop & Garage Equipment	1,154,870	1,098,923	(55,947)	-5%
1945 Measurement & Testing Equipment	1,407,878	1,274,463	(133,415)	-10%
1950 Power Operated Equipment	1,366,224	1,318,808	(47,417)	-4%
1955 Communication Equipment	6,068,429	5,957,821	(110,607)	-2%
1960 Miscellaneous Equipment	141,315	115,790	(25,524)	-22%
1980 System Supervisory Equipment	7,317,966	7,579,267	261,301	3%
	92,080,871	**90,722,947**	**(1,357,924)**	-1%
Total Gross Balance before Contributed Capital	**679,130,440**	**673,613,992**	**(5,516,448)**	-1%
1995 /2440 Contributions and Grants	(80,284,213)	(79,171,321)	1,112,892	-1%
Total	**598,846,226**	**594,442,671**	**(4,403,556)**	**-0.7%**

The primary driver of the 2022 variance is the difference in the opening gross fixed asset balance. The OEB-Approved amount was based on a Settlement Proposal estimate of $564.6M (dated December 2, 2021), whereas the actual 2021 closing balance was $559.8M. This difference of $4.8M is attributable to a reduction in 2021 additions of $1.1M, an increase in 2021 disposals of $2.4M, and a restatement adjustment for the capitalization of configuration and customization costs related to Software-as-a-Service.

For the 2022 Bridge Year, in-service additions showed a minor variance of $0.4M relative to the OEB-Approved amount. This variance was predominantly driven by lower-than-anticipated spending on City Works projects, specifically regarding Rapid Transit ("RT") relocations. The City of London's RT initiative involves the installation of curbside bus-only lanes and city-wide transportation enhancements designed to reduce congestion and improve safety. Due to municipal project delays and scope revisions beyond the utility's control, RT spending was lower than forecast; however, this was largely offset by a strategic increase in infrastructure rehabilitation investments to maintain system reliability.

2023 Actuals vs. 2022 Actuals

London Hydro's gross asset balances increased by $17.7M (3%) from 2022 to 2023. Table 2-16 illustrates these variances, categorized by function and major plant account.

Table 2-16 – 2023 Actuals vs. 2022 Actuals - Gross Assets by Account

GROSS ASSET VARIANCE ANALYSIS 2023 ACTUALS vs. 2022 ACTUALS				
	2022 Actual	2023 Actual	Variance	Variance
	$	$	$	%
Distribution Plant				
1609 Capital Contributions Paid	5,518,934	5,518,934	-	0%
1805 Land - Substations	349,690	349,690	-	0%
1610 Miscellaneous Intangible Plant	1,293,406	1,293,406	-	0%
1612 Land Rights	779,549	701,029	(78,520)	-10%
1808 Buildings - Substations	1,635,245	1,663,242	27,997	2%
1820 Substation Equipment	14,949,780	14,618,796	(330,984)	-2%
1830 Poles, Towers & Fixtures	56,953,141	59,573,618	2,620,477	5%
1835 OH Conductors & Devices	81,234,606	83,856,803	2,622,197	3%
1840 UG Conduit	99,151,954	106,752,564	7,600,610	8%
1845 UG Conductor & Devices	106,120,254	107,153,531	1,033,278	1%
1850 Line Transformers	120,436,186	126,352,555	5,916,369	5%
1855 Services (OH & UG)	59,269,485	63,428,666	4,159,182	7%
1860 Meters	35,198,816	35,827,916	629,100	2%
	582,891,045	**607,090,751**	**24,199,706**	4%
General Plant				
2005 Property Under Finance Lease	2,318,969	2,318,969	-	0%
1908 Buildings & Fixtures	25,659,994	26,811,035	1,151,041	4%
1915 Office Furniture & Equipment	1,134,125	1,031,312	(102,813)	-9%
1920 Computer - Hardware	1,935,222	2,147,231	212,008	11%
1611 Computer - Software	26,632,882	24,744,864	(1,888,018)	-7%
1930 Transportation Equipment	15,330,513	14,809,059	(521,454)	-3%
1935 Stores Equipment	366,169	382,767	16,599	5%
1940 Tools, Shop & Garage Equipment	1,098,923	1,194,876	95,953	9%
1945 Measurement & Testing Equipment	1,274,463	1,078,452	(196,011)	-15%
1950 Power Operated Equipment	1,318,808	1,511,452	192,644	15%
1955 Communication Equipment	5,957,821	6,138,228	180,407	3%
1960 Miscellaneous Equipment	115,790	123,605	7,815	7%
1980 System Supervisory Equipment	7,579,267	8,540,760	961,493	13%
	90,722,947	**90,832,609**	**109,662**	0%
Total Gross Balance before Contributed Capital	**673,613,992**	**697,923,360**	**24,309,368**	4%
1995 /2440 Contributions and Grants	(79,171,321)	(85,777,467)	(6,606,145)	8%
Total	**594,442,671**	**612,145,894**	**17,703,223**	**3.0%**

Distribution Plant: Variance $24,199,706

Variance attributable to Additions: $30,457,855. Variance attributable to Disposals: ($6,258,149).

In 2023, Distribution Plant assets increased by $24.2M from 2022 Actual amounts.

The following Distribution Plant USoA accounts contributed significantly to this gross asset variance:

- Poles, Towers & Fixtures (Account 1830): $2,620,477 variance.
- Overhead Conductors & Devices (Account 1835): $2,622,197 variance (including disposals of $38,724).
- Underground Conduit (Account 1840): $7,600,610 variance.
- Underground Conductors & Devices (Account 1845): $1,033,278 variance (including disposals of $3,659,917).
- Line Transformers (Account 1850): $5,916,369 variance (including disposals of $1,944,467).
- Overhead and Underground Services (Account 1855): $4,159,182 variance.
- Meters (Account 1860): $629,100 variance (including disposals of $94,344).

Distribution Plant asset additions in 2023 were primarily driven by System Access ($11.1M) and System Renewal ($19.0M) investments.

System Access additions were largely driven by demand-based projects related to new residential and commercial developments ($9.0M) and mandated infrastructure relocations ($1.6M) primarily related to the City of London's RT project. Pursuant to the *Public Service Works on Highways Act*[3], London Hydro is required to relocate assets that conflict with municipal road improvements. The RT initiative is a long-term project extending beyond the 2027 Test Year.

[3] https://www.ontario.ca/laws/statute/90p49

System Renewal additions were primarily comprised of coordinated infrastructure replacements for RT projects ($2.0M), Subdivision Rebuilds ($10.9M), and Overhead Line Work ($4.8M). To maximize operational efficiency and mitigate ratepayer costs, London Hydro replaces end-of-life infrastructure within RT corridors during the relocation phase when prudent to do so. This strategy avoids the significantly higher expenses and customer disruptions associated with performing standalone work in these areas after road improvements are completed. Additionally, Subdivision Rebuilds and Overhead Line Work involve the prioritized renewal of deteriorated or failing assets, ranging from individual components like poles and transformers to complete line and cable rebuilds. These projects are necessary to enhance system reliability, safety, and protection against outages. Major projects completed in 2023 include the rehabilitation of the White Oaks North, Cleardale, and Westminster Park W subdivisions.

General Plant: Variance $109,662

Variance attributable to Additions: $9,944,456. Variance attributable to Disposals: ($9,834,794).

In 2023, Actual General Plant assets increased by $0.1M from 2022 Actual amounts.

The following General Plant USoA accounts contributed significantly to the gross asset variance:

- System Supervisory Equipment (Account 1980): $961,493 variance (including disposals of $44,998).
- Buildings & Fixtures (Account 1908): $1,151,041 variance (including disposals of $4,283).
- Computer Software (Account 1612): -$1,888,018 variance (including disposals of $6,907,399).
- Transportation Equipment (Account 1930): -$521,454 variance (including disposals of $1,754,439).

General Plant asset additions in 2023 were primarily driven by System Service ($1.4M) and General Plant ($8.9M) investments.

System Service investments focused on Supervisory Control and Data Acquisition (“SCADA”), including the procurement of SCADA-enabled radios, the replacement of aging fault indicators,

and Phase 3 of the DigitalGrid network expansion. This expansion enables two-way powerline communication across the downtown secondary grid network.

General Plant investments included the following key areas:

- Building & Fixtures ($1.2M): These additions covered necessary improvements to London Hydro's main office and operations buildings. Upgrades included building refurbishments, updated fixtures (lighting, ventilation, and flooring), and the repair of deteriorated transformer rack foundations identified during a recent safety audit.
- Computer Software ($5.0M): Software additions were $5M; however, this was largely offset by the disposal of $6.9M in fully-depreciated software during the year. Key projects included system enhancements to support the Ultra-Low Overnight price plan and Digital Rendering Systems.
- Transportation Equipment ($1.2M): These additions included the planned lifecycle replacement of eighteen light-duty support units.

Contributions and Grants: Variance ($6,606,145)

In 2023, London Hydro collected $6.6M in contributed capital from developer-driven projects related to residential condominium and subdivision developments, secondary service upgrades and commercial connections.

2024 Actuals vs. 2023 Actuals

London Hydro's gross asset balances increased by $27.4M (4.5%) from 2023 to 2024. Table 2-17 illustrates these variances, categorized by function and major plant account.

Table 2-17 – 2024 Actuals vs. 2023 Actuals - Gross Assets by Account

GROSS ASSET VARIANCE ANALYSIS 2024 ACTUALS vs. 2023 ACTUALS	2023 Actual	2024 Actual	Variance	Variance
	$	$	$	%
Distribution Plant				
1609 Capital Contributions Paid	5,518,934	6,297,462	778,527	14%
1805 Land - Substations	349,690	349,690	-	0%
1610 Miscellaneous Intangible Plant	1,293,406	1,293,406	-	0%
1612 Land Rights	701,029	740,406	39,377	6%
1808 Buildings - Substations	1,663,242	1,663,242	-	0%
1820 Substation Equipment	14,618,796	14,378,078	(240,718)	-2%
1830 Poles, Towers & Fixtures	59,573,618	63,157,378	3,583,759	6%
1835 OH Conductors & Devices	83,856,803	87,550,988	3,694,185	4%
1840 UG Conduit	106,752,564	117,158,840	10,406,277	10%
1845 UG Conductor & Devices	107,153,531	113,498,403	6,344,872	6%
1850 Line Transformers	126,352,555	131,934,497	5,581,942	4%
1855 Services (OH & UG)	63,428,666	68,651,471	5,222,805	8%
1860 Meters	35,827,916	37,631,613	1,803,697	5%
	607,090,751	**644,305,475**	**37,214,723**	6%
General Plant				
2005 Property Under Finance Lease	2,318,969	2,318,969	-	0%
1908 Buildings & Fixtures	26,811,035	26,780,610	(30,425)	0%
1915 Office Furniture & Equipment	1,031,312	882,974	(148,338)	-14%
1920 Computer - Hardware	2,147,231	1,344,069	(803,162)	-37%
1611 Computer - Software	24,744,864	21,955,809	(2,789,055)	-11%
1930 Transportation Equipment	14,809,059	15,708,558	899,499	6%
1935 Stores Equipment	382,767	370,320	(12,447)	-3%
1940 Tools, Shop & Garage Equipment	1,194,876	1,309,874	114,999	10%
1945 Measurement & Testing Equipment	1,078,452	848,872	(229,580)	-21%
1950 Power Operated Equipment	1,511,452	1,597,051	85,599	6%
1955 Communication Equipment	6,138,228	4,273,402	(1,864,826)	-30%
1960 Miscellaneous Equipment	123,605	131,400	7,795	6%
1980 System Supervisory Equipment	8,540,760	9,862,579	1,321,819	15%
	90,832,609	**87,384,486**	**(3,448,123)**	-4%
Total Gross Balance before Contributed Capital	**697,923,360**	**731,689,961**	**33,766,600**	5%
1995 /2440 Contributions and Grants	(85,777,467)	(92,104,495)	(6,327,028)	7%
Total	**612,145,894**	**639,585,466**	**27,439,572**	**4.5%**

Distribution Plant: Variance $37,214,723

Variance attributable to Additions: $39,491,471. Variance attributable to Disposals: ($2,276,748)

In 2024, Distribution Plant assets increased by $37.2M from 2023 Actual amounts.

The following Distribution Plant USoA accounts contributed significantly to this gross asset variance:

- Capital Contributions Paid (Account 1609): $778,527 variance.
- Poles, Towers & Fixtures (Account 1830): $3,583,759 variance.
- Overhead Conductors & Devices (Account 1835): $3,694,185 variance.
- Underground Conduit (Account 1840): $10,406,277 variance (including disposals of $19,459).
- Underground Conductors & Devices (Account 1845): $6,344,872 variance (including disposals of $20,749).
- Line Transformers (Account 1850): $5,581,942 variance (including disposals of $1,923,260).
- Overhead and Underground Services (Account 1855): $5,222,805 variance.
- Meters (Account 1860): $1,803,697 variance (including disposals of $69,721).

Distribution Plant asset additions in 2024 were primarily driven by System Access ($19.7M), System Renewal ($19.0M), and General Plant ($0.8M) investments.

System Access additions were primarily comprised of demand-driven projects for new residential and commercial developments ($12.1M) and mandated infrastructure relocations ($5.3M) driven by the City of London's RT project. An additional $2.4M was attributed to Meters and Devices, driven by high development demand and the fulfillment of backlogged orders from previous supply chain delays. Included in this amount is $0.7M in Communication Equipment (General Plant account 1955) additions to support the Advanced Metering Infrastructure ("AMI") capacity constraints at the Arva Site.

System Renewal investments focused on addressing aging infrastructure and poor asset condition. Key projects included Subdivision Rebuilds ($9.7M) and Overhead Line Work ($7.2M), which involved replacing deteriorated primary underground cables, pad-mounted transformers, and poles to mitigate environmental and safety risks. This also included 4.16kV voltage conversions to improve reliability and accommodate load growth. Major projects completed in 2024 include the rehabilitation of the Hyde Park, Westminster, Pond Mills, Manor Park and Stoneybrook areas.

Downtown Core Supply ($1.4M) additions supported the replacement of critical civil infrastructure and the renewal of primary and secondary cabling within the downtown network. Condition assessments have identified these assets as deteriorated and exceeding their typical useful life, requiring a phased reconstruction and replacement strategy over the next decade.

General Plant investments of $0.8M reflect contributions paid to Hydro One for the mandatory replacement of wholesale metering points at the Clarke Transformer Station, ensuring compliance with Measurement Canada regulations and addressing Polychlorinated Biphenyls ("PCB's").

General Plant: Variance ($3,448,123)

Variance attributable to Additions: $7,914,916. Variance attributable to Disposals: ($11,363,039).

In 2024, General Plant assets decreased by $3.4M from 2023 Actual amounts.

The following General Plant USoA accounts contributed significantly to the gross asset variance:

- System Supervisory Equipment (Account 1980): $1,321,819 variance (including disposals of $116,156).
- Computer Software (Account 1612): -$2,789,055 variance (including disposals of $5,971,904).
- Computer Hardware (Account 1920): -$803,162 variance (including disposals of $1,127,466).

- Transportation Equipment (Account 1930): $899,499 variance (including disposals of $149,468).
- Communication Equipment (Account 1955): -$1,864,826 variance (including disposals of $2,858,944).

General Plant asset additions in 2024 were primarily comprised of System Service ($1.8M) and General Plant ($5.7M) investments.

System Service additions included the continued deployment of SCADA-enabled radios, the replacement of fully depreciated fault indicators, and the execution of Phase 4 of the DigitalGrid network communication system.

General Plant additions included the following key areas:

- Computer Software ($3.5M): Additions were $3.5M; however, this was offset by the disposal of $6.0M in fully depreciated software.
- Computer Hardware ($0.3M): New Hardware investments of $0.3M were capitalized in 2024. This was offset by the disposal of fully depreciated hardware assets with an original cost of $1.1M, resulting in a net reduction of $0.8M in Computer Hardware assets.
- Transportation Equipment ($1.0M): This investment covered the planned replacement of six fleet units, consisting of four light-duty support vehicles, one heavy-duty aerial device and one specialized support vehicle.
- Communication Equipment ($1.0M): These additions represent various equipment purchases across System Service, System Access, and General Plant categories. The primary driver for 2024 was the replacement of Transceiver Gateway Basestations (“TGBs”) at the Arva site. This project was a critical component of the System Access investments (referenced in the Distribution Plant section) required to alleviate AMI network congestion and ensure reliable data transmission.

Contributions and Grants: Variance ($6,327,028)

In 2024, London Hydro collected $6.3M in contributed capital from developer-driven projects related to residential condominium and subdivision developments, secondary service upgrades and commercial connections.

2025 Actuals vs. 2024 Actuals

London Hydro's gross asset balances increased by $15.6M (2.4%) from 2024 to 2025. Table 2-18 illustrates these variances, categorized by function and major plant account.

Table 2-18 – 2025 Actuals vs. 2024 Actuals - Gross Assets by Account

GROSS ASSET VARIANCE ANALYSIS 2025 ACTUALS vs. 2024 ACTUALS	2024 Actual	2025 Actual	Variance	Variance
	$	$	$	%
Distribution Plant				
1609 Capital Contributions Paid	6,297,462	6,300,887	3,425	0%
1805 Land - Substations	349,690	349,690	-	0%
1610 Miscellaneous Intangible Plant	1,293,406	1,293,406	-	0%
1612 Land Rights	740,406	740,171	(235)	0%
1808 Buildings - Substations	1,663,242	1,663,242	-	0%
1820 Substation Equipment	14,378,078	14,594,386	216,308	2%
1830 Poles, Towers & Fixtures	63,157,378	66,203,965	3,046,588	5%
1835 OH Conductors & Devices	87,550,988	89,868,501	2,317,513	3%
1840 UG Conduit	117,158,840	129,077,653	11,918,813	10%
1845 UG Conductor & Devices	113,498,403	115,017,595	1,519,192	1%
1850 Line Transformers	131,934,497	138,368,739	6,434,241	5%
1855 Services (OH & UG)	68,651,471	72,985,087	4,333,616	6%
1860 Meters	37,631,613	22,903,948	(14,727,664)	-39%
	644,305,475	**659,367,272**	**15,061,797**	2%
General Plant				
2005 Property Under Finance Lease	2,318,969	6,939,834	4,620,865	199%
1908 Buildings & Fixtures	26,780,610	28,342,314	1,561,704	6%
1915 Office Furniture & Equipment	882,974	787,564	(95,410)	-11%
1920 Computer - Hardware	1,344,069	2,084,898	740,829	55%
1611 Computer - Software	21,955,809	20,618,051	(1,337,758)	-6%
1930 Transportation Equipment	15,708,558	16,210,410	501,852	3%
1935 Stores Equipment	370,320	398,280	27,959	8%
1940 Tools, Shop & Garage Equipment	1,309,874	1,374,570	64,696	5%
1945 Measurement & Testing Equipment	848,872	870,732	21,860	3%
1950 Power Operated Equipment	1,597,051	1,633,312	36,261	2%
1955 Communication Equipment	4,273,402	4,394,000	120,597	3%
1960 Miscellaneous Equipment	131,400	183,351	51,951	40%
1980 System Supervisory Equipment	9,862,579	10,300,030	437,451	4%
	87,384,486	**94,137,345**	**6,752,858**	8%
Total Gross Balance before Contributed Capital	**731,689,961**	**753,504,616**	**21,814,656**	3%
1995 /2440 Contributions and Grants	(92,104,495)	(98,298,927)	(6,194,432)	7%
Total	**639,585,466**	**655,205,690**	**15,620,223**	**2.4%**

Distribution Plant: Variance $15,061,797

Variance attributable to Additions: $38,330,325. Variance attributable to Disposals: ($23,268,528).

In 2025, Distribution Plant assets increased by $15.1M from 2024 Actual amounts.

The following Distribution Plant USoA accounts contributed significantly to this gross asset variance:

- Poles, Towers & Fixtures (Account 1830): $3,046,588 variance.
- Overhead Conductors & Devices (Account 1835): $2,317,513 variance.
- Underground Conduit (Account 1840): $11,918,813 variance (including disposals of $285,901).
- Underground Conductors & Devices (Account 1845): $1,519,192 variance (including disposals of $4,524,766).
- Line Transformers (Account 1850): $6,434,241 variance (including disposals of $1,753,162).
- Overhead and Underground Services (Account 1855): $4,333,616 variance.
- Meters (Account 1860): -$14,727,664 variance (including disposals of $16,701,127).

Distribution Plant asset additions were primarily driven by System Access ($16.7M), and System Renewal ($21.4M) investments.

System Access additions related to new residential and commercial developments remained steady in 2025 resulting in $11.7M in additions. Infrastructure relocations for the City of London, predominantly driven by the ongoing RT project, contributed an additional $3.1M to this category. To support these new service connections, Meters and Devices investments totaled $1.9M.

Notably, a significant volume of smart meters originally installed in 2009 reached the end of their useful life and were retired, reducing the overall gross asset balance in Account 1860. The systematic replacement of these units and their associated communication infrastructure is proposed as a future multi-year AMI Refresh project, as outlined in the DSP, Section 5.4.1.2.

System Renewal additions primarily included projects related to Subdivision Rebuilds ($15.1M), and Overhead Line Work ($4.9M). Subdivision Rebuild investments in 2025 were predominantly driven by a strategic enhancement to London Hydro's asset management program. Following a 2024 ACA, the utility increased its planned annual cable replacement rate above the historical rate of 20–25 km to mitigate systemic risks associated with a rising volume of underground cable assessed in "Poor" and "Very Poor" condition (DSP Section 5.3.2b.2). A key component of the 2025 Subdivision Rebuilds was the targeted replacement of 28 km of deteriorated medium voltage polymeric cable ("XLPE") with Tree-Retardant Cross-Linked Polyethylene ("TR-XLPE") installed in duct, offering superior life expectancy, maintainability, and long-term cost efficiency. Furthermore, the program included the replacement of deteriorated transformers, where warranted, with dual load-break switch units to enhance operational flexibility and reduce customer downtime. Major projects completed in 2025 included areas within Westmount, Grenfell, Norton Estates and Wortley.

Overhead Line Work projects included the continued conversion work to address the aging 4.16kV infrastructure and the replacement of deteriorated poles. Major projects completed in 2025 addressed the conversion of Substation 52 and along Wharncliffe Rd.

General Plant: Variance $6,752,858

Variance attributable to Additions: $14,078,597. Variance attributable to Disposals: ($7,325,738)

In 2025, General Plant assets increased by $6.8M from 2024 Actual amounts.

The following General Plant USoA accounts contributed significantly to the gross asset variance:

- System Supervisory Equipment (Account 1980): $437,451 variance, including disposals of $67,381.
- Property Under Finance Lease (Account 2005): $4,620,865 variance.
- Buildings & Fixtures (Account 1908): $1,561,704 variance, including disposals of $67,588.
- Computer Hardware (Account 1920): $740,829 variance, including disposals of $391,279.

- Computer Software (Account 1612): -$1,337,758 variance, including disposals of $4,882,361.
- Transportation Equipment (Account 1930): $501,852 variance, including disposals of $1,348,291.

General Plant asset additions in 2025 were primarily comprised of System Service ($0.8M) and General Plant ($13.5M) investments.

System Service investments were focused on enhancing grid reliability and asset security. Work included the replacement of end-of-life fault indicators and the installation of 20 security panels within downtown network transformer vaults. These panels address copper theft by providing operators with real-time intrusion detection in the event of unauthorized access.

General Plant investments included the following key areas:

- Land & ROU Assets ($4.6M): The land for London Hydro's main office and operations buildings is recognized as a right-of-use ("ROU") asset. In 2025, a lease modification increased the annual payment and the remaining term. Consequently, the ROU asset and corresponding lease liability were remeasured, resulting in a $4.6M increase.
- Building & Fixtures ($1.6M): These additions addressed the replacement of aging components and the continued refurbishments to London Hydro's main office and operations facilities.
- Computer Hardware ($1.1M): This was primarily driven by the scheduled replacement of employee laptops and peripherals, alongside a necessary upgrade to the Storage Area Network ("SAN") infrastructure. The previous storage system, deployed in 2015, was nearing its end-of-life and will reach its end-of-support in 2026.
- Computer Software ($3.5M): Additions were $3.5M; however, this was offset by the disposal of $4.9M in fully depreciated software. Key projects included Cybersecurity Enhancements related to the OEB Cybersecurity Framework and the digitization of job plans (digital tailboards) within the ULTRA application.

- Transportation Equipment ($1.9M): This included the planned replacement of ten fleet units, consisting of two heavy-duty aerial devices, six light-duty support vehicles, one specialized utility vehicle and a trailer. These purchases were offset by vehicles sold in the year with an original cost of $1.3M.

Contributions and Grants: Variance ($6,194,432)

In 2025, London Hydro collected $6.2M in contributed capital from developer-driven projects related to residential condominium and subdivision developments, secondary service upgrades and commercial connections.

2026 Bridge vs. 2025 Actuals

London Hydro's gross asset balances are forecasted to increase by $39.6M (6.0%) from 2025 to 2026. Table 2-19 illustrates these variances, categorized by function and major plant account.

Table 2-19 – 2025 Actuals vs. 2026 Bridge Year - Gross Assets by Account

GROSS ASSET VARIANCE ANALYSIS 2026 BRIDGE vs. 2025 ACTUALS	2025 Actual	2026 Bridge	Variance	Variance
	$	$	$	%
Distribution Plant				
1609 Capital Contributions Paid	6,300,887	7,200,587	899,700	14%
1805 Land - Substations	349,690	349,690	-	0%
1610 Miscellaneous Intangible Plant	1,293,406	1,293,406	-	0%
1612 Land Rights	740,171	740,171	-	0%
1808 Buildings - Substations	1,663,242	1,720,442	57,200	3%
1820 Substation Equipment	14,594,386	14,611,186	16,800	0%
1830 Poles, Towers & Fixtures	66,203,965	69,464,465	3,260,500	5%
1835 OH Conductors & Devices	89,868,501	92,876,801	3,008,300	3%
1840 UG Conduit	129,077,653	143,490,553	14,412,900	11%
1845 UG Conductor & Devices	115,017,595	119,447,195	4,429,600	4%
1850 Line Transformers	138,368,739	145,798,739	7,430,000	5%
1855 Services (OH & UG)	72,985,087	77,825,787	4,840,700	7%
1860 Meters	22,903,948	24,044,148	1,140,200	5%
	659,367,272	**698,863,172**	**39,495,900**	6%
General Plant				
2005 Property Under Finance Lease	6,939,834	6,939,834	-	0%
1908 Buildings & Fixtures	28,342,314	29,447,714	1,105,400	4%
1915 Office Furniture & Equipment	787,564	1,475,864	688,300	87%
1920 Computer - Hardware	2,084,898	2,617,698	532,800	26%
1611 Computer - Software	20,618,051	20,250,451	(367,600)	-2%
1930 Transportation Equipment	16,210,410	17,675,848	1,465,438	9%
1935 Stores Equipment	398,280	420,680	22,400	6%
1940 Tools, Shop & Garage Equipment	1,374,570	1,558,270	183,700	13%
1945 Measurement & Testing Equipment	870,732	907,432	36,700	4%
1950 Power Operated Equipment	1,633,312	1,610,317	(22,995)	-1%
1955 Communication Equipment	4,394,000	4,885,800	491,800	11%
1960 Miscellaneous Equipment	183,351	235,351	52,000	28%
1980 System Supervisory Equipment	10,300,030	11,868,730	1,568,700	15%
	94,137,345	**99,893,987**	**5,756,643**	6%
Total Gross Balance before Contributed Capital	**753,504,616**	**798,757,159**	**45,252,543**	6%
1995 /2440 Contributions and Grants	(98,298,927)	(103,925,927)	(5,627,000)	6%
Total	**655,205,690**	**694,831,232**	**39,625,543**	**6.0%**

Distribution Plant: Variance $39,495,900

Variance attributable to Additions: $44,820,600. Variance attributable to Disposals: ($5,324,700)

In 2026, Distribution Plant assets are forecasted to increase by $39.5M from 2025 Actual amounts.

The following Distribution Plant USoA accounts contributed significantly to this gross asset variance:

- Capital Contributions Paid (Account 1609): $899,700 variance
- Poles, Towers & Fixtures (Account 1830): $3,260,500 variance.
- Overhead Conductors & Devices (Account 1835): $3,008,300 variance.
- Underground Conduit (Account 1840): $14,412,900 variance.
- Underground Conductors & Devices (Account 1845): $4,429,600 variance (including disposals of $3,884,700).
- Line Transformers (Account 1850): $7,430,000 variance (including disposals of $1,343,700).
- Overhead and Underground Services (Account 1855): $4,840,700 variance.
- Meters (Account 1860): $1,140,200 variance (including disposals of $96,300).

Distribution Plant asset additions in 2026 are primarily driven by System Access ($18.4M), and System Renewal ($25.6M) investments.

System Access additions related to new residential and commercial developments are anticipated to remain steady with additions of $12.1M in 2026. This amount includes a significant expansion for Innovation Park, Phase 5. Mandated infrastructure relocations for the City of London, contribute to $4.7M within System Access additions, while investments for Meters and Devices are projected at $1.6M.

System Renewal additions are primarily related to Subdivision Rebuilds ($16.6M), Overhead Line Work ($5.8M) and Downtown Core Supply ($2.3M). Subdivision Rebuild additions represent the continued execution of the enhanced asset management strategy initiated in 2025 to address

identified renewal needs. Following the 2024 ACA, London Hydro has transitioned to a higher volume replacement baseline to address the backlog of aging infrastructure and mitigate the compounding risk of systemic failures. Consequently, London Hydro has increased its cable replacement target to a 35 km annual average. In 2026, London Hydro plans to replace 36 km of legacy XLPE cable with TR-XLPE cable in duct within the areas of Westminster, Ridgeview Meadow, Gainsborough, Platts Lane and Summerset Ridge. This program also includes the replacement of approximately 100 single-phase pad-mounted transformers and 25 three-phase units to address both active failures and assets at imminent risk of service interruption. Additionally, London Hydro will execute rear-lot overhead 4.16 kV conversions to front-lot underground in coordination with the Overhead Line Work program.

Overhead Line Work focuses on continuing 4.16 kV conversions in Zone D, initiating work in Zone G, and the decommissioning of end-of-life assets associated with Substation 27. The program also accounts for the systematic replacement of deteriorated poles throughout the service territory.

The Downtown Core Supply additions continue the planned renewal of critical, aging infrastructure. In 2026, two maintenance holes, reaching 100 years of age, are scheduled for reconstruction, along with the replacement of a deteriorated network transformer. Beyond these planned renewals, the program maintains system reliability through emergency and proactive cable replacements, secondary fault repairs, and copper theft remediation. These investments are essential to ensure the stability of the downtown network as the utility addresses assets that have significantly surpassed their service life.

General Plant investments of $0.9M reflect a capital contribution true-up payment to Hydro One for the Nelson Transformer Station.

General Plant: Variance $5,756,643

Variance attributable to Additions: $12,168,500. Variance attributable to Disposals: ($6,411,857)

In 2026, General Plant assets are forecasted to increase by $5.8M from 2025 Actual amounts.

The following General Plant USoA accounts contributed significantly to the gross asset variance:

- System Supervisory Equipment (Account 1980): $1,568,700 variance (including disposals of $107,900).
- Buildings & Fixtures (Account 1908): $1,105,400 variance (including disposals of $186,300).
- Office Furniture & Equipment (Account 1915): $688,300 variance (including disposals of $62,500).
- Transportation Equipment (Account 1930): $1,465,438 variance (including disposals of $808,562).

General Plant asset additions in 2026 are primarily driven by System Service ($2.0M) and General Plant ($10.9M) investments.

System Service investments focus on SCADA and Operational Technology ("OT") Cybersecurity. These initiatives modernize OT digital architecture to enable advanced grid automation, improved system visibility, and faster fault detection and isolation. Key components include upgrading Intrusion Detection Systems and firewalls to comply with OEB regulatory mandates, alongside the installation of fibre optic and communication tower infrastructure. Collectively, these investments provide a secure, high-capacity, low-latency communications foundation that strengthens grid reliability, reduces the potential duration and impact of outages, and protects critical systems from evolving cybersecurity threats. For customers, these investments support more reliable and secure electricity service and faster restoration when outages occur.

General Plant investments include the following key areas:

- Buildings, Fixtures & Furniture ($2.1M): These additions cover continuous improvements to London Hydro's main office and operations buildings, including

planned building refurbishments, security equipment upgrades, and the replacement of end-of-life furniture and HVAC fixtures.

- Computer Hardware ($1.0M): This includes the lifecycle replacement of employee laptops, mobile field devices, and peripherals, as well as the replacement for Digi routers that have reached end-of-life.
- Transportation Equipment ($2.3M): Additions are for the planned replacement of 11 fleet units, consisting of four heavy-duty aerial devices, three utility trailers and four light-duty support vehicle.

Contributions and Grants: Variance ($5,627,000)

In 2026, London Hydro plans to collect $5.6M in contributed capital from developer-driven projects related to residential condominium and subdivision developments, secondary service upgrades and commercial connections.

2027 Test vs. 2026 Bridge

London Hydro's gross asset balances are forecasted to increase by $47.7M (6.9%) from 2026 to 2027. Table 2-20 illustrates these variances, categorized by function and major plant account.

Table 2-20 – 2027 Test Year vs. 2026 Bridge Year Gross Assets by Account

GROSS ASSET VARIANCE ANALYSIS 2027 TEST vs. 2026 BRIDGE				
	2026 Bridge	2027 Test	Variance	Variance
	$	$	$	%
Distribution Plant				
1609 Capital Contributions Paid	7,200,587	7,200,587	-	
1805 Land - Substations	349,690	349,690	-	0%
1610 Miscellaneous Intangible Plant	1,293,406	1,293,406	-	0%
1612 Land Rights	740,171	740,171	-	0%
1808 Buildings - Substations	1,720,442	1,779,942	59,500	3%
1820 Substation Equipment	14,611,186	14,693,486	82,300	1%
1830 Poles, Towers & Fixtures	69,464,465	73,054,265	3,589,800	5%
1835 OH Conductors & Devices	92,876,801	98,113,601	5,236,800	6%
1840 UG Conduit	143,490,553	158,311,553	14,821,000	10%
1845 UG Conductor & Devices	119,447,195	125,514,795	6,067,600	5%
1850 Line Transformers	145,798,739	153,338,639	7,539,900	5%
1855 Services (OH & UG)	77,825,787	82,720,687	4,894,900	6%
1860 Meters	24,044,148	24,632,548	588,400	2%
	698,863,172	**741,743,372**	**42,880,200**	6%
General Plant				
2005 Property Under Finance Lease	6,939,834	6,939,834	-	0%
1908 Buildings & Fixtures	29,447,714	30,795,714	1,348,000	5%
1915 Office Furniture & Equipment	1,475,864	2,074,864	599,000	41%
1920 Computer - Hardware	2,617,698	3,521,798	904,100	35%
1611 Computer - Software	20,250,451	20,347,051	96,600	0%
1930 Transportation Equipment	17,675,848	19,392,648	1,716,800	10%
1935 Stores Equipment	420,680	439,280	18,600	4%
1940 Tools, Shop & Garage Equipment	1,558,270	1,714,270	156,000	10%
1945 Measurement & Testing Equipment	907,432	874,832	(32,600)	-4%
1950 Power Operated Equipment	1,610,317	1,610,317	-	0%
1955 Communication Equipment	4,885,800	4,454,700	(431,100)	-9%
1960 Miscellaneous Equipment	235,351	235,851	500	0%
1980 System Supervisory Equipment	11,868,730	16,717,730	4,849,000	41%
	99,893,987	**109,118,887**	**9,224,900**	9%
Total Gross Balance before Contributed Capital	**798,757,159**	**850,862,259**	**52,105,100**	7%
1995 /2440 Contributions and Grants	(103,925,927)	(108,361,927)	(4,436,000)	4%
Total	**694,831,232**	**742,500,332**	**47,669,100**	**6.9%**

Distribution Plant: Variance $42,880,200

Variance attributable to Additions: $48,366,400. Variance attributable to Disposals: ($5,486,200)

In 2027, Distribution Plant assets are forecasted to increase by $42.8M from the 2026 Bridge Year.

The following Distribution Plant USoA accounts contributed significantly to this gross asset variance:

- Poles, Towers & Fixtures (Account 1830): $3,589,800 variance.
- Overhead Conductors & Devices (Account 1835): $5,236,800 variance.
- Underground Conduit (Account 1840): $14,821,000 variance (including disposals of $66,100).
- Underground Conductors & Devices (Account 1845): $6,067,600 variance (including disposals of $3,287,400).
- Line Transformers (Account 1850): $7,539,900 variance (including disposals of $1,480,900).
- Overhead and Underground Services (Account 1855): $4,894,900 variance.
- Meters (Account 1860): $588,400 variance (including disposals of $636,400).

Distribution Plant asset additions in 2027 are primarily driven by System Access ($13.3M), and System Renewal ($33.2M) investments.

System Access additions related to new residential and commercial developments are anticipated to decrease slightly following the completion of Innovation Park, Phase 5, in 2026, with projected additions of $9.0M in 2027. Mandated infrastructure relocations for the City of London account for $2.6M within this category. While developer-led spending is projected to slow, investment in Meters and Devices is expected to remain steady at $1.7M to support new service connections and the ongoing upgrade of TGBs and communication equipment to maintain the existing AMI.

System Renewal additions primarily include projects related to Subdivision Rebuilds ($21.2M), Overhead Line Work ($6.9M), Main Feeders ($2.1M), and Downtown Core Supply ($2.8M). Subdivision Rebuild additions represent the continued execution of the enhanced asset management strategy initiated in 2025 to address identified renewal needs (DSP Section 5.3.2b.2). In 2027, London Hydro plans to replace 38 km of legacy XLPE cable with TR-XLPE cable in duct within the areas of Sherwood Forest, Highland, and Norton Estates North. This program also includes approximately 140 single-phase and 25 three-phase pad-mounted transformers prioritized based on asset condition. Additionally, in 2027, London Hydro will continue addressing the rear-lot overhead 4.16 kV conversions to front-yard underground in coordination with the Overhead Line Work program.

Overhead Line Work will focus on completing 4.16 kV conversions in Zone D4, and continuing Zone G. This program also includes the proactive, area-based rebuild strategy targeting overhead assets in poor condition. By coordinating the replacement of deteriorated transformers, poles, and pole-mounted components, the initiative maximizes efficiency and minimizes customer interruptions. In addition to area-based rebuilds, this program includes targeted resiliency initiatives that address emerging risks identified through asset condition assessments and historical outage analysis. These initiatives include the renewal of at-risk critical crossings and the installation of secondary breakaway conductors to improve system resiliency and reduce risks to public safety.

Main Feeder investments focus on constructing new ties and rebuilding existing feeders and civil structures that are in poor condition or require capacity upgrades. These projects are essential to enhancing the reliability, resiliency, and operational flexibility of the distribution system. For 2027, three key projects are planned: the construction of a new feeder tie across the Medway River (coordinated with a City road-widening project), a circuit rebuild along Colonel Talbot Road, and the reconductoring of a section of Adelaide Street.

Downtown Core Supply continues its multi-year focus on renewing critical infrastructure. Planned additions for 2027 include the reconstruction of two maintenance holes and one vault, exceeding 85 years of age, and the replacement of an additional deteriorated network transformer. The

program also maintains its focus on grid reliability through emergency and proactive cable replacements, secondary fault repairs, and copper theft remediation.

General Plant: Variance $9,224,900

Variance attributable to Additions: $17,702,500. Variance attributable to Disposals: ($8,477,600).

In 2027, General Plant assets are forecasted to increase by $9.2M from the 2026 Bridge Year.

The following General Plant USoA accounts contributed significantly to the gross asset variance:

- System Supervisory Equipment (Account 1980): $4,849,000 variance (including disposals of $313,200).
- Buildings & Fixtures (Account 1908): $1,348,000 variance (including disposals of $292,800).
- Office Furniture & Equipment (Account 1915): $599,000 variance (including disposals of $181,900).
- Computer Hardware (Account 1920): $904,100 variance (including disposals of $512,800).
- Computer Software (Account 1612): $96,600 variance (including disposals of $5,009,500).
- Transportation Equipment (Account 1930): $1,716,800 variance (including disposals of $728,200).

General Plant asset additions in 2027 are primarily driven by System Service ($7.6M) and General Plant ($12.0M) investments.

System Service investments planned in 2027 are predominately focused on the first phase of a multi-year grid modernization initiative to replace legacy Outage Management Systems ("OMS") with Advanced Distribution Management Systems ("ADMS") and Distributed Energy Resource Management Systems ("DERMS") platforms. This initial phase establishes a digital foundation by

linking the core ADMS platform with the existing Geographical Information Systems ("GIS") and SCADA systems. By replacing the aging OMS, London Hydro will improve outage detection, optimize field response, and enhance customer communications. This investment is critical to ensuring grid readiness for the accelerated adoption of electric vehicles and distributed energy resources while enhancing system resilience against severe weather events.

General Plant investments include the following key areas:

- Buildings, Fixtures & Furniture ($2.4M): These additions cover sustained improvements to London Hydro's main office and operations buildings, including building refurbishments, updated HVAC and lighting fixtures, and security equipment upgrades.
- Computer Hardware ($1.4M): This includes the continued lifecycle replacement of employee laptops, mobile field devices, and peripherals, as well as a planned server refresh.
- Transportation Equipment ($2.4M): This covers the planned replacement of fifteen fleet units, consisting of two heavy-duty aerial devices, twelve light-duty support vehicles, and one utility trailer.
- Computer Software ($5.1M): Key software initiatives for 2027 include investments in cybersecurity and system hardening, as well as upgrades to the Commercial and Industrial ("C&I") Energy Management Application and Property Management portal and delivering enhanced capabilities for reconciling IESO settlement and unbilled revenue reporting.

Contributions and Grants: Variance ($4,436,000)

In 2026, London Hydro plans to collect $4.4M in contributed capital from developer-driven projects related to residential condominium and subdivision developments, secondary service upgrades and commercial connections.

2.3 DEPRECIATION, AMORTIZATION AND DEPLETION

2.3.1 Overview

Table 2-21 below provides a summary of London Hydro's depreciation expense for the 2022 OEB-Approved Year, 2022 to 2025 Historical Years, 2026 Bridge Year, and 2027 Test Year. The total depreciation expense in the 2027 Test Year is $24,279,000.

Table 2-21 – Depreciation Expense Summary – 2022 to 2027

DEPRECIATION EXPENSE 2022 TO 2027 - Summary		2022 Board Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 Actuals to 2027 Test	CAGR
		$	$	$	$	$	$	$	$	%
Distribution Plant		14,409,300	14,320,688	15,107,181	15,787,402	15,633,703	16,264,900	17,158,900	2,838,212	3.7%
General Plant		9,174,500	9,183,107	9,725,041	9,106,296	8,663,597	8,803,100	9,547,100	363,993	0.8%
Total Additions before Contributed Capital		**23,583,800**	**23,503,795**	**24,832,221**	**24,893,699**	**24,297,300**	**25,068,000**	**26,706,000**	3,202,205	2.6%
1995 /2440 Contributions and Grants		(1,869,000)	(1,837,373)	(1,970,509)	(2,144,826)	(2,300,792)	(2,446,000)	(2,572,000)	(734,627)	7.0%
		21,714,800	**21,666,422**	**22,861,712**	**22,748,873**	**21,996,508**	**22,622,000**	**24,134,000**	**2,467,578**	**2.2%**
Less: V&E (included in OH Allocation)	*Note 1*	(1,158,000)	(1,107,070)	(1,240,512)	(1,281,602)	(1,328,702)	(1,389,000)	(1,527,000)	(419,930)	6.6%
Less: 2440 Contributions and Grants (Deferred Revenue)	*Note 2*	969,000	937,672	1,070,808	1,245,125	1,401,091	1,546,000	1,672,000	734,328	12.3%
		21,525,800	**21,497,024**	**22,692,008**	**22,712,395**	**22,068,898**	**22,779,000**	**24,279,000**	**2,781,976**	**2.5%**

Note 1 - V&E depreciation is included in overhead allocation and is therefore excluded from depreciation expense.

Note 2 - Contributions in the aid of construction are amortized to other revenues and are therefore excluded from depreciation expense

2.3.2 Useful Life and Componentization

All significant components of each item of Property, Plant and Equipment ("PP&E") are depreciated separately for each of the 2022 Actual to the proposed 2027 Test Year. Calculations are based on the most current estimates of useful service lives, based on London Hydro's professional judgement and studies completed by Kinectrics. In instances where Kinectrics guidelines are unavailable or circumstances are atypical (e.g., a used vehicle acquisition), the applicable useful life is determined based on professional judgement in accordance with IFRS.

The Kinectrics studies were conducted for a group of utilities, including London Hydro, in preparation for the transition to MIFRS. London Hydro adopted these new life spans effective January 1, 2012 in order to convert to MIFRS for rate-making purposes. Depreciation expenses approved for 2022, as well as amounts reported in this application are calculated using these established life spans. Table 2-22 below provides a summary of the useful service lives and amortization periods (in years) used in this application by asset category.

Table 2-22 – Summary of Useful Service Life Spans

Summary of Rate of Depreciation/Amortization (in years)		
1609	Capital Contributions Paid	45
1610	Intangible Wholesale Meters	30
1611	Computer Equipment - Software	3-5
1612	Land Rights	25
1805	Land	N/A
1808	Buildings (Substations)	30-75
1820	Equipment (Substations)	15-45
1830	Poles, Towers & Fixtures	45
1835	OH Conductors & Devices	45-50
1840	UG Conduit	30-60
1845	UG Conductors & Devices	25-40
1850	Transformers	35
1855	Services	30-60
1860	Electric Meters	15-30
1908	Buildings (General Plant Area)	12-65
1915	General Office	5
1920	Computer Equipment - Hardware	3-5
1930	Transportation	8-12
1935	Stores Department	8
1940	Tools, Shop, Garage Equipment	8
1945	Measurement & Testing Equipment	8
1950	Power Operated (Major) Equipment	8
1955	Communication Equipment	8-35
1960	Miscellaneous	8
1980	System Supervisory Equip (Scada)	10-20
2005	Property Under Finance Lease	40-52
2075	Renewable Generation	10-20
1995	Contributed Capital	40
2440	Deferred Revenue	40

London Hydro has not made any significant changes to its useful service lives, since its last rebasing, with the exception of Computer Equipment - Hardware. The useful life for Hardware has

been updated from a standard 3-year term to a range of 3 to 5 years, depending on the specific components acquired. This revised range aligns with the previously referenced Kinectrics study and more accurately reflects major hardware components that typically include five-year support periods.

A detailed summary of the useful service life spans has been provided in OEB Appendix 2-BB – Service Life Comparison in accordance with OEB Filing Requirements. While certain service lives fall outside the Typical Useful Life ("TUL") ranges identified in the OEB Kinectrics study, these lives were previously approved by the OEB in London Hydro's 2013 (EB-2012-0146), 2017 (EB-2016-0091) and 2022 (EB-2021-0041) Cost of Service applications.

2.3.3 Depreciation, Amortization and Depletion by Asset Group

A Depreciation Expense Summary by Major Asset Category and Asset Group is provided in Table 2-23 for historical, 2026 Bridge and 2027 Test Years below.

London Hydro has also completed OEB Appendix 2-C – Depreciation and Amortization Expense Schedules, in accordance with OEB Filing Requirements, for each of the following years: 2022 Actuals, 2023 Actuals, 2024 Actuals, 2025 Actuals, 2026 Bridge and 2027 Test Year. Individual schedules can be found at the end of this Exhibit, in APPENDIX 2-2.

London Hydro notes that the depreciation differences identified within Appendix 2-C are expected due to the following reasons:

- The depreciation values in Appendix 2-C utilize a half-year rule for additions in the first year; however, London Hydro's internal policy is to recognize depreciation starting in the specific quarter the asset is placed in service. See Section 2.3.3.1 Half-Year Rule for more information.
- Appendix 2-C applies broad assumptions to calculate the remaining useful lives for each USoA account, while London Hydro calculates depreciation expense at the individual asset level. Each account contains individual assets with varying costs and remaining useful lives depending on when they were put in-service.

Table 2-23 – Depreciation Expense 2022 to 2027

DEPRECIATION EXPENSE 2022 TO 2027 - Details							
	2022 Board Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test
	$	$	$	$	$	$	$
Distribution Plant							
1609 Capital Contributions Paid	120,800	122,829	122,829	124,271	140,206	150,200	160,200
1610 Miscellaneous Intangible Plant	43,100	43,096	43,096	43,096	43,096	43,100	43,100
1612 Land Rights	20,600	24,528	29,724	29,556	30,225	30,300	31,100
1808 Buildings - Substations	18,100	18,441	115,640	116,968	116,968	82,400	55,800
1820 Substation Equipment	389,000	376,741	487,123	459,345	344,656	310,300	312,500
1830 Poles, Towers & Fixtures	938,400	937,767	994,435	1,061,760	1,130,012	1,212,000	1,288,200
1835 OH Conductors & Devices	1,344,000	1,308,100	1,374,535	1,438,262	1,497,274	1,559,300	1,646,400
1840 UG Conduit	1,543,700	1,566,597	1,718,574	1,871,241	2,025,515	2,275,900	2,524,400
1845 UG Conductor & Devices	3,487,600	3,440,054	3,410,756	3,403,015	3,517,131	3,546,000	3,613,600
1850 Line Transformers	2,961,800	2,985,677	3,151,165	3,379,968	3,551,061	3,821,900	4,057,300
1855 Services (OH & UG)	1,456,100	1,421,980	1,539,478	1,658,686	1,775,705	1,931,600	2,075,300
1860 Meters	2,086,100	2,074,878	2,119,825	2,201,234	1,461,855	1,301,900	1,351,000
	14,409,300	14,320,688	15,107,181	15,787,402	15,633,703	16,264,900	17,158,900
General Plant							
2005 Property under Finance Lease	58,000	57,974	57,974	57,974	145,200	145,200	145,200
1908 Buildings & Fixtures	696,900	686,875	677,622	685,419	702,880	736,400	763,500
1910 Leasehold Improvements	-	-	-	-	-	-	-
1915 Office Furniture & Equipment	255,100	209,623	224,974	200,147	154,906	229,400	362,600
1920 Computer - Hardware	516,900	590,221	774,585	549,205	571,927	625,800	875,300
1611 Computer - Software	5,293,100	5,326,981	5,477,440	4,953,095	4,423,726	4,213,400	4,132,100
1930 Transportation Equipment	1,064,700	1,017,101	1,138,901	1,161,922	1,206,806	1,293,100	1,445,100
1935 Stores Equipment	40,000	40,102	42,891	42,073	28,777	20,000	21,500
1940 Tools, Shop & Garage Equipment	132,500	128,751	141,589	154,994	169,669	184,200	209,400
1945 Measurement & Testing Equipment	172,800	167,620	159,460	126,873	113,035	118,000	120,900
1950 Power Operated Equipment	93,300	89,968	101,611	119,681	121,896	95,900	81,900
1955 Communication Equipment	433,700	432,897	428,919	474,155	366,954	396,800	387,500
1960 Miscellaneous Equipment	16,500	14,474	15,002	15,514	19,666	25,700	31,000
1980 System Supervisory Equipment	401,000	420,518	484,073	565,246	638,155	719,200	971,100
	9,174,500	9,183,107	9,725,041	9,106,296	8,663,597	8,803,100	9,547,100
Total Additions before Contributed Capital	**23,583,800**	**23,503,795**	**24,832,221**	**24,893,699**	**24,297,300**	**25,068,000**	**26,706,000**
1995 /2440 Contributions and Grants	(1,869,000)	(1,837,373)	(1,970,509)	(2,144,826)	(2,300,792)	(2,446,000)	(2,572,000)
	21,714,800	**21,666,422**	**22,861,712**	**22,748,873**	**21,996,508**	**22,622,000**	**24,134,000**
Add: Depreciation on Stranded Meters							
Less: V&E (included in OH Allocation)	(1,158,000)	(1,107,070)	(1,240,512)	(1,281,602)	(1,328,702)	(1,389,000)	(1,527,000)
Less: 2440 Contributions and Grants (Deferred Revenue)	969,000	937,672	1,070,808	1,245,125	1,401,091	1,546,000	1,672,000
	21,525,800	**21,497,024**	**22,692,008**	**22,712,395**	**22,068,898**	**22,779,000**	**24,279,000**

2.3.3.1 Half-Year Rule

London Hydro confirms that it has complied with the OEB's general policy for electricity distribution rate setting, under which capital additions would attract six months of depreciation expense in the year the asset is put into service. This methodology has been applied to both the 2026 Bridge Year and the proposed 2027 Test Year.

For historical actuals, depreciation expense is calculated automatically by London Hydro's fixed asset system. Actual additions to capital assets are updated on a quarterly basis, as assets are placed in service. Depreciation begins at a point that ties most closely with the in-service date of the asset.

2.3.4 Changes to Depreciation Policy

In preparation for the adoption of International Financial Reporting Standards (IFRS), London Hydro completed a formal capitalization policy reflecting the new requirements under that accounting standard. This policy has been used as the basis under which amortization is calculated from January 1, 2012 and onwards. A copy of London Hydro's capitalization policy has been provided in APPENDIX 2-3. London Hydro has not made any changes to its depreciation policies since its last rebasing application.

Depreciation is calculated in a rational and systematic manner, as required and as follows,

- Using a straight-line basis over the estimated remaining useful life of the assets.
- Amortizing spare transformers and electric meters assets from the date of acquisition.
- Amortizing capital contributions in the aid of construction and recognizing as other revenue.
- Significant components of each item of Property, Plant and Equipment are depreciated separately in accordance with MIFRS.

2.3.5 Asset Retirement Obligations

London Hydro does not have any Asset Retirement Obligations ("AROs") or associated depreciation or accretion expenses in relation to the AROs to report as part of this application.

2.4 ALLOWANCE FOR WORKING CAPITAL

In accordance with the OEB Letter dated June 3, 2015, *Allowance for Working Capital for Electricity Distribution Rate Applications*, Applicants may calculate their working capital allowance (WCA) using either a default 7.5% of the sum of Cost of Power (COP) and OM&A or file a lead/lag study. London Hydro has elected to use the default allowance of 7.5% to calculate WCA. London Hydro has not conducted a lead/lag study, nor has it been directed by the OEB to perform one.

London Hydro has calculated a WCA of $37.0M for the proposed 2027 Test Year, as shown in Table 2-24 below.

Table 2-24 – Summary of Working Capital Allowance

SUMMARY OF WORKING CAPITAL ALLOWANCE									
	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 OEB Approved to 2027 Test	CAGR
	$	$	$	$	$	$	$	$	%
Eligible Distribution Expenditures	42,939,800	45,469,490	47,982,026	51,743,382	58,659,819	64,977,400	67,765,300	24,825,500	*9.6%*
Cost of Power (COP)	327,514,989	337,192,061	344,428,339	360,417,751	392,796,598	421,659,340	425,948,506	98,433,517	*5.4%*
Total Eligible Distribution Expenditures & COP	370,454,789	382,661,551	392,410,365	412,161,133	451,456,417	486,636,740	493,713,806	123,259,017	*5.9%*
WCA Rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	
Working Capital Allowance (WCA)	**27,784,109**	**28,699,616**	**29,430,777**	**30,912,085**	**33,859,231**	**36,497,756**	**37,028,535**	9,244,426	*5.9%*

The 2027 working capital allowance has increased by $9.2M, or 5.9% CAGR, in comparison to the 2022 OEB-Approved amounts. This change is the result of an increase in cost of power expenses of $98.4M, and an increase in eligible distribution expenses of $24.8M.

Total eligible distribution expenses used in the calculation of WCA represent OM&A expenditures, cloud services and property taxes as listed in Exhibit 4, Table 4-1. Additionally, the calculation of the cost of power for the proposed 2027 Test Year can be found in the Chapter 2 Appendices, Appendix 2-ZA or Appendix 2-ZB. A summary of the 2027 cost of power is shown in Table 2-25 below.

London Hydro confirms that it has split RPP and non-RPP based on 2025 actual consumption data. The RPP supply cost reflects the rates for the November 1, 2025 to October 31, 2026 period, as published in the most recent Regulated Price Plan Report, dated October 17, 2025. London Hydro also confirms the 23.5% OER credit is applied to the RPP portion of the Cost of Power Expense components. London Hydro also confirms it has used the most recently approved Uniform Transmission Rates, Smart Metering Entity charges, and regulatory charges. London Hydro acknowledges that these rates may be updated at a later date to reflect actual 2027 rates, as approved by the OEB. Additional details on Retail Transmission Service Rates and Low Voltage charges applied within the Cost of Power Expense calculations are provided in Exhibit 8.

Table 2-25 – 2027 Test Year Cost of Power

2027 Test Year - COP	
	Sub-Total
4705 -Power Purchased	$ 325,237,943
4707- Global Adjustment	$ 75,553,870
4708-Charges-WMS	$ 18,088,314
4714-Charges-NW	$ 41,176,263
4716-Charges-CN	$ 30,938,150
4750-Charges-LV	$ -
4751-IESO SME	$ 857,012
Misc A/R or A/P	$ (65,903,045)
TOTAL	**$ 425,948,506**

2.5 DISTRIBUTION SYSTEM PLAN

In accordance with the Chapter 2 Filing Requirements, London Hydro is filing its consolidated Distribution System Plan ("DSP") as a stand-alone and self-sufficient document as APPENDIX 2-5 of this Exhibit. London Hydro has prepared its DSP in accordance with the OEB's *Filing Requirements For Electricity Distribution Rate Applications – 2026 Edition for 2027 Rate Applications - Chapter 5 Consolidated Distribution System Plan*, issued on December 16, 2025 as part of this Application. The DSP incorporates matters pertaining to asset management, regional planning, and renewable energy generation.

2.6 POLICY OPTIONS FOR THE FUNDING OF CAPITAL

London Hydro is not requesting funding through an Advanced Capital Module ("ACM") in this application. The strategic investments identified in DSP Section 5.2.1e are currently at a planning level and remain in construction work-in-progress. Because expenditure and execution estimates are subject to refinement through detailed engineering, procurement, and regulatory processes, these projects do not currently have the level of cost and timing certainty required for an ACM. There is the possibility that London Hydro will request an Incremental Capital Module ("ICM") during the 2027–2031 period, and reserves the right to submit an ICM during the IRM term should unforeseen capital requirements arise that meet the OEB's criteria for incremental funding

2.7 ADDITION OF PREVIOUSLY APPROVED ACM and ICM PROJECT ASSETS TO RATE BASE

2.7.1 Background

This section outlines the addition of previously approved Advanced Capital Module ("ACM") and Incremental Capital Module ("ICM") project assets into rate base. London Hydro confirms that it did not undertake or seek recovery for any ICM projects during the previous IRM period. Therefore, this section pertains exclusively to the inclusion of approved ACM project assets.

London Hydro submitted an ACM request for the Customer Information System ("CIS") Refresh (SAP S/4HANA) project as part of its 2022 Cost of Service application (EB-2021-0041). The CIS Refresh project was a major, multi-year investment to replace and modernize London Hydro's core CIS platform and the systems that support billing, customer service, settlements, and related operational and regulatory processes within the SAP S/4HANA environment. In the EB-2021-0041 proceedings, the prudence, need, and materiality of the project were established, and a full settlement was reached based on a planned in-service date within 2023. The Settlement Proposal capped the ACM-related capital funding at $18.5M, with the understanding that any costs exceeding this amount would be subject to a prudence review at the next rebasing application.

As part of the 2024 IRM application (EB-2023-0037), London Hydro requested and received approval for an ACM rate rider based on a revised, forecasted in-service date in the fourth quarter of 2024. The revised in-service date was the result of challenges faced with greater-than-expected turnover of both internal staff and contracted labour, each of which was difficult to replace due to a shortage of specialized SAP skills in the labour market. The OEB approved this request.

While labour market challenges persisted, new challenges arose as the accelerators did not work as planned, requiring significant customization. This led to further schedule delays and project cost increases. In response to the compliance deadline for integration of billing systems with the Meter Data Management/Repository ("MDM/R") based solution for net-metered customers,

London Hydro notified the OEB via correspondence dated October 3, 2024, that the utility would be unable to comply until the CIS Refresh project was completed. In that letter, London Hydro informed the OEB that the CIS Refresh was not expected to be implemented until Q2 2025.

In light of ongoing execution challenges facing the CIS Refresh project, London Hydro retained Ernst & Young LLP ("EY") to conduct a "Replanning Update" and provide recommendations on how to most effectively advance the project. Following careful consideration of EY's findings and recommendations, London Hydro collaborated with its system integrator to develop a revised project plan, which was formally approved in December of 2025.

The revised project plan established clear entrance and exit criteria for project Milestones to ensure adherence to schedule and scope. In addition, the revised plan expanded testing requirements to address significant customization, ensuring data migration integrity, billing accuracy, and a positive experience for London Hydro customers.

These clear expectations and rigorous testing protocols enabled granular tracking of progress on the revised project plan. Through reinforced governance practices, London Hydro and its system integrator closely monitored both implementation progress and quality. In July of 2026, London Hydro and its system integrator came to the mutual agreement to terminate the contract.

The CIS Refresh project is currently paused while London Hydro evaluates its options for moving forward.

London Hydro recognizes that developing and approving a revised plan requires careful consideration and time. Furthermore, if the revised plan includes a revamp to the CIS Refresh project, full implementation would likely occur more than one year after a go-forward decision is reached. In the interim, there were elements included in the CIS Refresh scope (regulatory requirements such as payment allocations, and MDM/R communication to the IESO) that need to be addressed within London Hydro's existing SAP environment. Consequently, following the decision to pause the CIS Refresh project, London Hydro's Board of Directors approved capital budget adjustments to reallocate and expand funding for Application Development by $2.7M for 2026 and $700k for 2027.

These updated Application Development budgets incorporate previously incurred CIS Refresh project development costs that are being repurposed for the current system ("Repurposed Capital").

2.7.2 Rate Base Treatment

London Hydro confirms that no capital costs associated with the paused CIS Refresh project have been included in Rate Base in this application.

However, as noted above, specific project work classified as Repurposed Capital has been transferred from the CIS Refresh scope into the 2026 and 2027 Application Development capital programs in order to achieve compliance and enhancements that were expected to be achieved through the CIS Refresh project and can no longer be delayed.

2.7.3 True-up of ACM Rate Rider

The CIS Refresh project did not achieve go-live during the rebasing period and has been paused, and the existing ACM rate rider originally approved in EB-2023-0037 is no longer required as a separate recovery mechanism.

As a result, London Hydro will:

1. **Cease the ACM Rate Rider** effective April 30, 2027.

2. **Refund Collected Amounts:** London Hydro proposes to return the total amount collected through the ACM rate rider and associated carrying charges from May 1, 2024, to April 30, 2027, totaling $341,769. These amounts are summarized in Table 2-26 below.

London Hydro proposes to return the funds collected through the 2024-2027 ACM Rate Rider (plus associated carrying charges) to customers via a one-year Credit Rider / DVA Disposition

starting in the 2027 Test Year. This ensures that ratepayers are fully compensated for the early collection of ACM funding.

Table 2-26 – ACM Rate Rider and Carrying Charges Summary

ACM RATE RIDER REVENUES AND CARRYING CHARGES SUMMARY					
	2024 Actual	2025 Actual	2026 Bridge	2027 Test	TOTAL
	$	$	$	$	$
ACM Rate Rider Revenues	72,145	109,462	110,130	36,838	328,575
Carrying Charges	968	3,753	5,912	2,562	13,194
Total Projected Revenues with Interest to April 30, 2027	73,113	113,215	116,041	39,400	341,769
Proposed Refund to Customers					**(341,769)**

2.8 CAPITALIZATION

2.8.1 Capitalization Policy

As of January 1, 2015, London Hydro follows International Financial Accounting Standards ("IFRS"). London Hydro confirms that its capitalization policy is consistent with the OEB's regulatory accounting policies as set out for MIFRS as contained in the *Report of the Board on Transition to International Financial Reporting Standards* (EB-2008-0408) and the OEB's Accounting Procedures Handbook.

London Hydro's capitalization policy is provided in APPENDIX 2-3 at the end of this Exhibit. While no significant changes have occurred since the 2022 rebasing, the policy was updated to provide additional clarity as follows:

- Removed historical transition-related language (2012 CGAAP to IFRS) within the "Overview" section of the policy as the transitional language has been superseded.
- Provided guidance on capitalization related to cloud computing based on the *March 2021 IFRS Interpretations Committee Agenda Decision regarding the treatment of configuration and customization costs*[4].
- Revised criteria for costs eligible for capitalization related to Overhead Labour and Materials Management overhead burdens.

[4] https://www.ifrs.org/news-and-events/updates/ifric/2021/ifric-update-march-2021/#3

2.8.2 Overhead Costs

London Hydro capitalizes four types of overhead expenses: Employee Benefits, the Fleet Department, Materials Management Department, and Overhead Labour Burden. These expenses are discussed in further detail in Section 2.8.3 Burden Rates.

London Hydro has completed Appendix 2-D (Overhead Expense) as per the OEB Filing Requirements. A copy is also provided as APPENDIX 2-4 within this Exhibit.

2.8.3 Burden Rates

London Hydro's process related to overhead costs includes periodic reviews to help ensure that all directly attributable costs related to self-constructed assets are captured and properly allocated to capital projects based on predetermined rates.

London Hydro has four categories of burdens related to overhead costs: Employee Benefits, Fleet Department, Materials Management Department, and Overhead Labour.

Employee Benefits

Employee benefit costs can be broken down into three groupings: Statutory costs (such as CPP, EI, EHT, WSIB), active employee costs (such as OMERS, health, dental, life insurance, long-term disability insurance, pension contributions) and retired employee costs (such as life insurance premiums, employee future benefit costs).

Total benefit costs are allocated among OM&A, capital and billable jobs, based on actual labour hours, by applying benefit rates. These rates are derived by comparing the relationship between estimated total benefits and estimated total base salaries for the year and calculating an appropriate percentage to ensure all benefit costs are accounted for.

London Hydro's fully burdened rate for full-time employees is 68%. This rate accounts for both the benefit costs mentioned above, as well as a factor for non-productive time (vacation, sick, etc.). This method ensures all employee-related benefits are recorded in the proper OM&A/capital

accounts, based on direct labour hours. See below for complete information on various allocation rates.

Fleet Department

Fleet Department costs include labour, materials, fuel, repairs, vehicle and equipment depreciation, and other costs associated with maintaining London Hydro's fleet of vehicles and equipment. Hourly fleet burden rates are based on vehicle/equipment type and reviewed annually. Rates are calculated using an estimation of annual costs and usage per type of vehicle/equipment. These rates are allocated to capital and billable jobs based on actual vehicle/equipment usage, which is tracked by employee via timesheet. Fleet costs are also allocated to various OM&A departments based on vehicle availability. For example, a vehicle designated for the Health and Safety Department would be allocated 40 hours/week of fleet burden, based on the respective vehicle's predetermined rate.

Materials Management Department

Materials Management Department costs include labour and benefits for employees responsible for inventory control, materials handling, and issuance of stock, along with associated operating expenditures such as supplies, systems, and third-party services required to support these functions. These costs exclude inventory obsolescence and facility-related expenses.

Historically, following the transition to IFRS, London Hydro limited capitalized overhead to specific labour roles directly tied to project scheduling and procurement. However, effective January 1, 2024, London Hydro updated its Materials Management overhead burden methodology to include all costs of the Materials Management Department, excluding the cost of inventory obsolescence. As a result, all eligible Materials Management costs are now allocated to capital and non-capital activities using pre-determined allocation rates based on the nature of the activity and material usage.

Allocation rates continue to reflect applicable financial reporting requirements, with capital allocations limited to costs that are directly attributable to the construction of property, plant and equipment. The allocation methodology is designed to reasonably assign Materials Management

costs to benefiting functions in a consistent and systematic manner. Table 2-27 below lists London Hydro's allocation rates.

Further details regarding the rationale and accounting treatment supporting this change are provided in Exhibit 4, Section 4.2.5.

Overhead Labour

Effective January 1, 2024, London Hydro reviewed its capitalization practice in reaction to the OEB Activity and Program-Based Benchmarking framework to capture labour costs associated with capital activities through an overhead burden rate. The Overhead Labour Burden applies to employees who, while not charging time directly to specific projects, are essential in bringing assets to the location and condition necessary for their intended operation.

This shift recognizes incremental, non-project-specific time that provides vital oversight and support for capital works. Because these functions support a broad range of capital activities, direct attribution to a single project is impractical. This modification ensures that only incremental costs with a clear causal link to capital construction—specifically those that would be avoided if London Hydro ceased its internal asset construction—are capitalized. Table 2-27 below lists London Hydro's allocation rates.

Further details regarding the rationale and accounting treatment supporting this change are provided in Exhibit 4, Section 4.2.5.

All overhead costs discussed in this section are reviewed on a regular basis and revised as required. The employee benefit rate is updated depending on the dollar amount of pooled benefits to be disbursed, and the level of gross salaries for a given year. Vehicle rates are updated annually to coincide with changes in budgeted amounts in the Fleet Services Department. Material rates are also reviewed on a regular basis and adjusted, when necessary, since these rates can change depending on the value and types of products being handled. The Overhead Labour Burden rate is set based on the labour costs required to be allocated to capital work

relative to the dollar value of distribution capital expenditures. Overhead rates for 2027 and those approved in the 2022 Cost of Service Application are shown in Table 2-27 below.

Table 2-27 – Cost Allocation Rates 2022 vs 2027

LONDON HYDRO INC. COST ALLOCATION RATES		
Burden Type	**2022 Rate**	**2027 Rate**
Labour		
Full-Time	68.0%	68.0%
Part-Time	22.0%	22.0%
Materials Management		
Items >$1k and cable/wire		
Capital	4%	9%
Non-Capital	7%	9%
Items <$1k and non cable/wire		
Capital	5%	14%
Non-Capital	12%	14%
Overhead Labour	n/a	4.0%

*Fleet rates not included above; allocated using flat rate per vehicle type, not percentage allocation

2.9 COSTS OF ELIGIBLE INVESTMENTS FOR THE CONNECTION OF QUALIFYING GENERATION FACILITIES

There is significant renewable generation activity across London Hydro's distribution system. As of December 31, 2025, the following are connected to London Hydro's system: 4 RESOP projects with a total nameplate capacity of 6.2 MW, 291 microFITs (10 kW or less aggregating to 2.4 MW), 62 active renewable FIT generation projects (12.9 mW), and 156 Net Metering projects (5.9 MW). The total nameplate capacity for all connected renewable generation is 27.5 MW.

London Hydro does not expect any eligible capital expenditures related to renewable energy generation ("REG") in its DSP. There are no additional OM&A costs related to REG facilities as London Hydro is able to process all REG applications utilizing existing resources. Therefore, London Hydro does not require recovering costs incurred to make eligible investments as described in Section 79.1 of the Act and O. Reg. 330/09 under the Act.

Since London Hydro does not expect any capital expenditures related to REG, London Hydro has not completed nor filed Appendix 2-FA to Appendix 2-FC.

APPENDIX 2-1:

FIXED ASSET CONTINUITY SCHEDULES

Table 2-28 – 2022 Fixed Asset Continuity Schedule (OEB Appendix 2-BA)

Accounting Standard: MIFRS
Year: 2022

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance [8]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [8]	Additions	Disposals [6]	Closing Balance	
	1609	Capital Contributions Paid	$5,518,934	$0	$0	$5,518,934	-$457,284	-$122,829	$0	-$580,113	$4,938,821
CEC	1610	Intangible Wholesale Meters	$1,293,406	$0	$0	$1,293,406	-$552,680	-$43,096	$0	-$595,776	$697,630
12	1611	Computer Software (Formally known as Account 1925)	$25,301,858	$4,477,245	-$3,146,221	$26,632,882	-$11,812,070	-$5,326,981	$3,146,221	-$13,992,830	$12,640,052
CEC	1612	Land Rights (Formally known as Account 1906)	$497,489	$341,310	-$59,250	$779,549	-$143,435	-$24,528	$59,250	-$108,712	$670,836
N/A	1805	Land	$349,690	$0	$0	$349,690	$0	$0	$0	$0	$349,690
47	1808	Buildings	$1,420,235	$247,478	-$32,469	$1,635,245	-$662,437	-$18,441	$26,917	-$653,961	$981,284
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	$15,127,306	$277,210	-$454,737	$14,949,780	-$7,261,962	-$376,741	$330,874	-$7,307,829	$7,641,951
47	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1830	Poles, Towers & Fixtures	$54,566,892	$2,386,249	$0	$56,953,141	-$25,058,854	-$937,767	$0	-$25,996,622	$30,956,519
47	1835	Overhead Conductors & Devices	$78,066,664	$3,199,752	-$31,810	$81,234,606	-$30,646,335	-$1,308,100	$9,728	-$31,944,707	$49,289,899
47	1840	Underground Conduit	$89,753,987	$9,403,021	-$5,054	$99,151,954	-$16,565,263	-$1,566,597	$5,054	-$18,126,805	$81,025,148
47	1845	Underground Conductors & Devices	$104,439,323	$5,727,568	-$4,046,637	$106,120,254	-$41,070,215	-$3,440,054	$4,046,637	-$40,463,632	$65,656,622
47	1850	Line Transformers	$115,879,410	$6,092,310	-$1,535,535	$120,436,186	-$47,826,819	-$2,985,677	$1,524,503	-$49,287,993	$71,148,193
47	1855	Services (Overhead & Underground)	$55,270,478	$3,999,007	$0	$59,269,485	-$14,907,034	-$1,421,980	$0	-$16,329,014	$42,940,471
47	1860	Meters	$34,556,574	$731,026	-$88,785	$35,198,816	-$19,762,714	-$2,074,878	$73,520	-$21,764,073	$13,434,743
N/A	1905	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1908	Buildings & Fixtures	$24,965,141	$1,547,773	-$852,920	$25,659,994	-$11,201,928	-$686,875	$797,055	-$11,091,749	$14,568,245
13	1910	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	1915	Office Furniture & Equipment	$1,067,960	$181,895	-$115,730	$1,134,125	-$533,468	-$209,623	$115,730	-$627,361	$506,763
50	1920	Computer Equipment - Hardware	$1,631,500	$639,024	-$335,302	$1,935,222	-$569,450	-$590,221	$335,302	-$824,370	$1,110,852
10	1930	Transportation Equipment	$14,258,977	$1,484,567	-$413,031	$15,330,513	-$8,243,596	-$1,017,101	$401,346	-$8,859,352	$6,471,162
8	1935	Stores Equipment	$348,217	$21,300	-$3,348	$366,169	-$198,120	-$40,102	$3,348	-$234,874	$131,294
8	1940	Tools, Shop & Garage Equipment	$1,024,717	$207,300	-$133,094	$1,098,923	-$441,526	-$128,751	$133,094	-$437,182	$661,741
8	1945	Measurement & Testing Equipment	$1,349,644	$13,533	-$88,714	$1,274,463	-$737,683	-$167,620	$88,714	-$816,589	$457,874
38	1950	Power Operated Equipment	$1,284,369	$34,438	$0	$1,318,808	-$910,234	-$89,968	$0	-$1,000,202	$318,606
8	1955	Communications Equipment	$5,821,124	$309,009	-$172,312	$5,957,821	-$3,389,013	-$432,897	$172,312	-$3,649,598	$2,308,224
8	1960	Miscellaneous Equipment	$115,790	$0	$0	$115,790	-$20,988	-$14,474	$0	-$35,462	$80,328
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
47	1980	System Supervisor Equipment	$6,950,167	$740,373	-$111,273	$7,579,267	-$2,056,810	-$420,518	$111,273	-$2,366,055	$5,213,212
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	-$39,262,043	$0	$0	-$39,262,043	$15,813,959	$899,701	$0	$16,713,660	-$22,548,383
N/A	2005	Property Under Finance Lease[7]	$2,318,969	$0	$0	$2,318,969	-$231,897	-$57,974	$0	-$289,871	$2,029,098
43.2	2075	Renewable Generation	$2,623,453	$0	$0	$2,623,453	-$1,184,138	-$134,188	$0	-$1,318,327	$1,305,127
47	2440	Deferred Revenue[5]	-$36,022,930	-$3,886,349	$0	-$39,909,279	$2,958,468	$937,672	$0	$3,896,140	-$36,013,138
				$0	$0			$0	$0		
		Sub-Total	**$570,517,305**	**$38,175,039**	**-$11,626,221**	$597,066,123	**-$227,673,528**	**-$21,800,611**	**$11,380,878**	**-$238,093,260**	**$358,972,863**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$0				$0	$0
43.2	2075	***Less Other Non Rate-Regulated Utility Assets (input as negative)***	-$2,623,453	$0	$0	-$2,623,453	$1,184,138	$134,188		$1,318,327	-$1,305,127
		Total PP&E for Rate Base Purposes	**$567,893,852**	**$38,175,039**	**-$11,626,221**	**$594,442,670**	**-$226,489,389**	**-$21,666,422**	**$11,380,878**	**-$236,774,934**	**$357,667,736**
		Construction Work In Progress	$14,491,831	$4,293,898		$18,785,729				$0	$18,785,729
		Total PP&E	**$582,385,682**	**$42,468,937**	**-$11,626,221**	**$613,228,398**	**-$226,489,389**	**-$21,666,422**	**$11,380,878**	**-$236,774,934**	**$376,453,465**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$21,666,422**			

		Gross Fixed Assets (average) for Rate Base	$581,168,261	**Accumulated Depreciation (average)**	-$231,632,162
				Net Fixed Assets (average)	$349,536,099
				Less: *Fully Allocated Depreciation*	
10		Transportation		Transportation	-$1,017,101
38		Power Operated Equipment		Power Operated Equipment	-$89,968
47		Deferred Revenue		Deferred Revenue	$937,672
				Net Depreciation	**-$21,497,024**

Table 2-29 – 2023 Fixed Asset Continuity Schedule (OEB Appendix 2-BA)

Accounting Standard: MIFRS
Year: 2023

CCA Class [2]	OEB Account [3]	Description [3]	Cost: Opening Balance [8]	Cost: Additions [4]	Cost: Disposals [6]	Cost: Closing Balance	Accumulated Depreciation: Opening Balance [8]	Accumulated Depreciation: Additions	Accumulated Depreciation: Disposals [6]	Accumulated Depreciation: Closing Balance	Net Book Value
	1609	Capital Contributions Paid	$5,518,934	$0	$0	$5,518,934	-$580,113	-$122,829	$0	-$702,942	$4,815,992
CEC	1610	Intangible Wholesale Meters	$1,293,406	$0	$0	$1,293,406	-$595,776	-$43,096	$0	-$638,872	$654,534
12	1611	Computer Software (Formally known as Account 1925)	$26,632,882	$5,019,381	-$6,907,399	$24,744,864	-$13,992,830	-$5,477,440	$6,907,399	-$12,562,870	$12,181,994
CEC	1612	Land Rights (Formally known as Account 1906)	$779,549	-$43,587	-$34,932	$701,029	-$108,712	-$29,724	$34,932	-$103,504	$597,525
N/A	1805	Land	$349,690	$0	$0	$349,690	$0	$0	$0	$0	$349,690
47	1808	Buildings	$1,635,245	$75,584	-$47,587	$1,663,242	-$653,961	-$115,640	$33,898	-$735,703	$927,539
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	$14,949,780	$107,194	-$438,178	$14,618,796	-$7,307,829	-$487,123	$416,128	-$7,378,823	$7,239,972
47	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1830	Poles, Towers & Fixtures	$56,953,141	$2,620,477	$0	$59,573,618	-$25,996,622	-$994,435	$0	-$26,991,057	$32,582,561
47	1835	Overhead Conductors & Devices	$81,234,606	$2,660,921	-$38,724	$83,856,803	-$31,944,707	-$1,374,535	$7,386	-$33,311,856	$50,544,947
47	1840	Underground Conduit	$99,151,954	$7,600,610	$0	$106,752,564	-$18,126,805	-$1,718,574	$0	-$19,845,379	$86,907,184
47	1845	Underground Conductors & Devices	$106,120,254	$4,693,194	-$3,659,917	$107,153,531	-$40,463,632	-$3,410,756	$3,659,917	-$40,214,471	$66,939,060
47	1850	Line Transformers	$120,436,186	$7,860,836	-$1,944,467	$126,352,555	-$49,287,993	-$3,151,165	$1,811,658	-$50,627,500	$75,725,055
47	1855	Services (Overhead & Underground)	$59,269,485	$4,159,182	$0	$63,428,666	-$16,329,014	-$1,539,478	$0	-$17,868,492	$45,560,175
47	1860	Meters	$35,198,816	$723,443	-$94,344	$35,827,916	-$21,764,073	-$2,119,825	$94,344	-$23,789,555	$12,038,361
N/A	1905	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1908	Buildings & Fixtures	$25,659,994	$1,195,324	-$44,283	$26,811,035	-$11,091,749	-$677,622	$44,283	-$11,725,087	$15,085,948
13	1910	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	1915	Office Furniture & Equipment	$1,134,125	$188,139	-$290,952	$1,031,312	-$627,361	-$224,974	$290,952	-$561,383	$469,928
50	1920	Computer Equipment - Hardware	$1,935,222	$543,873	-$331,864	$2,147,231	-$824,370	-$774,585	$331,864	-$1,267,091	$880,140
10	1930	Transportation Equipment	$15,330,513	$1,232,985	-$1,754,439	$14,809,059	-$8,859,352	-$1,138,901	$1,741,992	-$8,256,261	$6,552,798
8	1935	Stores Equipment	$366,169	$16,599	$0	$382,767	-$234,874	-$42,891	$0	-$277,766	$105,002
8	1940	Tools, Shop & Garage Equipment	$1,098,923	$185,934	-$89,981	$1,194,876	-$437,182	-$141,589	$89,981	-$488,790	$706,086
8	1945	Measurement & Testing Equipment	$1,274,463	$114,557	-$310,569	$1,078,452	-$816,589	-$159,460	$310,569	-$665,481	$412,971
38	1950	Power Operated Equipment	$1,318,808	$250,748	-$58,104	$1,511,452	-$1,000,202	-$101,611	$58,104	-$1,043,709	$467,743
8	1955	Communications Equipment	$5,957,821	$182,611	-$2,204	$6,138,228	-$3,649,598	-$428,919	$2,204	-$4,076,313	$2,061,915
8	1960	Miscellaneous Equipment	$115,790	$7,815	$0	$123,605	-$35,462	-$15,002	$0	-$50,464	$73,141
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
47	1980	System Supervisor Equipment	$7,579,267	$1,006,490	-$44,998	$8,540,760	-$2,366,055	-$484,073	$44,998	-$2,805,130	$5,735,629
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	-$39,262,043	$0	$0	-$39,262,043	$16,713,660	$899,701	$0	$17,613,361	-$21,648,682
N/A	2005	Property Under Finance Lease7	$2,318,969	$0	$0	$2,318,969	-$289,871	-$57,974	$0	-$347,845	$1,971,124
43.2	2075	Renewable Generation	$2,623,453	$0	$0	$2,623,453	-$1,318,327	-$134,191	$0	-$1,452,518	$1,170,936
47	2440	Deferred Revenue5	-$39,909,279	-$6,606,145	$0	-$46,515,424	$3,896,140	$1,070,808	$0	$4,966,948	-$41,548,476
			$0				$0				
			$0				$0				
			$0				$0				
		Sub-Total	**$597,066,123**	**$33,796,165**	**-$16,092,942**	$614,769,346	**-$238,093,260**	**-$22,995,903**	**$15,880,609**	**-$245,208,554**	**$369,560,792**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$0				$0	$0
43.2	2075	***Less Other Non Rate-Regulated Utility Assets (input as negative)***	-$2,623,453			-$2,623,453	$1,318,327	$134,191		$1,452,518	-$1,170,936
		Total PP&E for Rate Base Purposes	**$594,442,670**	**$33,796,165**	**-$16,092,942**	**$612,145,893**	**-$236,774,934**	**-$22,861,712**	**$15,880,609**	**-$243,756,037**	**$368,389,856**
		Construction Work In Progress	$18,785,729	$10,440,749		$29,226,478				$0	$29,226,478
		Total PP&E	**$613,228,398**	**$44,236,914**	**-$16,092,942**	**$641,372,370**	**-$236,774,934**	**-$22,861,712**	**$15,880,609**	**-$243,756,037**	**$397,616,334**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$22,861,712**			

		Gross Fixed Assets (average) for Rate Base	$603,294,281	**Accumulated Depreciation (average)**	-$240,265,485
				Net Fixed Assets (average)	$363,028,796
				Less: *Fully Allocated Depreciation*	
10		Transportation		Transportation	-$1,138,901
38		Power Operated Equipment		Power Operated Equipment	-$101,611
47		Deferred Revenue		Deferred Revenue	$1,070,808
				Net Depreciation	**-$22,692,008**

Table 2-30 – 2024 Fixed Asset Continuity Schedule (OEB Appendix 2-BA)

Accounting Standard: MIFRS
Year: 2024

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance [8]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [8]	Additions	Disposals [6]	Closing Balance	
	1609	Capital Contributions Paid	$5,518,934	$778,527	$0	$6,297,461	-$702,942	-$124,271	$0	-$827,213	$5,470,248
CEC	1610	Intangible Wholesale Meters	$1,293,406	$0	$0	$1,293,406	-$638,872	-$43,096	$0	-$681,968	$611,438
12	1611	Computer Software (Formally known as Account 1925)	$24,744,864	$3,182,849	-$5,971,904	$21,955,809	-$12,562,870	-$4,953,095	$5,971,904	-$11,544,061	$10,411,747
CEC	1612	Land Rights (Formally known as Account 1906)	$701,029	$39,377	$0	$740,406	-$103,504	-$29,556	$0	-$133,061	$607,346
N/A	1805	Land	$349,690	$0	$0	$349,690	$0	$0	$0	$0	$349,690
47	1808	Buildings	$1,663,242	$0	$0	$1,663,242	-$735,703	-$116,968	$0	-$852,671	$810,571
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	$14,618,796	$44,339	-$285,057	$14,378,078	-$7,378,823	-$459,345	$246,986	-$7,591,183	$6,786,895
47	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1830	Poles, Towers & Fixtures	$59,573,618	$3,583,759	$0	$63,157,378	-$26,991,057	-$1,061,760	$0	-$28,052,817	$35,104,561
47	1835	Overhead Conductors & Devices	$83,856,803	$3,694,185	$0	$87,550,988	-$33,311,856	-$1,438,262	$0	-$34,750,117	$52,800,871
47	1840	Underground Conduit	$106,752,564	$10,425,736	-$19,459	$117,158,840	-$19,845,379	-$1,871,241	$19,459	-$21,697,162	$95,461,679
47	1845	Underground Conductors & Devices	$107,153,531	$6,324,123	$20,749	$113,498,403	-$40,214,471	-$3,403,015	-$20,749	-$43,638,236	$69,860,167
47	1850	Line Transformers	$126,352,555	$7,505,201	-$1,923,260	$131,934,497	-$50,627,500	-$3,379,968	$1,923,260	-$52,084,209	$79,850,288
47	1855	Services (Overhead & Underground)	$63,428,666	$5,222,805	$0	$68,651,471	-$17,868,492	-$1,658,686	$0	-$19,527,178	$49,124,293
47	1860	Meters	$35,827,916	$1,873,418	-$69,721	$37,631,613	-$23,789,555	-$2,201,234	$69,721	-$25,921,067	$11,710,545
N/A	1905	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1908	Buildings & Fixtures	$26,811,035	$290,896	-$321,321	$26,780,610	-$11,725,087	-$685,419	$321,321	-$12,089,185	$14,691,425
13	1910	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	1915	Office Furniture & Equipment	$1,031,312	$207,770	-$356,108	$882,974	-$561,383	-$200,147	$356,108	-$405,422	$477,552
50	1920	Computer Equipment - Hardware	$2,147,231	$324,304	-$1,127,466	$1,344,069	-$1,267,091	-$549,205	$1,127,466	-$688,830	$655,239
10	1930	Transportation Equipment	$14,809,059	$1,048,967	-$149,468	$15,708,558	-$8,256,261	-$1,161,922	$138,773	-$9,279,410	$6,429,148
8	1935	Stores Equipment	$382,767	$2,993	-$15,440	$370,320	-$277,766	-$42,073	$15,440	-$304,399	$65,922
8	1940	Tools, Shop & Garage Equipment	$1,194,876	$229,264	-$114,266	$1,309,874	-$488,790	-$154,994	$114,266	-$529,519	$780,356
8	1945	Measurement & Testing Equipment	$1,078,452	$48,755	-$278,335	$848,872	-$665,481	-$126,873	$278,335	-$514,018	$334,854
38	1950	Power Operated Equipment	$1,511,452	$139,229	-$53,630	$1,597,051	-$1,043,709	-$119,681	$53,630	-$1,109,760	$487,291
8	1955	Communications Equipment	$6,138,228	$994,119	-$2,858,944	$4,273,402	-$4,076,313	-$474,155	$2,858,944	-$1,691,523	$2,581,879
8	1960	Miscellaneous Equipment	$123,605	$7,795	$0	$131,400	-$50,464	-$15,514	$0	-$65,978	$65,422
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
47	1980	System Supervisor Equipment	$8,540,760	$1,437,975	-$116,156	$9,862,579	-$2,805,130	-$565,246	$116,156	-$3,254,220	$6,608,359
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	-$39,262,043	$0	$0	-$39,262,043	$17,613,361	$899,701	$0	$18,513,062	-$20,748,980
N/A	2005	Property Under Finance Lease7	$2,318,969	$0	$0	$2,318,969	-$347,845	-$57,974	$0	-$405,820	$1,913,149
43.2	2075	Renewable Generation	$2,623,453	$65,116	$0	$2,688,570	-$1,452,518	-$134,460	$0	-$1,586,977	$1,101,592
47	2440	Deferred Revenue5	-$46,515,424	-$6,327,028	$0	-$52,842,452	$4,966,948	$1,245,125	$0	$6,212,073	-$46,630,379
			$0				$0				
			$0				$0				
			$0				$0				
		Sub-Total	**$614,769,346**	**$41,144,476**	**-$13,639,787**	$642,274,035	**-$245,208,554**	**-$22,883,332**	**$13,591,020**	**-$254,500,866**	**$387,773,168**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$0				$0	$0
43.2	2075	***Less Other Non Rate-Regulated Utility Assets (input as negative)***	-$2,623,453	-$65,116		-$2,688,570	$1,452,518	$134,460		$1,586,977	-$1,101,592
		Total PP&E for Rate Base Purposes	**$612,145,893**	**$41,079,359**	**-$13,639,787**	**$639,585,465**	**-$243,756,037**	**-$22,748,873**	**$13,591,020**	**-$252,913,889**	**$386,671,576**
		Construction Work In Progress	$29,226,478	$8,728,135		$37,954,612				$0	$37,954,612
		Total PP&E	**$641,372,370**	**$49,807,494**	**-$13,639,787**	**$677,540,077**	**-$243,756,037**	**-$22,748,873**	**$13,591,020**	**-$252,913,889**	**$424,626,189**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$22,748,873**			

Gross Fixed Assets (average) for Rate Base	$625,865,679
Accumulated Depreciation (average)	-$248,334,963
Net Fixed Assets (average)	$377,530,716
Less: *Fully Allocated Depreciation*	

10		Transportation	Transportation	-$1,161,922
38		Power Operated Equipment	Power Operated Equipment	-$119,681
47		Deferred Revenue	Deferred Revenue	$1,245,125
			Net Depreciation	**-$22,712,395**

Table 2-31– 2025 Fixed Asset Continuity Schedule (OEB Appendix 2-BA)

Accounting Standard: MIFRS
Year: 2025

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance [8]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [8]	Additions	Disposals [6]	Closing Balance	
	1609	Capital Contributions Paid	$6,297,461	$3,425	$0	$6,300,887	-$827,213	-$140,206	$0	-$967,419	$5,333,467
CEC	1610	Intangible Wholesale Meters	$1,293,406	$0	$0	$1,293,406	-$681,968	-$43,096	$0	-$725,064	$568,342
12	1611	Computer Software (Formally known as Account 1925)	$21,955,809	$3,544,603	-$4,882,361	$20,618,050	-$11,544,061	-$4,423,726	$4,882,361	-$11,085,427	$9,532,623
CEC	1612	Land Rights (Formally known as Account 1906)	$740,406	$3,337	-$3,572	$740,171	-$133,061	-$30,225	$3,572	-$159,713	$580,458
N/A	1805	Land	$349,690	$0	$0	$349,690	$0	$0	$0	$0	$349,690
47	1808	Buildings	$1,663,242	$0	$0	$1,663,242	-$852,671	-$116,968	$0	-$969,638	$693,603
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	$14,378,078	$216,308	$0	$14,594,386	-$7,591,183	-$344,656	$0	-$7,935,838	$6,658,548
47	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1830	Poles, Towers & Fixtures	$63,157,378	$3,046,588	$0	$66,203,965	-$28,052,817	-$1,130,012	$0	-$29,182,829	$37,021,137
47	1835	Overhead Conductors & Devices	$87,550,988	$2,317,513	$0	$89,868,501	-$34,750,117	-$1,497,274	$0	-$36,247,391	$53,621,110
47	1840	Underground Conduit	$117,158,840	$12,204,713	-$285,901	$129,077,653	-$21,697,162	-$2,025,515	$180,216	-$23,542,462	$105,535,191
47	1845	Underground Conductors & Devices	$113,498,403	$6,043,958	-$4,524,766	$115,017,595	-$43,638,236	-$3,517,131	$4,346,390	-$42,808,977	$72,208,618
47	1850	Line Transformers	$131,934,497	$8,187,403	-$1,753,162	$138,368,739	-$52,084,209	-$3,551,061	$1,753,162	-$53,882,108	$84,486,631
47	1855	Services (Overhead & Underground)	$68,651,471	$4,333,616	$0	$72,985,087	-$19,527,178	-$1,775,705	$0	-$21,302,883	$51,682,205
47	1860	Meters	$37,631,613	$1,973,463	-$16,701,127	$22,903,948	-$25,921,067	-$1,461,855	$16,701,127	-$10,681,795	$12,222,153
N/A	1905	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1908	Buildings & Fixtures	$26,780,610	$1,629,292	-$67,588	$28,342,314	-$12,089,185	-$702,880	$67,588	-$12,724,477	$15,617,837
13	1910	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	1915	Office Furniture & Equipment	$882,974	$147,260	-$242,670	$787,564	-$405,422	-$154,906	$242,670	-$317,657	$469,906
50	1920	Computer Equipment - Hardware	$1,344,069	$1,132,108	-$391,279	$2,084,898	-$688,830	-$571,927	$391,279	-$869,478	$1,215,419
10	1930	Transportation Equipment	$15,708,558	$1,850,143	-$1,348,291	$16,210,410	-$9,279,410	-$1,206,806	$1,315,339	-$9,170,877	$7,039,533
8	1935	Stores Equipment	$370,320	$36,316	-$8,357	$398,280	-$304,399	-$28,777	$8,357	-$324,819	$73,461
8	1940	Tools, Shop & Garage Equipment	$1,309,874	$202,326	-$137,630	$1,374,570	-$529,519	-$169,669	$137,630	-$561,557	$813,013
8	1945	Measurement & Testing Equipment	$848,872	$202,041	-$180,181	$870,732	-$514,018	-$113,035	$180,181	-$446,872	$423,860
38	1950	Power Operated Equipment	$1,597,051	$36,261	$0	$1,633,312	-$1,109,760	-$121,896	$0	-$1,231,656	$401,656
8	1955	Communications Equipment	$4,273,402	$120,597	$0	$4,394,000	-$1,691,523	-$366,954	$0	-$2,058,477	$2,335,522
8	1960	Miscellaneous Equipment	$131,400	$51,951	$0	$183,351	-$65,978	-$19,666	$0	-$85,644	$97,707
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
47	1980	System Supervisor Equipment	$9,862,579	$504,832	-$67,381	$10,300,030	-$3,254,220	-$638,155	$67,381	-$3,824,994	$6,475,036
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	-$39,262,043	$0	$0	-$39,262,043	$18,513,062	$899,701	$0	$19,412,763	-$19,849,279
N/A	2005	Property Under Finance Lease7	$2,318,969	$4,620,865	$0	$6,939,834	-$405,820	-$145,200	$0	-$551,020	$6,388,814
43.2	2075	Renewable Generation	$2,688,570	$30,747	$0	$2,719,316	-$1,586,977	-$137,957	$0	-$1,724,934	$994,382
47	2440	Deferred Revenue5	-$52,842,452	-$6,194,432	$0	-$59,036,884	$6,212,073	$1,401,091	$0	$7,613,164	-$51,423,720
			$0	$0	$0	$0	$0	$0	$0	$0	$0
			$0			$0	$0			$0	$0
			$0			$0	$0			$0	$0
		Sub-Total	**$642,274,035**	**$46,245,237**	**-$30,594,267**	$657,925,005	**-$254,500,866**	**-$22,134,465**	**$30,277,253**	**-$246,358,078**	**$411,566,926**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$0				$0	$0
43.2	2075	***Less Other Non Rate-Regulated Utility Assets (input as negative)***	-$2,688,570	-$30,747		-$2,719,316	$1,586,977	$137,957		$1,724,934	-$994,382
		Total PP&E for Rate Base Purposes	**$639,585,465**	**$46,214,490**	**-$30,594,267**	**$655,205,688**	**-$252,913,889**	**-$21,996,508**	**$30,277,253**	**-$244,633,144**	**$410,572,544**
		Construction Work In Progress	$37,954,612	$10,341,380		$48,295,993				$0	$48,295,993
		Total PP&E	**$677,540,077**	**$56,555,870**	**-$30,594,267**	**$703,501,681**	$0 **-$252,913,889**	**-$21,996,508**	**$30,277,253**	**-$244,633,144**	**$458,868,537**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$21,996,508**			

Gross Fixed Assets (average) for Rate Base	$647,395,577
Accumulated Depreciation (average)	-$248,773,517
Net Fixed Assets (average)	$398,622,060
Less: *Fully Allocated Depreciation*	

10		Transportation	Transportation	-$1,206,806
8		Stores Equipment	Stores Equipment	-$121,896
47		Deferred Revenue	Deferred Revenue	$1,401,091
			Net Depreciation	**-$22,068,898**

Table 2-32– 2026 FORECAST Fixed Asset Continuity Schedule (OEB Appendix 2-BA)

Accounting Standard: MIFRS
Year: 2026

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance [8]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [8]	Additions	Disposals [6]	Closing Balance	
	1609	Capital Contributions Paid	$6,300,887	$899,700	$0	$7,200,587	-$967,419	-$150,200	$0	-$1,117,619	$6,082,967
CEC	1610	Intangible Wholesale Meters	$1,293,406	$0	$0	$1,293,406	-$725,064	-$43,100	$0	-$768,164	$525,242
12	1611	Computer Software (Formally known as Account 1925)	$20,618,050	$4,140,000	-$4,507,600	$20,250,450	-$11,085,427	-$4,213,400	$4,507,600	-$10,791,227	$9,459,223
CEC	1612	Land Rights (Formally known as Account 1906)	$740,171	$0	$0	$740,171	-$159,713	-$30,300	$0	-$190,013	$550,158
N/A	1805	Land	$349,690	$0	$0	$349,690	$0	$0	$0	$0	$349,690
47	1808	Buildings	$1,663,242	$57,200	$0	$1,720,442	-$969,638	-$82,400	$0	-$1,052,038	$668,403
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	$14,594,386	$16,800	$0	$14,611,186	-$7,935,838	-$310,300	$0	-$8,246,138	$6,365,048
47	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1830	Poles, Towers & Fixtures	$66,203,965	$3,260,500	$0	$69,464,465	-$29,182,829	-$1,212,000	$0	-$30,394,829	$39,069,637
47	1835	Overhead Conductors & Devices	$89,868,501	$3,008,300	$0	$92,876,801	-$36,247,391	-$1,559,300	$0	-$37,806,691	$55,070,110
47	1840	Underground Conduit	$129,077,653	$14,412,900	$0	$143,490,553	-$23,542,462	-$2,275,900	$0	-$25,818,362	$117,672,191
47	1845	Underground Conductors & Devices	$115,017,595	$8,314,300	-$3,884,700	$119,447,195	-$42,808,977	-$3,546,000	$3,884,700	-$42,470,277	$76,976,918
47	1850	Line Transformers	$138,368,739	$8,773,700	-$1,343,700	$145,798,739	-$53,882,108	-$3,821,900	$1,343,700	-$56,360,308	$89,438,431
47	1855	Services (Overhead & Underground)	$72,985,087	$4,840,700	$0	$77,825,787	-$21,302,883	-$1,931,600	$0	-$23,234,483	$54,591,305
47	1860	Meters	$22,903,948	$1,236,500	-$96,300	$24,044,148	-$10,681,795	-$1,301,900	$96,300	-$11,887,395	$12,156,753
N/A	1905	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1908	Buildings & Fixtures	$28,342,314	$1,291,700	-$186,300	$29,447,714	-$12,724,477	-$736,400	$186,300	-$13,274,577	$16,173,137
13	1910	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	1915	Office Furniture & Equipment	$787,564	$750,800	-$62,500	$1,475,864	-$317,657	-$229,400	$62,500	-$484,557	$991,306
50	1920	Computer Equipment - Hardware	$2,084,898	$996,400	-$463,600	$2,617,698	-$869,478	-$625,800	$463,600	-$1,031,678	$1,586,019
10	1930	Transportation Equipment	$16,210,410	$2,274,000	-$808,562	$17,675,848	-$9,170,877	-$1,293,100	$746,947	-$9,717,030	$7,958,818
8	1935	Stores Equipment	$398,280	$51,200	-$28,800	$420,680	-$324,819	-$20,000	$28,800	-$316,019	$104,661
8	1940	Tools, Shop & Garage Equipment	$1,374,570	$246,500	-$62,800	$1,558,270	-$561,557	-$184,200	$62,800	-$682,957	$875,313
8	1945	Measurement & Testing Equipment	$870,732	$189,100	-$152,400	$907,432	-$446,872	-$118,000	$152,400	-$412,472	$494,960
38	1950	Power Operated Equipment	$1,633,312	$0	-$22,995	$1,610,317	-$1,231,656	-$95,900	$13,174	-$1,314,381	$295,936
8	1955	Communications Equipment	$4,394,000	$500,200	-$8,400	$4,885,800	-$2,058,477	-$396,800	$8,400	-$2,446,877	$2,438,922
8	1960	Miscellaneous Equipment	$183,351	$52,000	$0	$235,351	-$85,644	-$25,700	$0	-$111,344	$124,007
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
47	1980	System Supervisor Equipment	$10,300,030	$1,676,600	-$107,900	$11,868,730	-$3,824,994	-$719,200	$107,900	-$4,436,294	$7,432,436
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	-$39,262,043	$0	$0	-$39,262,043	$19,412,763	$900,000	$0	$20,312,763	-$18,949,279
N/A	2005	Property Under Finance Lease7	$6,939,834	$0	$0	$6,939,834	-$551,020	-$145,200	$0	-$696,220	$6,243,614
43.2	2075	Renewable Generation	$2,719,316	$0	$0	$2,719,316	-$1,724,934	-$139,000	$0	-$1,863,934	$855,382
47	2440	Deferred Revenue5	-$59,036,884	-$5,627,000	$0	-$64,663,884	$7,613,164	$1,546,000	$0	$9,159,164	-$55,504,720
			$0	$0	$0	$0	$0	$0	$0	$0	$0
			$0			$0	$0			$0	$0
			$0			$0	$0			$0	$0
		Sub-Total	**$657,925,005**	**$51,362,100**	**-$11,736,557**	$697,550,547	**-$246,358,078**	**-$22,761,000**	**$11,665,121**	**-$257,453,957**	**$440,096,590**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$0				$0	$0
43.2	2075	***Less Other Non Rate-Regulated Utility Assets** (input as negative)*	-$2,719,316			-$2,719,316	$1,724,934	$139,000		$1,863,934	-$855,382
		Total PP&E for Rate Base Purposes	**$655,205,688**	**$51,362,100**	**-$11,736,557**	**$694,831,231**	**-$244,633,144**	**-$22,622,000**	**$11,665,121**	**-$255,590,023**	**$439,241,208**
		Construction Work In Progress	$48,295,993	$13,233,500		$61,529,493				$0	$61,529,493
		Total PP&E	**$703,501,681**	**$64,595,600**	**-$11,736,557**	**$756,360,724**	$0 **-$244,633,144**	**-$22,622,000**	**$11,665,121**	**-$255,590,023**	**$500,770,701**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$22,622,000**			

Gross Fixed Assets (average) for Rate Base	$675,018,460
Accumulated Depreciation (average)	-$250,111,584
Net Fixed Assets (average)	$424,906,876
Less: *Fully Allocated Depreciation*	

10		Transportation	Transportation	-$1,293,100
38		Power Operated Equipment	Power Operated Equipment	-$95,900
47		Deferred Revenue	Deferred Revenue	$1,546,000
			Net Depreciation	**-$22,779,000**

Table 2-33– 2027 FORECAST Fixed Asset Continuity Schedule (OEB Appendix 2-BA)

Accounting Standard: MIFRS
Year: 2027

			Cost				Accumulated Depreciation				
CCA Class [2]	OEB Account [3]	Description [3]	Opening Balance [8]	Additions [4]	Disposals [6]	Closing Balance	Opening Balance [8]	Additions	Disposals [6]	Closing Balance	Net Book Value
	1609	Capital Contributions Paid	$7,200,587	$0	$0	$7,200,587	-$1,117,619	-$160,200	$0	-$1,277,819	$5,922,767
CEC	1610	Intangible Wholesale Meters	$1,293,406	$0	$0	$1,293,406	-$768,164	-$43,100	$0	-$811,264	$482,142
12	1611	Computer Software (Formally known as Account 1925)	$20,250,450	$5,106,100	-$5,009,500	$20,347,050	-$10,791,227	-$4,132,100	$5,009,500	-$9,913,827	$10,433,223
CEC	1612	Land Rights (Formally known as Account 1906)	$740,171	$0	$0	$740,171	-$190,013	-$31,100	$0	-$221,113	$519,058
N/A	1805	Land	$349,690	$0	$0	$349,690	$0	$0	$0	$0	$349,690
47	1808	Buildings	$1,720,442	$59,500	$0	$1,779,942	-$1,052,038	-$55,800	$0	-$1,107,838	$672,103
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	$14,611,186	$97,700	-$15,400	$14,693,486	-$8,246,138	-$312,500	$15,400	-$8,543,238	$6,150,248
47	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1830	Poles, Towers & Fixtures	$69,464,465	$3,589,800	$0	$73,054,265	-$30,394,829	-$1,288,200	$0	-$31,683,029	$41,371,237
47	1835	Overhead Conductors & Devices	$92,876,801	$5,236,800	$0	$98,113,601	-$37,806,691	-$1,646,400	$0	-$39,453,091	$58,660,510
47	1840	Underground Conduit	$143,490,553	$14,887,100	-$66,100	$158,311,553	-$25,818,362	-$2,524,400	$66,100	-$28,276,662	$130,034,891
47	1845	Underground Conductors & Devices	$119,447,195	$9,355,000	-$3,287,400	$125,514,795	-$42,470,277	-$3,613,600	$3,287,400	-$42,796,477	$82,718,318
47	1850	Line Transformers	$145,798,739	$9,020,800	-$1,480,900	$153,338,639	-$56,360,308	-$4,057,300	$1,480,900	-$58,936,708	$94,401,931
47	1855	Services (Overhead & Underground)	$77,825,787	$4,894,900	$0	$82,720,687	-$23,234,483	-$2,075,300	$0	-$25,309,783	$57,410,905
47	1860	Meters	$24,044,148	$1,224,800	-$636,400	$24,632,548	-$11,887,395	-$1,351,000	$636,400	-$12,601,995	$12,030,553
N/A	1905	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1908	Buildings & Fixtures	$29,447,714	$1,640,800	-$292,800	$30,795,714	-$13,274,577	-$763,500	$292,800	-$13,745,277	$17,050,437
13	1910	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0
8	1915	Office Furniture & Equipment	$1,475,864	$780,900	-$181,900	$2,074,864	-$484,557	-$362,600	$181,900	-$665,257	$1,409,606
50	1920	Computer Equipment - Hardware	$2,617,698	$1,416,900	-$512,800	$3,521,798	-$1,031,678	-$875,300	$512,800	-$1,394,178	$2,127,619
10	1930	Transportation Equipment	$17,675,848	$2,445,000	-$728,200	$19,392,648	-$9,717,030	-$1,445,100	$726,200	-$10,435,930	$8,956,718
8	1935	Stores Equipment	$420,680	$32,400	-$13,800	$439,280	-$316,019	-$21,500	$13,800	-$323,719	$115,561
8	1940	Tools, Shop & Garage Equipment	$1,558,270	$256,200	-$100,200	$1,714,270	-$682,957	-$209,400	$100,200	-$792,157	$922,113
8	1945	Measurement & Testing Equipment	$907,432	$165,400	-$198,000	$874,832	-$412,472	-$120,900	$198,000	-$335,372	$539,460
38	1950	Power Operated Equipment	$1,610,317	$0	$0	$1,610,317	-$1,314,381	-$81,900	$0	-$1,396,281	$214,036
8	1955	Communications Equipment	$4,885,800	$642,500	-$1,073,600	$4,454,700	-$2,446,877	-$387,500	$1,073,600	-$1,760,777	$2,693,922
8	1960	Miscellaneous Equipment	$235,351	$54,100	-$53,600	$235,851	-$111,344	-$31,000	$53,600	-$88,744	$147,107
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
47	1980	System Supervisor Equipment	$11,868,730	$5,162,200	-$313,200	$16,717,730	-$4,436,294	-$971,100	$313,200	-$5,094,194	$11,623,536
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	-$39,262,043	$0	$0	-$39,262,043	$20,312,763	$900,000	$0	$21,212,763	-$18,049,279
N/A	2005	Property Under Finance Lease7	$6,939,834	$0	$0	$6,939,834	-$696,220	-$145,200	$0	-$841,420	$6,098,414
43.2	2075	Renewable Generation	$2,719,316	$0	$0	$2,719,316	-$1,863,934	-$139,000	$0	-$2,002,934	$716,382
47	2440	Deferred Revenue5	-$64,663,884	-$4,436,000	$0	-$69,099,884	$9,159,164	$1,672,000	$0	$10,831,164	-$58,268,720
			$0	$0	$0	$0	$0	$0	$0	$0	$0
			$0			$0	$0			$0	$0
			$0			$0	$0			$0	$0
		Sub-Total	**$697,550,547**	**$61,632,900**	**-$13,963,800**	$745,219,647	**-$257,453,957**	**-$24,273,000**	**$13,961,800**	**-$267,765,157**	**$477,454,490**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$0				$0	$0
43.2	2075	***Less Other Non Rate-Regulated Utility Assets** (input as negative)*	-$2,719,316			-$2,719,316	$1,863,934	$139,000		$2,002,934	-$716,382
		Total PP&E for Rate Base Purposes	**$694,831,231**	**$61,632,900**	**-$13,963,800**	**$742,500,331**	**-$255,590,023**	**-$24,134,000**	**$13,961,800**	**-$265,762,223**	**$476,738,108**
		Construction Work In Progress	$61,529,493	$16,007,600		$77,537,093				$0	$77,537,093
		Total PP&E	**$756,360,724**	**$77,640,500**	**-$13,963,800**	**$820,037,424**	**-$255,590,023**	**-$24,134,000**	**$13,961,800**	**-$265,762,223**	**$554,275,201**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$24,134,000**			

Test Year Gross Fixed Assets (avg)	$718,665,781
Test Year Accumulated Depreciation (avg)	-$260,676,123
Net Fixed Assets (avg)	$457,989,658
Less: *Fully Allocated Depreciation*	

10		Transportation	Transportation	-$1,445,100
38		Power Operated Equipment	Power Operated Equipment	-$81,900
47		Deferred Revenue	Deferred Revenue	$1,672,000
			Net Depreciation	**-$24,279,000**

APPENDIX 2-2:

DEPRECIATION AND AMORTIZATION EXPENSE SCHEDULES

Table 2-34 – 2022 Depreciation and Amortization Expense (OEB Appendix 2-C)

Year 2022

		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, Column K	Variance [4]	Variance %
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h	k = j/i
1609	Capital Contributions Paid	$5,061,650.55	$0.00	$0.00	$0.00	$5,061,650.55	41.21	2.43%	**$122,829.16**	$122,829.16	**$0.00**	**0%**
1610	Intangible Wholesale Meters	$740,726.30	$0.00	$0.00	$0.00	$740,726.30	17.19	5.82%	**$43,095.91**	$43,095.91	**$0.00**	**0%**
1611	Computer Software (Formally known as Account 1925)	$13,489,788.63	$403,274.14	$4,477,245.03	$0.00	$15,325,137.01	2.87	34.81%	**$5,334,736.43**	$5,326,980.99	**-$7,755.44**	**0%**
1612	Land Rights (Formally known as Account 1906)	$354,054.30	$2,575.86	$341,309.51	$0.00	$522,133.20	17.98	5.56%	**$29,038.78**	$24,527.51	**-$4,511.27**	**-18%**
1805	Land	$349,689.89	$0.00	$0.00	$0.00	$349,689.89		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1808	Buildings	$757,798.00	$0.00	$247,478.34	$5,551.57	$875,985.60	46.73	2.14%	**$18,745.70**	$18,441.17	**-$304.53**	**-2%**
1810	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1815	Transformer Station Equipment >50 kV	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1820	Distribution Station Equipment <50 kV	$7,865,344.08	$1,963.22	$277,210.19	$123,862.73	$7,878,123.23	21.34	4.69%	**$369,235.65**	$376,740.77	**$7,505.12**	**2%**
1825	Storage Battery Equipment	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1830	Poles, Towers & Fixtures	$29,508,037.37	$0.00	$2,386,249.30	$0.00	$30,701,162.02	32.43	3.08%	**$946,780.37**	$937,767.47	**-$9,012.90**	**-1%**
1835	Overhead Conductors & Devices	$47,420,329.10	$0.00	$3,199,752.13	$22,081.92	$48,998,123.25	37.12	2.69%	**$1,320,033.78**	$1,308,100.10	**-$11,933.68**	**-1%**
1840	Underground Conduit	$73,188,724.06	$110.26	$9,403,020.83	$0.00	$77,890,124.22	48.99	2.04%	**$1,589,972.32**	$1,566,596.55	**-$23,375.77**	**-1%**
1845	Underground Conductors & Devices	$63,369,108.37	$161,611.35	$5,727,567.52	$0.00	$66,071,280.78	19.15	5.22%	**$3,449,624.43**	$3,440,053.75	**-$9,570.68**	**0%**
1850	Line Transformers	$68,052,591.83	$6,090.42	$6,092,310.28	$11,032.06	$71,081,624.49	23.62	4.23%	**$3,009,336.11**	$2,985,677.39	**-$23,658.72**	**-1%**
1855	Services (Overhead & Underground)	$40,363,444.41	$0.00	$3,999,006.55	$0.00	$42,362,947.69	29.61	3.38%	**$1,430,727.40**	$1,421,980.31	**-$8,747.09**	**-1%**
1860	Meters	$14,793,859.95	$1,559.91	$731,026.34	$15,264.73	$15,142,548.48	7.32	13.67%	**$2,069,948.65**	$2,074,878.31	**$4,929.66**	**0%**
1905	Land	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1908	Buildings & Fixtures	$13,763,213.41	$50,652.54	$1,547,772.67	$55,865.51	$14,430,581.70	20.60	4.85%	**$700,465.02**	$686,875.33	**-$13,589.69**	**-2%**
1910	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1915	Office Furniture & Equipment	$534,491.45	$8,488.74	$181,895.07	$0.00	$616,950.25	2.84	35.19%	**$217,124.18**	$209,623.45	**-$7,500.73**	**-4%**
1920	Computer Equipment - Hardware	$1,062,049.70	$69,461.30	$639,023.60	$0.00	$1,312,100.20	2.18	45.95%	**$602,861.58**	$590,221.40	**-$12,640.18**	**-2%**
1930	Transportation Equipment	$6,015,380.71	$96,472.84	$1,484,567.15	$11,684.98	$6,649,506.47	6.30	15.87%	**$1,055,118.67**	$1,017,101.30	**-$38,017.37**	**-4%**
1935	Stores Equipment	$150,096.47	$124.43	$21,300.00	$0.00	$160,622.04	3.95	25.34%	**$40,705.17**	$40,102.05	**-$603.12**	**-2%**
1940	Tools, Shop & Garage Equipment	$583,191.62	$8,730.46	$207,299.90	$0.00	$678,111.11	5.09	19.63%	**$133,139.62**	$128,750.62	**-$4,389.00**	**-3%**
1945	Measurement & Testing Equipment	$611,960.57	$9,063.57	$13,533.46	$0.00	$609,663.73	3.64	27.48%	**$167,525.61**	$167,620.18	**$94.57**	**0%**
1950	Power Operated Equipment	$374,135.60	$0.00	$34,438.27	$0.00	$391,354.74	4.37	22.90%	**$89,609.63**	$89,968.36	**$358.73**	**0%**
1955	Communications Equipment	$2,432,111.16	$13,000.54	$309,009.43	$0.00	$2,573,615.34	5.99	16.68%	**$429,398.55**	$432,896.94	**$3,498.39**	**1%**
1960	Miscellaneous Equipment	$94,802.06	$0.00	$0.00	$0.00	$94,802.06	6.55	15.27%	**$14,473.80**	$14,473.80	**$0.00**	**0%**
1970	Load Management Controls Customer Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1975	Load Management Controls Utility Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1980	System Supervisor Equipment	$4,893,357.06	$2,455.44	$740,372.83	$0.00	$5,261,088.04	12.28	8.14%	**$428,288.69**	$420,518.06	**-$7,770.63**	**-2%**
1985	Miscellaneous Fixed Assets	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1990	Other Tangible Property	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1995	Contributions & Grants	-$23,448,083.96	$0.00	$0.00	$0.00	-$23,448,083.96	26.06	3.84%	**-$899,701.14**	-$899,701.14	**$0.00**	**0%**
2005	Property Under Finance Leases	$2,087,072.10	$0.00	$0.00	$0.00	$2,087,072.10	36.00	2.78%	**$57,974.22**	$57,974.22	**$0.00**	**0%**
2440	Deferred Revenue	-$33,064,461.05	$0.00	-$3,886,349.04	$0.00	-$35,007,635.57	36.88	2.71%	**-$949,152.60**	-$937,671.87	**$11,480.73**	**-1%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
	Total	**$341,404,463.74**	**$835,635.02**	**$38,175,039.36**	**$ 245,344**	**$359,411,004.90**	**$518.29**		**$21,821,935.71**	**$21,666,422.09**	**-$155,513.62**	**-1%**

Table 2-35 – 2023 Depreciation and Amortization Expense (OEB Appendix 2-C)

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, Column K	Variance [4]	Variance %
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h	k = j/i
1609	Capital Contributions Paid	$4,938,821.39	$0.00	$0.00	$0.00	$4,938,821.39	40.21	2.49%	**$122,829.16**	$122,829.16	**$0.00**	**0%**
1610	Intangible Wholesale Meters	$697,630.39	$0.00	$0.00	$0.00	$697,630.39	16.19	6.18%	**$43,095.88**	$43,095.88	**$0.00**	**0%**
1611	Computer Software (Formally known as Account 1925)	$12,640,052.67	$937,531.52	$5,019,381.28	$0.00	$14,212,211.79	2.59	38.68%	**$5,497,640.14**	$5,477,439.81	**-$20,200.33**	**0%**
1612	Land Rights (Formally known as Account 1906)	$670,836.30	$1,455.40	-$43,587.23	$0.00	$647,587.29	22.62	4.42%	**$28,630.67**	$29,724.04	**$1,093.37**	**4%**
1805	Land	$349,689.89	$0.00	$0.00	$0.00	$349,689.89		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1808	Buildings	$981,283.60	$0.00	$75,583.88	$13,688.59	$1,005,386.95	8.63	11.59%	**$116,504.27**	$115,640.18	**-$864.09**	**-1%**
1810	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1815	Transformer Station Equipment >50 kV	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1820	Distribution Station Equipment <50 kV	$7,641,950.77	$1,739.68	$107,194.31	$22,049.93	$7,671,758.32	15.76	6.34%	**$486,634.82**	$487,122.83	**$488.01**	**0%**
1825	Storage Battery Equipment	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1830	Poles, Towers & Fixtures	$30,956,519.20	$0.00	$2,620,477.21	$0.00	$32,266,757.81	32.27	3.10%	**$999,775.71**	$994,435.00	**-$5,340.71**	**-1%**
1835	Overhead Conductors & Devices	$49,289,899.21	$0.00	$2,660,920.91	$31,337.76	$50,589,021.91	36.65	2.73%	**$1,380,502.38**	$1,374,535.06	**-$5,967.32**	**0%**
1840	Underground Conduit	$81,025,148.34	$0.00	$7,600,609.87	$0.00	$84,825,453.28	48.82	2.05%	**$1,737,522.31**	$1,718,574.00	**-$18,948.31**	**-1%**
1845	Underground Conductors & Devices	$65,656,622.14	$147,611.67	$4,693,194.29	$0.00	$67,855,607.62	19.79	5.05%	**$3,428,762.45**	$3,410,756.43	**-$18,006.02**	**-1%**
1850	Line Transformers	$71,148,192.66	$11,987.93	$7,860,836.43	$132,809.33	$74,933,813.62	23.46	4.26%	**$3,194,431.94**	$3,151,164.85	**-$43,267.09**	**-1%**
1855	Services (Overhead & Underground)	$42,940,470.65	$0.00	$4,159,181.63	$0.00	$45,020,061.47	28.97	3.45%	**$1,554,217.91**	$1,539,477.61	**-$14,740.30**	**-1%**
1860	Meters	$13,434,743.25	$2,224.67	$723,443.16	$0.00	$13,794,240.16	6.52	15.34%	**$2,115,559.91**	$2,119,825.46	**$4,265.55**	**0%**
1905	Land	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1908	Buildings & Fixtures	$14,568,245.24	$507.52	$1,195,324.06	$0.00	$15,165,399.75	21.98	4.55%	**$689,954.24**	$677,621.79	**-$12,332.45**	**-2%**
1910	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1915	Office Furniture & Equipment	$506,763.07	$47,132.99	$188,139.27	$0.00	$553,699.72	2.36	42.37%	**$234,581.38**	$224,973.96	**-$9,607.42**	**-4%**
1920	Computer Equipment - Hardware	$1,110,851.90	$78,989.50	$543,872.70	$0.00	$1,303,798.75	1.78	56.25%	**$733,375.24**	$774,584.96	**$41,209.72**	**5%**
1930	Transportation Equipment	$6,471,161.58	$7,415.18	$1,232,985.20	$12,447.50	$7,067,791.50	6.33	15.81%	**$1,117,296.43**	$1,138,901.13	**$21,604.70**	**2%**
1935	Stores Equipment	$131,294.42	$0.00	$16,598.73	$0.00	$139,593.79	3.25	30.77%	**$42,949.39**	$42,891.35	**-$58.04**	**0%**
1940	Tools, Shop & Garage Equipment	$661,740.90	$7,386.08	$185,933.69	$0.00	$747,321.67	5.15	19.42%	**$145,124.74**	$141,588.97	**-$3,535.77**	**-2%**
1945	Measurement & Testing Equipment	$457,873.85	$31,181.75	$114,557.49	$0.00	$483,970.85	3.05	32.82%	**$158,828.38**	$159,460.28	**$631.90**	**0%**
1950	Power Operated Equipment	$318,605.51	$16,438.49	$250,748.23	$0.00	$427,541.14	4.04	24.78%	**$105,939.40**	$101,610.79	**-$4,328.61**	**-4%**
1955	Communications Equipment	$2,308,223.65	$157.93	$182,610.58	$0.00	$2,399,371.01	5.53	18.09%	**$433,964.93**	$428,919.29	**-$5,045.64**	**-1%**
1960	Miscellaneous Equipment	$80,328.26	$462.80	$7,814.64	$0.00	$83,772.78	5.61	17.81%	**$14,920.14**	$15,001.54	**$81.40**	**1%**
1970	Load Management Controls Customer Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1975	Load Management Controls Utility Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1980	System Supervisor Equipment	$5,213,211.83	$943.10	$1,006,490.19	$0.00	$5,715,513.83	11.57	8.64%	**$493,965.61**	$484,072.57	**-$9,893.04**	**-2%**
1985	Miscellaneous Fixed Assets	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1990	Other Tangible Property	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1995	Contributions & Grants	-$22,548,382.82	$0.00	$0.00	$0.00	-$22,548,382.82	25.06	3.99%	**-$899,701.22**	-$899,701.22	**$0.00**	**0%**
2005	Property Under Finance Leases	$2,029,097.88	$0.00	$0.00	$0.00	$2,029,097.88	35.00	2.86%	**$57,974.23**	$57,974.23	**$0.00**	**0%**
2440	Deferred Revenue	-$36,013,138.22	$0.00	-$6,606,145.38	$0.00	-$39,316,210.91	36.39	2.75%	**-$1,080,308.82**	-$1,070,807.89	**$9,500.93**	**-1%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
	Total	**$357,667,737.51**	**$1,293,166.21**	**$33,796,165.14**	**$ 212,333**	**$373,060,320.76**	**$469.57**		**$22,954,971.61**	**$22,861,712.06**	**-$93,259.55**	**0%**

Table 2-36– 2024 Depreciation and Amortization Expense (OEB Appendix 2-C)

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, Column K	Variance [4]	Variance %
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h	k = j/i
1609	Capital Contributions Paid	$4,815,992.23	$0.00	$778,527.43	$0.00	$5,205,255.95	39.59	2.53%	**$131,479.46**	$124,270.88	**-$7,208.58**	**-6%**
1610	Intangible Wholesale Meters	$654,534.51	$0.00	$0.00	$0.00	$654,534.51	15.19	6.58%	**$43,095.91**	$43,095.91	**$0.00**	**0%**
1611	Computer Software (Formally known as Account 1925)	$12,181,994.14	$798,109.87	$3,182,848.93	$0.00	$12,975,308.74	2.60	38.49%	**$4,994,147.66**	$4,953,095.33	**-$41,052.33**	**-1%**
1612	Land Rights (Formally known as Account 1906)	$597,525.03	$0.00	$39,377.26	$0.00	$617,213.66	20.71	4.83%	**$29,809.71**	$29,556.46	**-$253.25**	**-1%**
1805	Land	$349,689.89	$0.00	$0.00	$0.00	$349,689.89		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1808	Buildings	$927,538.71	$0.00	$0.00	$0.00	$927,538.71	7.93	12.61%	**$116,967.61**	$116,967.61	**$0.00**	**0%**
1810	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1815	Transformer Station Equipment >50 kV	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1820	Distribution Station Equipment <50 kV	$7,239,972.32	$48,473.83	$44,338.94	$38,071.20	$7,175,596.76	15.68	6.38%	**$457,546.95**	$459,345.17	**$1,798.22**	**0%**
1825	Storage Battery Equipment	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1830	Poles, Towers & Fixtures	$32,582,561.41	$0.00	$3,583,759.33	$0.00	$34,374,441.08	32.17	3.11%	**$1,068,497.33**	$1,061,759.94	**-$6,737.39**	**-1%**
1835	Overhead Conductors & Devices	$50,544,947.30	$0.00	$3,694,185.25	$0.00	$52,392,039.93	36.34	2.75%	**$1,441,825.76**	$1,438,261.53	**-$3,564.23**	**0%**
1840	Underground Conduit	$86,907,184.21	$478.93	$10,425,735.79	$0.00	$92,119,573.18	48.65	2.06%	**$1,893,575.39**	$1,871,241.47	**-$22,333.92**	**-1%**
1845	Underground Conductors & Devices	$66,939,060.00	-$887.65	$6,324,122.57	$0.00	$70,102,008.94	20.51	4.88%	**$3,417,830.95**	$3,403,015.11	**-$14,815.84**	**0%**
1850	Line Transformers	$75,725,054.91	$18,930.34	$7,505,201.49	$0.00	$79,458,725.32	23.33	4.29%	**$3,405,991.53**	$3,379,968.27	**-$26,023.26**	**-1%**
1855	Services (Overhead & Underground)	$45,560,174.67	$0.00	$5,222,804.99	$0.00	$48,171,577.17	28.77	3.48%	**$1,674,467.43**	$1,658,686.22	**-$15,781.21**	**-1%**
1860	Meters	$12,038,360.95	$1,716.03	$1,873,418.08	$0.00	$12,973,353.96	5.91	16.92%	**$2,195,595.68**	$2,201,233.72	**$5,638.04**	**0%**
1905	Land	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1908	Buildings & Fixtures	$15,085,947.51	$5,593.73	$290,896.21	$0.00	$15,225,801.89	22.09	4.53%	**$689,284.75**	$685,418.61	**-$3,866.14**	**-1%**
1910	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1915	Office Furniture & Equipment	$469,928.38	$58,240.36	$207,769.69	$0.00	$515,572.87	2.41	41.52%	**$214,058.14**	$200,146.56	**-$13,911.58**	**-7%**
1920	Computer Equipment - Hardware	$880,139.64	$187,397.91	$324,304.23	$0.00	$854,893.85	1.58	63.37%	**$541,768.70**	$549,204.85	**$7,436.15**	**1%**
1930	Transportation Equipment	$6,552,798.15	$123,664.38	$1,048,966.83	$10,695.32	$6,942,921.87	5.80	17.23%	**$1,196,319.61**	$1,161,921.51	**-$34,398.10**	**-3%**
1935	Stores Equipment	$105,001.80	$15,019.89	$2,993.15	$0.00	$91,478.48	2.17	46.16%	**$42,229.00**	$42,073.11	**-$155.89**	**0%**
1940	Tools, Shop & Garage Equipment	$706,085.62	$9,292.16	$229,264.28	$0.00	$811,425.60	5.11	19.56%	**$158,697.43**	$154,994.14	**-$3,703.29**	**-2%**
1945	Measurement & Testing Equipment	$412,971.06	$24,921.73	$48,755.40	$0.00	$412,427.03	3.22	31.03%	**$127,983.46**	$126,872.68	**-$1,110.78**	**-1%**
1950	Power Operated Equipment	$467,742.95	$0.00	$139,228.60	$0.00	$537,357.25	4.72	21.20%	**$113,903.34**	$119,680.71	**$5,777.37**	**5%**
1955	Communications Equipment	$2,061,914.94	$172,972.01	$994,118.67	$0.00	$2,386,002.27	4.97	20.11%	**$479,796.39**	$474,154.56	**-$5,641.83**	**-1%**
1960	Miscellaneous Equipment	$73,141.36	$0.00	$7,795.00	$0.00	$77,038.86	4.99	20.03%	**$15,432.94**	$15,514.14	**$81.20**	**1%**
1970	Load Management Controls Customer Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1975	Load Management Controls Utility Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1980	System Supervisor Equipment	$5,735,629.45	$9,049.57	$1,437,975.22	$0.00	$6,445,567.49	11.18	8.94%	**$576,520.55**	$565,245.80	**-$11,274.75**	**-2%**
1985	Miscellaneous Fixed Assets	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1990	Other Tangible Property	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1995	Contributions & Grants	-$21,648,681.60	$0.00	$0.00	$0.00	-$21,648,681.60	24.06	4.16%	**-$899,701.15**	-$899,701.15	**$0.00**	**0%**
2005	Property Under Finance Leases	$1,971,123.65	$0.00	$0.00	$0.00	$1,971,123.65	34.00	2.94%	**$57,974.22**	$57,974.22	**$0.00**	**0%**
2440	Deferred Revenue	-$41,548,475.71	$0.00	-$6,327,028.04	$0.00	-$44,711,989.73	36.00	2.78%	**-$1,241,973.46**	-$1,245,124.64	**-$3,151.18**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
	Total	**$368,389,857.48**	**$1,472,973.09**	**$41,079,359.30**	**$ 48,767**	**$387,407,797.52**	**$459.67**		**$22,943,125.29**	**$22,748,872.72**	**-$194,252.57**	**-1%**

Table 2-37– 2025 Depreciation and Amortization Expense (OEB Appendix 2-C)

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, Column K	Variance [4]	Variance %
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h	k = j/i
1609	Capital Contributions Paid	$5,470,248.78	$0.00	$3,425.24	$0.00	$5,471,961.40	39.02	2.56%	**$140,244.09**	$140,206.03	**-$38.06**	**0%**
1610	Intangible Wholesale Meters	$611,438.60	$0.00	$0.00	$0.00	$611,438.60	14.19	7.05%	**$43,095.88**	$43,095.88	**$0.00**	**0%**
1611	Computer Software (Formally known as Account 1925)	$10,411,747.74	$444,819.53	$3,544,602.79	$0.00	$11,739,229.61	2.65	37.68%	**$4,423,484.66**	$4,423,726.44	**$241.78**	**0%**
1612	Land Rights (Formally known as Account 1906)	$607,345.83	$130.97	$3,337.19	$0.00	$608,883.46	20.13	4.97%	**$30,243.38**	$30,224.80	**-$18.58**	**0%**
1805	Land	$349,689.89	$0.00	$0.00	$0.00	$349,689.89		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1808	Buildings	$810,571.10	$0.00	$0.00	$0.00	$810,571.10	6.93	14.43%	**$116,967.61**	$116,967.61	**$0.00**	**0%**
1810	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1815	Transformer Station Equipment >50 kV	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1820	Distribution Station Equipment <50 kV	$6,786,894.89	$36,051.48	$216,308.40	$0.00	$6,858,997.61	19.87	5.03%	**$345,141.19**	$344,655.54	**-$485.65**	**0%**
1825	Storage Battery Equipment	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1830	Poles, Towers & Fixtures	$35,104,560.80	$0.00	$3,046,587.61	$0.00	$36,627,854.61	32.05	3.12%	**$1,142,969.71**	$1,130,011.83	**-$12,957.88**	**-1%**
1835	Overhead Conductors & Devices	$52,800,871.02	$0.00	$2,317,512.92	$0.00	$53,959,627.48	35.87	2.79%	**$1,504,376.24**	$1,497,274.08	**-$7,102.16**	**0%**
1840	Underground Conduit	$95,461,678.53	$28,237.82	$12,204,713.23	$105,684.89	$101,430,112.44	48.94	2.04%	**$2,072,599.26**	$2,025,515.39	**-$47,083.87**	**-2%**
1845	Underground Conductors & Devices	$69,860,167.46	$140,459.55	$6,043,958.43	$178,376.51	$72,563,310.62	20.54	4.87%	**$3,533,160.91**	$3,517,130.96	**-$16,029.95**	**0%**
1850	Line Transformers	$79,850,288.13	$21,143.35	$8,187,403.25	$0.00	$83,922,846.41	23.30	4.29%	**$3,601,916.06**	$3,551,060.80	**-$50,855.26**	**-1%**
1855	Services (Overhead & Underground)	$49,124,293.44	$0.00	$4,333,616.00	$0.00	$51,291,101.44	28.47	3.51%	**$1,801,472.15**	$1,775,704.84	**-$25,767.31**	**-1%**
1860	Meters	$11,710,545.31	$279,463.89	$1,973,463.11	$0.00	$12,417,812.98	8.38	11.94%	**$1,482,495.05**	$1,461,855.40	**-$20,639.65**	**-1%**
1905	Land	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1908	Buildings & Fixtures	$14,691,425.11	$4,735.10	$1,629,292.25	$0.00	$15,501,336.14	21.99	4.55%	**$704,947.86**	$702,880.23	**-$2,067.63**	**0%**
1910	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1915	Office Furniture & Equipment	$477,551.51	$15,128.19	$147,260.20	$0.00	$536,053.42	3.39	29.46%	**$157,914.88**	$154,905.53	**-$3,009.35**	**-2%**
1920	Computer Equipment - Hardware	$655,239.02	$133,946.44	$1,132,107.51	$0.00	$1,087,346.34	1.89	52.94%	**$575,666.62**	$571,927.18	**-$3,739.44**	**-1%**
1930	Transportation Equipment	$6,429,148.15	$65,563.19	$1,850,143.46	$32,952.63	$7,255,704.06	6.10	16.39%	**$1,189,500.65**	$1,206,805.69	**$17,305.04**	**1%**
1935	Stores Equipment	$65,921.84	$13,230.59	$36,316.47	$0.00	$70,849.48	2.49	40.17%	**$28,463.17**	$28,777.17	**$314.00**	**1%**
1940	Tools, Shop & Garage Equipment	$780,355.76	$12,511.73	$202,326.00	$0.00	$869,007.03	5.06	19.76%	**$171,687.65**	$169,668.63	**-$2,019.01**	**-1%**
1945	Measurement & Testing Equipment	$334,853.78	$16,855.50	$202,040.77	$0.00	$419,018.67	3.71	26.98%	**$113,069.43**	$113,034.60	**-$34.83**	**0%**
1950	Power Operated Equipment	$487,290.84	$28,568.84	$36,261.48	$0.00	$476,852.74	3.90	25.64%	**$122,245.73**	$121,895.85	**-$349.88**	**0%**
1955	Communications Equipment	$2,581,879.05	$0.00	$120,597.42	$0.00	$2,642,177.76	7.16	13.96%	**$368,875.26**	$366,954.22	**-$1,921.04**	**-1%**
1960	Miscellaneous Equipment	$65,422.22	$0.00	$51,951.26	$0.00	$91,397.85	4.77	20.97%	**$19,167.07**	$19,666.00	**$498.93**	**3%**
1970	Load Management Controls Customer Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1975	Load Management Controls Utility Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1980	System Supervisor Equipment	$6,608,358.87	$1,377.59	$504,832.21	$0.00	$6,859,397.39	10.71	9.33%	**$640,217.19**	$638,155.38	**-$2,061.81**	**0%**
1985	Miscellaneous Fixed Assets	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1990	Other Tangible Property	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1995	Contributions & Grants	-$20,748,980.45	$0.00	$0.00	$0.00	-$20,748,980.45	23.06	4.34%	**-$899,701.22**	-$899,701.22	**$0.00**	**0%**
2005	Property Under Finance Leases	$1,913,149.43	$0.00	$4,620,865.00	$0.00	$4,223,581.93	45.00	2.22%	**$93,857.37**	$145,200.32	**$51,342.95**	**35%**
2440	Deferred Revenue	-$46,630,379.11	$0.00	-$6,194,432.19	$0.00	-$49,727,595.21	35.56	2.81%	**-$1,398,491.74**	-$1,401,091.14	**-$2,599.40**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
	Total	**$386,671,577.54**	**$1,242,223.76**	**$46,214,490.01**	**$ 317,014**	**$408,219,584.76**	**$475.13**		**$22,125,586.11**	**$21,996,508.04**	**-$129,078.07**	**-1%**

Table 2-38– 2026 Depreciation and Amortization Expense (OEB Appendix 2-C)

Year 2026

		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, Column K	Variance [4]	Variance %
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h	k = j/i
1609	Capital Contributions Paid	$5,333,467.99	$0.00	$899,700.00	$0.00	$5,783,317.99	38.50	2.60%	**$150,216.05**	$150,200.00	**-$16.05**	**0%**
1610	Intangible Wholesale Meters	$568,342.72	$0.00	$0.00	$0.00	$568,342.72	13.19	7.58%	**$43,088.91**	$43,100.00	**$11.09**	**0%**
1611	Computer Software (Formally known as Account 1925)	$9,532,624.09	$529,343.36	$4,140,000.00	$0.00	$11,073,280.73	2.63	38.02%	**$4,210,372.90**	$4,213,400.00	**$3,027.10**	**0%**
1612	Land Rights (Formally known as Account 1906)	$580,458.22	$0.00	$0.00	$0.00	$580,458.22	19.16	5.22%	**$30,295.31**	$30,300.00	**$4.69**	**0%**
1805	Land	$349,689.89	$0.00	$0.00	$0.00	$349,689.89		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1808	Buildings	$693,603.49	$0.00	$57,200.00	$0.00	$722,203.49	8.76	11.42%	**$82,443.32**	$82,400.00	**-$43.32**	**0%**
1810	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1815	Transformer Station Equipment >50 kV	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1820	Distribution Station Equipment <50 kV	$6,658,547.75	$1,527.20	$16,800.00	$0.00	$6,665,420.55	21.48	4.66%	**$310,308.22**	$310,300.00	**-$8.22**	**0%**
1825	Storage Battery Equipment	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1830	Poles, Towers & Fixtures	$37,021,136.58	$0.00	$3,260,500.00	$0.00	$38,651,386.58	31.89	3.14%	**$1,212,022.16**	$1,212,000.00	**-$22.16**	**0%**
1835	Overhead Conductors & Devices	$53,621,109.86	$0.00	$3,008,300.00	$0.00	$55,125,259.86	35.35	2.83%	**$1,559,413.29**	$1,559,300.00	**-$113.29**	**0%**
1840	Underground Conduit	$105,535,191.48	$0.00	$14,412,900.00	$0.00	$112,741,641.48	49.54	2.02%	**$2,275,769.91**	$2,275,900.00	**$130.09**	**0%**
1845	Underground Conductors & Devices	$72,208,618.42	$119,333.25	$8,314,300.00	$0.00	$76,246,435.17	21.50	4.65%	**$3,546,345.82**	$3,546,000.00	**-$345.82**	**0%**
1850	Line Transformers	$84,486,630.58	$18,764.46	$8,773,700.00	$0.00	$88,854,716.12	23.20	4.31%	**$3,829,944.66**	$3,821,900.00	**-$8,044.66**	**0%**
1855	Services (Overhead & Underground)	$51,682,204.60	$0.00	$4,840,700.00	$0.00	$54,102,554.60	28.01	3.57%	**$1,931,544.26**	$1,931,600.00	**$55.74**	**0%**
1860	Meters	$12,222,153.02	$2,569.12	$1,236,500.00	$0.00	$12,837,833.90	9.86	10.14%	**$1,302,011.55**	$1,301,900.00	**-$111.55**	**0%**
1905	Land	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1908	Buildings & Fixtures	$15,617,837.13	$8,439.95	$1,291,700.00	$0.00	$16,255,247.18	22.10	4.52%	**$735,531.55**	$736,400.00	**$868.45**	**0%**
1910	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1915	Office Furniture & Equipment	$469,906.18	$9,266.00	$750,800.00	$0.00	$836,040.18	3.64	27.47%	**$229,681.37**	$229,400.00	**-$281.37**	**0%**
1920	Computer Equipment - Hardware	$1,215,419.35	$76,808.06	$996,400.00	$0.00	$1,636,811.29	2.60	38.46%	**$629,542.80**	$625,800.00	**-$3,742.80**	**-1%**
1930	Transportation Equipment	$7,039,533.29	$0.00	$2,274,000.00	$61,615.26	$8,176,533.29	6.32	15.82%	**$1,293,755.27**	$1,293,100.00	**-$655.27**	**0%**
1935	Stores Equipment	$73,461.14	$2,932.76	$51,200.00	$0.00	$96,128.38	4.82	20.75%	**$19,943.65**	$20,000.00	**$56.35**	**0%**
1940	Tools, Shop & Garage Equipment	$813,013.13	$4,840.75	$246,500.00	$0.00	$931,422.38	5.06	19.76%	**$184,075.57**	$184,200.00	**$124.43**	**0%**
1945	Measurement & Testing Equipment	$423,859.95	$16,449.80	$189,100.00	$0.00	$501,960.15	4.25	23.53%	**$118,108.27**	$118,000.00	**-$108.27**	**0%**
1950	Power Operated Equipment	$401,656.47	$0.00	$0.00	$9,820.85	$401,656.47	4.19	23.88%	**$95,900.00**	$95,900.00	**$0.00**	**0%**
1955	Communications Equipment	$2,335,522.25	$327.66	$500,200.00	$0.00	$2,585,294.59	6.52	15.35%	**$396,800.00**	$396,800.00	**$0.00**	**0%**
1960	Miscellaneous Equipment	$97,707.48	$0.00	$52,000.00	$0.00	$123,707.48	4.81	20.79%	**$25,718.81**	$25,700.00	**-$18.81**	**0%**
1970	Load Management Controls Customer Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1975	Load Management Controls Utility Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1980	System Supervisor Equipment	$6,475,035.70	$4,576.19	$1,676,600.00	$0.00	$7,308,759.51	10.16	9.84%	**$719,366.09**	$719,200.00	**-$166.09**	**0%**
1985	Miscellaneous Fixed Assets	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1990	Other Tangible Property	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1995	Contributions & Grants	-$19,849,279.23	$0.00	$0.00	$0.00	-$19,849,279.23	22.05	4.54%	**-$900,194.07**	-$900,000.00	**$194.07**	**0%**
2005	Property Under Finance Leases	$6,388,814.11	$0.00	$0.00	$0.00	$6,388,814.11	44.00	2.27%	**$145,200.32**	$145,200.00	**-$0.32**	**0%**
2440	Deferred Revenue	-$51,423,720.16	$0.00	-$5,627,000.00	$0.00	-$54,237,220.16	35.08	2.85%	**-$1,546,100.92**	-$1,546,000.00	**$100.92**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
	Total	**$410,572,545.48**	**$795,178.56**	**$51,362,100.00**	**$ 71,436**	**$435,458,416.92**	**$478.66**		**$22,631,105.08**	**$22,622,000.00**	**-$9,105.08**	**0%**

Table 2-39– 2027 Depreciation and Amortization Expense (OEB Appendix 2-C)

Year: 2027

		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, Column K	Variance [4]	Variance %
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h	k = j/i
1609	Capital Contributions Paid	$6,082,967.99	$0.00	$0.00	$0.00	$6,082,967.99	37.97	2.63%	**$160,204.58**	$160,200.00	**-$4.58**	**0%**
1610	Intangible Wholesale Meters	$525,242.72	$0.00	$0.00	$0.00	$525,242.72	12.19	8.20%	**$43,088.00**	$43,100.00	**$12.00**	**0%**
1611	Computer Software (Formally known as Account 1925)	$9,459,224.09	$0.00	$5,106,100.00	$0.00	$12,012,274.09	2.91	34.36%	**$4,127,929.24**	$4,132,100.00	**$4,170.76**	**0%**
1612	Land Rights (Formally known as Account 1906)	$550,158.22	$0.00	$0.00	$0.00	$550,158.22	18.16	5.51%	**$30,295.06**	$31,100.00	**$804.94**	**3%**
1805	Land	$349,689.89	$0.00	$0.00	$0.00	$349,689.89		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1808	Buildings	$668,403.49	$0.00	$59,500.00	$0.00	$698,153.49	12.51	7.99%	**$55,807.63**	$55,800.00	**-$7.63**	**0%**
1810	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1815	Transformer Station Equipment >50 kV	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1820	Distribution Station Equipment <50 kV	$6,365,047.75	$0.00	$97,700.00	$0.00	$6,413,897.75	20.52	4.87%	**$312,568.12**	$312,500.00	**-$68.12**	**0%**
1825	Storage Battery Equipment	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1830	Poles, Towers & Fixtures	$39,069,636.58	$0.00	$3,589,800.00	$0.00	$40,864,536.58	31.72	3.15%	**$1,288,289.30**	$1,288,200.00	**-$89.30**	**0%**
1835	Overhead Conductors & Devices	$55,070,109.86	$0.00	$5,236,800.00	$0.00	$57,688,509.86	35.04	2.85%	**$1,646,361.58**	$1,646,400.00	**$38.42**	**0%**
1840	Underground Conduit	$117,672,191.48	$1,817.40	$14,887,100.00	$0.00	$125,113,924.08	49.56	2.02%	**$2,524,494.03**	$2,524,400.00	**-$94.03**	**0%**
1845	Underground Conductors & Devices	$76,976,918.42	$91,674.39	$9,355,000.00	$0.00	$81,562,744.03	22.57	4.43%	**$3,613,768.01**	$3,613,600.00	**-$168.01**	**0%**
1850	Line Transformers	$89,438,430.58	$23,133.53	$9,020,800.00	$0.00	$93,925,697.05	23.15	4.32%	**$4,057,265.53**	$4,057,300.00	**$34.47**	**0%**
1855	Services (Overhead & Underground)	$54,591,304.60	$0.00	$4,894,900.00	$0.00	$57,038,754.60	27.48	3.64%	**$2,075,646.09**	$2,075,300.00	**-$346.09**	**0%**
1860	Meters	$12,156,753.02	$2,430.52	$1,224,800.00	$0.00	$12,766,722.50	9.45	10.58%	**$1,350,975.93**	$1,351,000.00	**$24.07**	**0%**
1905	Land	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1908	Buildings & Fixtures	$16,173,137.13	$0.00	$1,640,800.00	$0.00	$16,993,537.13	22.26	4.49%	**$763,411.37**	$763,500.00	**$88.63**	**0%**
1910	Leasehold Improvements	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1915	Office Furniture & Equipment	$991,306.18	$0.00	$780,900.00	$0.00	$1,381,756.18	3.81	26.25%	**$362,665.66**	$362,600.00	**-$65.66**	**0%**
1920	Computer Equipment - Hardware	$1,586,019.35	$0.00	$1,416,900.00	$0.00	$2,294,469.35	2.62	38.17%	**$875,751.66**	$875,300.00	**-$451.66**	**0%**
1930	Transportation Equipment	$7,958,818.03	$0.00	$2,445,000.00	$2,000.00	$9,181,318.03	6.35	15.75%	**$1,445,876.86**	$1,445,100.00	**-$776.86**	**0%**
1935	Stores Equipment	$104,661.14	$0.00	$32,400.00	$0.00	$120,861.14	5.62	17.79%	**$21,505.54**	$21,500.00	**-$5.54**	**0%**
1940	Tools, Shop & Garage Equipment	$875,313.13	$0.00	$256,200.00	$0.00	$1,003,413.13	4.79	20.88%	**$209,480.82**	$209,400.00	**-$80.82**	**0%**
1945	Measurement & Testing Equipment	$494,959.95	$0.00	$165,400.00	$0.00	$577,659.95	4.78	20.92%	**$120,849.36**	$120,900.00	**$50.64**	**0%**
1950	Power Operated Equipment	$295,935.62	$0.00	$0.00	$0.00	$295,935.62	3.61	27.70%	**$81,976.63**	$81,900.00	**-$76.63**	**0%**
1955	Communications Equipment	$2,438,922.25	$0.00	$642,500.00	$0.00	$2,760,172.25	7.12	14.04%	**$387,664.64**	$387,500.00	**-$164.64**	**0%**
1960	Miscellaneous Equipment	$124,007.48	$0.00	$54,100.00	$0.00	$151,057.48	4.87	20.53%	**$31,017.96**	$31,000.00	**-$17.96**	**0%**
1970	Load Management Controls Customer Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1975	Load Management Controls Utility Premises	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1980	System Supervisor Equipment	$7,432,435.70	$5,067.81	$5,162,200.00	$0.00	$10,008,467.89	10.31	9.70%	**$970,753.43**	$971,100.00	**$346.57**	**0%**
1985	Miscellaneous Fixed Assets	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1990	Other Tangible Property	$0.00	$0.00	$0.00	$0.00	$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
1995	Contributions & Grants	-$18,949,279.23	$0.00	$0.00	$0.00	-$18,949,279.23	21.05	4.75%	**-$900,203.29**	-$900,000.00	**$203.29**	**0%**
2005	Property Under Finance Leases	$6,243,614.11	$0.00	$0.00	$0.00	$6,243,614.11	43.00	2.33%	**$145,200.33**	$145,200.00	**-$0.33**	**0%**
2440	Deferred Revenue	-$55,504,720.16	$0.00	-$4,436,000.00	$0.00	-$57,722,720.16	34.52	2.90%	**-$1,672,152.96**	-$1,672,000.00	**$152.96**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
						$0.00		0.00%	**$0.00**	$0.00	**$0.00**	**0%**
	Total	**$439,241,209.37**	**$124,123.65**	**$61,632,900.00**	**$ 2,000**	**$469,933,535.72**	**$477.94**		**$24,130,491.12**	**$24,134,000.00**	**$3,508.88**	**0%**

APPENDIX 2-3:

CAPITALIZATION POLICY

CAPITAL ASSETS ACCOUNTING POLICIES AND PROCEDURES

(Property, Plant and Equipment and Intangible Assets)

OVERVIEW

London Hydro applies International Financial Reporting Standards (IFRS), as identified in IFRS 1 First Time Adoption of IFRS and in IAS 16 Property, Plant and Equipment (PP&E), for the following general capitalization principles and procedures.

Background

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") officially confirmed the requirement for publicly accountable enterprises to adopt IFRS for financial reporting purposes in 2011. However, deferrals were granted due to issues surrounding rate-regulated accounting for regulatory assets and liabilities.

London Hydro's eventual and actual transition date to IFRS was January 1, 2015 with 2014 amounts being restated for comparative purposes.

Up to and including the date of transition to IFRS, Canadian Generally Accepted Accounting Principles (CGAAP), and in particular CICA Handbook (Sections 3061 to 3064), and the guidelines as specified in the Ontario Energy Board (OEB) Accounting Procedures Handbook (APH) (Article 410) were the basis for general capitalization principles and procedures.

GENERAL CAPITALIZATION POLICY

1.0 PURPOSE

This document describes the accounting policies and processes set for the appropriate classification of London Hydro's expenditures and provides guidelines to assist in determining whether expenditures are capitalized and recorded to the balance sheet (capital assets) or expensed to operations in the period incurred (expensed).

The accounting policies and processes document is to permit accurate recognition of expenditures as either capital assets or operating expenses which is necessary for meeting the financial reporting requirements for IFRS and of the OEB, to provide accurate financial reporting to management and our shareholder, and to prepare meaningful budgets.

It should also be noted that capitalized expenditures attempt to provide for an equitable allocation of cost among existing and future customers as the assets are used.

2.0 ACCOUNTING POLICY

2.1 Recognition Principle

An *item* of Property, Plant and Equipment should be recognized as a capital asset, if and only if, it is probable that *future economic benefits* associated with the asset will flow to the Company, and the cost of the item can be measured reliably. (IAS 1 67.74 a and b)

Intangible assets are also considered capital assets under these criteria and are recognized as identifiable non-monetary assets that lack physical substance. (IAS 38.8)

Other Criteria for recognition as a capital asset include:

Expenditures incurred to purchase or to build tangible or intangible assets that will provide *benefits lasting beyond one year* to the Company will be capitalized.

Expenditures incurred to improve (betterment) an existing asset will be capitalized if it is probable that future economic benefits will flow to the Company. Future economic benefits are demonstrated by the expenditure extending the asset's useful life/lifespan or increasing the asset's potential productivity/capacity or potentially lowering operating costs.

London Hydro's capital assets typically include electric plant, transmission, generation and distribution facilities, meters, vehicles, office furniture, computer hardware and other equipment.

Intangible assets generally represent land rights, capital contributions paid to Hydro One and computer software.

Expenditures for repairs and/or maintenance designed to maintain an asset in its original state are not capital expenditures and should be charged to an operating account.

In the event of uncertainty surrounding the determination of a cost to be capital or operating or the application of materiality limits, if any exist, the Finance Department or the CFO should be consulted.

2.2 Measurement

Whether capital assets are purchased or constructed by the Company, they are stated at cost and include expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The cost of self-constructed assets includes direct materials, initial delivery and assembly, labour, employee benefits, professional fees and any other costs directly attributable to bringing the asset to a working condition for its intended use. Other costs could include expenditures *directly attributable* to the asset from engineering, overheads, contracted services, and interest on borrowing costs.

Overheads are identified as being costs that support capital and operating activities, specifically within Supply Chain Management, Fleet Operations and Labour costing. Similarly, expenditures included in Overheads must be reviewed to determine whether they are "directly attributable" to bringing the asset to the location and working condition for its intended use (IAS 16.16 b). Interest or borrowing costs should be capitalized on qualifying projects where construction activity extends over one year.

Costs that are not included in the cost of an item of PP&E include training costs, administration and other general overhead costs, feasibility studies conducted prior to assessing the viability of a project.

As part of London Hydro's transition to IFRS, items of PP&E and Intangibles acquired prior to the transition date have been restated at deemed cost, which represents the carrying amount of these assets on the transition date, January 1, 2014.

2.3 Amortization / Depreciation

Depreciation is recognized in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of each part or component of an item of PP&E that is significant in relation to the total cost of the item. PP&E are considered tangible assets. Land and perpetual land rights are not depreciated. Finite lived intangible assets are amortized over their estimated useful life (IAS 38).

Construction-in-progress assets are not amortized until the item of PP&E is **"available for use"** (in its location and condition necessary for it to be capable of operating in the manner intended by management) (IAS 16.55).

Depreciation methods, useful lives and residual values are reviewed annually. Changes in useful life and residual values resulting from this review will be accounted for on a prospective basis as a change in accounting estimate in accordance with IAS 8.

Depreciation of an asset ceases when the asset is derecognized. (IAS 16.55). Depreciation does not cease when the asset is idle or retired from active use except when the asset is classified as held for sale.

2.4 Derecognition (Retirements and Disposals)

An item of PP&E or Intangibles will be removed from the capital assets on the balance sheet when it is taken out of service, or abandoned where no future benefits are expected or when sold. The resulting loss equal to its net book value less disposal costs will be recognized in the Statement of Comprehensive Income. In the case of a sale of an item of PP&E or Intangibles, gains and losses are determined by comparing the proceeds from the disposal with the net book value of the item disposed with the gain or loss recognized in the Statement of Comprehensive Income. (IAS 16.68)

Derecognition will follow materiality limits to avoid undue administrative burden where costs may outweigh the benefits. For assets which cannot be individually identified, *this materiality limit has been set by London Hydro to $10,000* in that an item will not be removed from PP&E where its net book value is equal to or less than this limit. This threshold takes into consideration, and assists in offsetting for, those assets in service that have exceeded their life expectancy.

This above-noted materiality limit does not apply where an individual asset record is maintained. For example, in the case of a vehicle.

2.5 Impairments

At the end of each annual reporting period, the Company must assess whether there is any indication that an asset may be impaired, and if so, determine and measure the impairment loss (IAS 36.9).

An item of PP&E or intangible asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the item. IAS 36.12 (f) states that a plan to dispose of an asset before the previously expected date is an indicator of impairment that triggers the calculation of the asset's recoverable amount for the purpose of determining whether the asset is impaired. Further indications of possible impairment are reflected below.

Indications of Impairment [IAS 36.12]

External sources:

- market value declines

- negative changes in technology, markets, economy, or laws
- increases in market interest rates

Internal sources:

- obsolescence or physical damage
- asset is part of a restructuring or held for disposal
- worse economic performance than expected

The above list is not intended to be exhaustive. [IAS 36.13]

If there is an indication that an impairment loss on assets exists, the recoverable amount is estimated. The impairment loss is the amount by which the asset's carrying amount or net book value exceeds its recoverable amount. The impairment loss is recognized in the Statement of Comprehensive Income.

3.0 DEFINITIONS

3.1 Tangible Assets

Property, Plant and Equipment as set out in IAS 16.6 indicates that they are a tangible item that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

3.2 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchased or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are:

- identifiable
- control (power to obtain benefits from the asset) resulting from a past event
- future economic benefits (such as revenues or reduced future costs)

Identifiable: an intangible asset is identifiable when it: (IAS 38.12) is separable (capable of being separated and sold, transferred, licensed, rented, or exchanged, either individually or together with

a related contract) or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

3.3 Betterment

A betterment is defined as the cost incurred to enhance the service potential of a capital asset. It can include the increasing of the capacity of the asset, lowering associated operating costs, improving the quality of output or extending the asset's useful life. Expenditures for betterments are capitalized if the capital asset will provide future economic benefit to the Company (see 4.1 for materiality limits as to betterments).

3.4 Repair

A repair is a cost which is incurred in the maintenance of the existing service potential of a capital asset. These costs are normally wear and tear in the normal use of the capital asset and do not enhance the service life of the asset. Repair costs are expensed in the period in which they occur.

3.5 Administrative and other general overhead

IAS 16.19 (d) explicitly prohibits capitalization of administration and other general overhead costs ("G&A"). IAS 16 does not define administration and other general overhead costs nor is it defined elsewhere in IFRS literature and therefore requires the application of judgment to identify such costs. In considering whether a cost is in the nature of G&A, the nature of the cost itself is not determinative. Rather, it is the specific facts and circumstances surrounding the cost at an entity and the entity's ability to demonstrate that the cost is directly attributable to an item of PP&E.

G&A costs typically benefit the organization as a whole or areas of the organization more broadly rather than contributing directly to bringing a physical asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The more the nature of a particular costs strays from being directly attributable to an item of PP&E, then the more likely it is that the cost will be determined to be in the nature of G&A.

3.6 Recoverable amount

The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use.

Fair value, less costs to sell, is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

3.7 Qualifying assets

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. A substantial period of time is defined as greater than one year.

4.0 CAPITALIZATION GUIDELINES

4.1 Materiality Limits

All expenditures for capital assets, including betterments, are subject to materiality limits.

While an expenditure might meet the definition to qualify as a capital asset, a materiality limit has been established to minimize the cost disadvantages where administration costs of capitalizing an asset may outweigh the intended benefits.

In view of the foregoing, expenditures that *are less than $2,000* should be charged to an operating account (expensed). This limit applies to an individual asset, the total costs of a constructed asset, as well as betterments.

In cases where items are routinely purchased as a set, and have an aggregate purchase price of $2,000 or more, the items will be capitalized and depreciated. For example: the purchase of a table and 4 chairs from the same vendor where the table and chairs are to be utilized as a set and the value of which is over $2,000 in total.

Bulk purchases of similar items that have an *aggregate value of $5,000* or more are to be recorded as a fixed asset regardless of individual price of item. For example: the purchase of 10 hand tools at $500 each, where the total purchase is $5,000 or more.

With respect to office furniture and computer hardware purchases, these materiality limits are reduced to $500 and $2,000. Specifically, expenditures that are less than $500 should be expensed and bulk purchase of $2,000 or more are to be capitalized. All acquisitions of used office furniture should be charged to expense.

4.2 Componentization of Assets

For each part of an item of PP&E with a cost that is significant in relation to the total cost of the item, the item shall be depreciated separately (IAS 16.43).

An entity allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates each such part (IAS 16.44).

A significant part of an item of PP&E may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another part of the same item. Such parts may be grouped in determining the depreciation charge (IAS 16.45).

4.3 Interest or Borrowing Costs

Borrowing costs that are directly attributable to the construction or acquisition of qualifying assets are capitalized as part of the cost of the asset. The OEB usually identifies borrowing costs that are capitalized as being Allowance for Funds Used in Construction (AFUDC). Only those assets with construction periods of *over 1 year* are to be considered for having their interest or borrowing costs capitalized.

For the purposes of determining whether an asset is a qualifying asset, those periods of time where there is a lack of construction activity, for whatever reason, should reflect a reduction of construction duration. Therefore, the period of time reflecting a lack of construction should be eliminated from the construction duration when determining whether the asset has a construction period of greater than one year.

Further requirements include that the qualifying asset has a reasonable expectation of completion and recovery. Interest or borrowing costs are to be charged to an operating account once substantially all of the activities necessary to prepare the qualifying asset for its intended use are complete (IAS 23.22).

The capitalization of borrowing costs should be suspended when there are extended periods where active development of a qualifying asset are suspended.

Borrowing costs are based on the Company's cost of borrowing. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are those borrowing costs that

would have been avoided if the expenditure on the qualifying asset had not been made. When the company borrows funds specifically for the purpose of obtaining a particular qualifying asset, the borrowing costs that directly relate to that qualifying asset can be readily identified. Borrowing costs related to general borrowings, where general borrowings are used to obtain a qualifying asset, should be determined. A capitalization rate should be calculated as the weighted average of the borrowing costs applicable to the borrowings outstanding during the period (IAS 23.14). The amount of borrowing costs that are capitalized during the period should not exceed the amount of borrowing costs incurred during that period. London Hydro calculates borrowing costs to be capitalized using the lower of the Ontario Energy Board's published Construction Work-In-Progress (CWIP) interest rates and actual incremental borrowing cost incurred.

4.4 Replacement Parts

The cost of replacing part of an item of PP&E is recognized in the carrying amount of the item if it is probable that the future incremental economic benefits embodied within the part will flow to the Company and its costs can be measured reliability (IAS 16.7, 16.13). The carrying amount of the replaced part is derecognized (IAS 16.13).

4.5 Decommissioning or Dismantling (Constructive and Asset Retirement Obligations or ARO)

Where there is a legal or constructive obligation to remove and dispose of PP&E at the end of their useful life, a provision is recorded to cover such future removal and disposal costs. (IAS 37, Provisions, Contingent Liabilities and Contingent Assets) The obligation costs are recognized at best estimate to settle the present obligation (IAS 37.36).

It is felt that the Company's distribution network essentially operates in perpetuity, and accordingly the date upon which it will be taken out of service is generally not determinable. Therefore, London Hydro has concluded it has no asset retirement obligations related to its distribution system.

Decommissioning or dismantling obligations may arise from contractual agreements (such as leases) or legislation governing the disposal requirements for an asset. When such obligations arise as a result of a past event and it is probable that an outflow of resources will be required to settle

the obligation, a liability should be recorded. The initial estimate of such a liability is included in the cost of the asset (IAS 16.16 (c)).

4.6 Capital Spares

Spare parts and stand-by equipment are considered PP&E when the Company expects to use them during more than one period (year). If the spare parts and servicing equipment can be used only in connection with an item of PP&E, they are considered PP&E (IAS 16.8).

Therefore, spare transformers and meters and other such items of PP&E that are applicable to this guidance, are accounted for as an item of PP&E as they are i) not intended for resale, ii) have a longer period of future benefit as compared to inventory items, iii) form an integral part of the original distribution plant by enhancing reliability of the original distribution plant, and iv) provide future benefits because they are expected to be placed in service.

Spare parts commence to be amortized when the spare part is available for use (rather than put to use) (IAS 16.55).

4.7 Contributed Capital (Contributions in Aid of Construction)

Certain assets may be acquired or constructed with financial assistance in the form of contribution from customers or developers.

Capital contributions received are treated as a liability on the balance sheet (IFRIC 18).

Amortization of the deferred customer contributions is required and done so over the average life span of the related assets.

Additions to contributed capital throughout the year need to be amortized as incurred.

Amounts that are amortized are to be recorded as a charge to the revenue deferral account and a credit to revenue account. For the purposes of reporting to the OEB, contributed capital is considered to be recorded as a capital account (as a credit to the asset contra account).

The Company has yet to have a customer or developer with a new expansion project select an "alternative bid" option as determined under 3.2.3 of the OEB Distribution System Code. An

alternative bid option is one in which the customer provides on their own the purchase or building of the expansion facilities. Upon acceptance of these facilities by the Company as meeting specific requirements, the facility ownership is then to be transferred from the customer to the Company. The transfer price for the expansion project is based on the Company's initial offer that was made to the customer.

4.8 Major Inspections/Overhauls of Item of PP&E

If regular "major" inspections are instituted on an item or items of PP&E, regardless if the parts of the item are replaced, this cost is recognized in the carrying amount of the item of PP&E. (IAS 16.13). If the PP&E item is derecognized the remaining carrying amount of the cost of the previous major inspection is also derecognized.

The cost of the major inspection or overhaul included in the amount initially recognized for an item of PP&E should be allocated to the major inspection or overhaul component and amortized separately over the useful life of this component so that it is fully depreciated before the next major inspection occurs.

4.9 London Hydro Contributions to PP&E not Owned by London Hydro

Contributions to PP&E made by London Hydro, where ownership is not realized by London Hydro, should be classified as an Intangible Asset, based on the following requirements:

The contribution is a resource that is controlled by the entity as a result of asset purchase or self-creation and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8]

Thus, the three critical attributes of an intangible asset are:

- identifiability
- control (power to obtain benefits from the asset)
- future economic benefits (such as revenues or reduced future costs)

An example of such an intangible asset would be London Hydro contributions to a Hydro One Transformer Station. Although London Hydro provided expenditures to the PP&E item, London Hydro does not retain ownership of the item. However, London Hydro does obtain future

economic benefit and has been provided by Hydro One assurance that London Hydro has the right to use the item of PP&E or that the item of PP&E's future economic benefits will continue to accrue to London Hydro.

4.10 Computer Software Expenditures

Computer software expenditures are to be classified as an intangible asset if it is probable that the expected future economic benefits attributable to it will flow to the entity (IAS 38.21). Only major application software projects with total "acquisition and enhancement expenditures" in excess of the established materiality limit, per 4.1 Materiality Limit, and with an expected future life ***exceeding two years***, are capitalized. All other software expenditures are charged to operations as incurred.

IAS 38, Intangible Assets, guidance for the recording and recognition of computer software expenditure:

- Purchased: capitalize
- Operating system for hardware: include in hardware cost **
- Internally developed (whether for use or sale): charge to expense until technological feasibility, probable future benefits, intent and ability to use or sell the software, resources to complete the software, and ability to measure cost
- Amortization: over useful life based on pattern of benefits (straight-line is the default)

Further criteria for computer software expenditures to be recorded as an item of an intangible asset is identified in item 3.2 Intangible Assets. Further interpretations can be found under "*Further Guidance, Intangible Assets"*, towards end of this Capital Asset Accounting Policy and Procedures document.

Software acquisition and enhancement expenditures include:

- Software purchase costs (including internal and external customization charges)
- Development costs for internally developed software. Permitted development costs must be identified with the following:
    i. being technological feasibility,
    ii. intending to complete the software,
    iii. having the ability to use the intangible asset,
    iv. having probable future benefits,

v. having available resources to complete the software, and
vi. having the ability to measure cost.

Examples of permitted development costs for internal development software projects can include testing, data purchase and loading costs, commissioning and documentation.

Software-related expenditures for existing data clean up or repair prior to loading are not capitalized as they represent a repair of existing data (exclusion to this is where data is required to be formatted before loading to a new computer system). Business process reengineering costs that are directly related to certain computer systems are charged to operation as incurred, as these costs are not an integral component for software. Training costs associated with any computer software projects are charged to operation as incurred (IAS 38.69).

Subsequent expenditure on computer software after its purchase or completion should be recognized as an expense when it is incurred, unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measured and attributed to the asset reliably. [Referenced to IAS 38.60]

** Software required for hardware to function (integral part of the related hardware) is considered hardware. For example, an operating system is to be charged to tangible fixed assets under computer hardware. Software that is not an integral part of computer hardware will be considered software and capitalized as an intangible asset. Both examples assume expenditures meet materiality limits and life span requirements.

4.11 CLOUD COMPUTING

Software-as-a-Service (SaaS)

SaaS arrangements are service contracts that provide the Company with the right to access a cloud provider's application software over the term of the agreement. In accordance with IFRS, implementation activities—such as configuring or customizing the cloud-based application—as well as ongoing subscription or usage fees, are expensed as operating costs in the period the related services are received.

Configuration refers to the process of setting parameters, flags, or switches within the application to enable existing software code to operate in a manner specified by the Company.
Customization involves modifying existing code or developing new code to alter or extend the application's functionality. Customization generally results in new or enhanced capabilities within the software.

Bridging Modules / Application Programming Interfaces (APIs)
Implementation of SaaS arrangements may require the development of additional software code—commonly referred to as bridging modules or APIs—to allow on-premise systems to integrate with cloud-based applications. Judgment is required in assessing whether the resulting code meets the definition and recognition criteria for an intangible asset under IAS 38 *Intangible Assets*. Expenditures that qualify for capitalization are recorded as intangible assets; otherwise, they are expensed as incurred.

Infrastructure-as-a-Service (IaaS)
Infrastructure-as-a-Service arrangements provide access to computing, storage, networking, and related infrastructure resources on a pay-as-you-go basis. The Company retains responsibility for deploying, maintaining, and supporting its applications, while the service provider maintains and operates the underlying physical infrastructure. Judgment is applied to determine whether an IaaS arrangement contains a lease within the scope of IFRS 16 Leases. Where no lease is identified, all fees associated with accessing the infrastructure are recognized as operating expenses in the period the services are consumed.

Platform-as-a-Service (PaaS)
Platform-as-a-Service arrangements provide access to a managed application platform, including operating systems, middleware, databases, and related tools. The service provider maintains and operates the underlying infrastructure and platform components, while the Company is responsible for developing, configuring, and maintaining its applications and data. Fees for accessing the platform are recognized as operating expenses in the period the services are consumed. However, implementation, configuration, and application-development activities performed by the Company may be capitalized when they meet the criteria for internally developed software under IFRS.

5.0 POLICY COMPLIANCE

As with any policy, there are to be no exemptions to the requirements of this policy in the execution of day-to-day business. Staff must report incidents of non-compliance relating to this policy in a timely manner to their Manager or Supervisor. Non-compliance issues of a serious nature will be immediately reported to the CFO.

FURTHER GUIDANCE

Measurement Recognition

The Company shall measure an item of PP&E at initial recognition at its cost (IAS 16.15).

The cost of an item of PP&E comprises of:

a) purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
b) Any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can be costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality.
c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. (IAS 16.16 a., b. and c.) (reference Item 4.5 for further information)

Examples of directly attributable costs are costs of employee benefits (as defined IAS 19 Employee Benefits), directly arising from the construction or acquisition of the item of PP&E; costs of site preparation; initial delivery and handling costs; installation and assembly costs; cost of testing whether the asset is functioning properly and professional fees.

As per IAS 16.19, the following costs are examples of costs not to be included as PP&E, and therefore shall be expensed. They are: Costs of opening a new facility, introduction of a new product or service, conducting business in a new location or with a new class of customer, administration and other general overhead costs. Other costs that should be recorded as expense include training, non-specific pre-construction project costs (where it is uncertain whether the costs will result in an addition to PP&E), and abnormal waste.

Useful Life Determinates

The Company shall consider all the following factors in determining the useful life of an asset (IAS 17.12):

a) The expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output
b) Expected physical wear and tear, which depends on operational factors such as loads to be used on asset, the repairs and maintenance program, and the care and maintenance of the asset while it is idle
c) Technical or commercial obsolescence arising from changes or improvements in production, or change in the market demand or service input of the asset
d) Legal or similar limits on the use of the asset

Intangible Assets

Classification of Intangible Assets Based on Useful Life

Intangible assets are classified as: [IAS 38.88]

- **Indefinite life:** no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity
- **Finite life:** a limited period of benefit to the entity

Measurement Subsequent to Acquisition: Intangible Assets with Finite Lives

The cost less residual value of an intangible asset with a finite useful life should be amortized on a systematic basis over that life: [IAS 38.97]

- The amortization method should reflect the pattern in which the benefits are expected to be consumed.
- If the pattern cannot be determined reliably, amortize by the straight-line method.
- The amortization charge is recognized in the Statement of Comprehensive Income unless another IFRS requires that it be included in the cost of another asset.
- The amortization period and method should be reviewed when required.
- The asset should also be assessed for impairment in accordance with IAS 36. [IAS 38.111]

Measurement Subsequent to Acquisition: Intangible Assets with Indefinite Lives

An intangible asset with an indefinite useful life should not be amortized. [IAS 38.107]

Its useful life should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate. [IAS 38.109]

The asset should also be assessed for impairment in accordance with IAS 36 on an annual basis. [IAS 38.108]

Subsequent Expenditure

Subsequent expenditure on an intangible asset after its purchase or completion should be recognized as an expense when it is incurred, unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measured and attributed to the asset reliably. [IAS 38.60]

Land and Land Rights

Capitalized land includes direct purchase costs including appraisals, fees, commissions, surveys, title search and registration. Costs for first clearing and grading and installation of the plant are ultimately capitalized as part of the cost of PP&E constructed on the land, rather than as an integral cost of the land.

Capitalized land rights include costs of acquiring rights, interests and privileges in land owned by others. Land rights are considered under IFRS as an intangible asset and so guidance can be identified in intangible sections of this policy.

APPENDIX 2-4:

CAPITALIZATION OF OVERHEAD

Table 2-40 – Overhead Expense (OEB Appendix 2-D)

General: This appendix is to assess the reasonability of cost management practices of the utility. It also allows for comparisons between different utilities, or, over time for the same utility to highlight trends, inefficiencies or best practices.

Applicants are to provide a breakdown of OM&A before capitalization in the below table. OM&A before capitalization may be broken down by cost center, program, drivers or another format best suited to focus on capitalized vs. uncapitalized OM&A.

OM&A Before Capitalization	2022 Historical Year	2023 Historical Year	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year
Operations & Maintenance	$ 20,041,864	$ 20,067,425	$ 21,999,953	$ 24,000,104	$ 26,138,300	$ 26,737,800
Asset Management	$ 6,590,687	$ 6,902,361	$ 7,122,293	$ 7,595,544	$ 8,899,200	$ 9,686,500
Locates	$ 1,249,896	$ 1,962,383	$ 1,383,953	$ 1,170,370	$ 1,534,500	$ 1,581,400
Human Resources, Health/Safety	$ 1,865,176	$ 2,047,956	$ 2,485,602	$ 3,007,530	$ 3,117,700	$ 3,435,000
Corporate Facilities	$ 3,087,835	$ 3,278,062	$ 3,515,491	$ 3,895,214	$ 4,057,300	$ 4,307,900
Materials Management	$ 903,072	$ 1,151,862	$ 1,452,182	$ 1,479,714	$ 1,587,700	$ 1,647,600
Fleet	$ 1,654,923	$ 1,757,299	$ 1,746,877	$ 1,711,783	$ 2,041,200	$ 2,450,400
Information Technology	$ 7,630,413	$ 7,689,270	$ 8,136,050	$ 9,962,428	$ 12,307,800	$ 12,153,300
Customer Care and Collections	$ 5,045,187	$ 5,299,864	$ 6,149,033	$ 7,287,793	$ 8,418,300	$ 7,486,700
Corporate Communications	$ 1,308,789	$ 1,388,067	$ 1,912,719	$ 2,095,297	$ 2,554,500	$ 2,688,000
Corporate Administration	$ 5,474,451	$ 5,951,986	$ 6,715,954	$ 7,159,243	$ 8,770,200	$ 9,935,200
Cloud Services	$ 2,136,284	$ 2,947,175	$ 3,808,215	$ 4,307,090	$ 4,409,600	$ 3,916,800
Total OM&A Before Capitalization (B)	$ 56,988,577	$ 60,443,710	$ 66,428,321	$ 73,672,110	$ 83,836,300	$ 86,026,600

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

Capitalized OM&A	2022 Historical Year	2023 Historical Year	2024 Historical Year	2025 Historical Year	2026 Bridge Year	2027 Test Year	Directly Attributable? (Yes/No)	Explanation for Any Change in Treatment of Capitalized Overhead
Operations & Maintenance	$ 5,819,611	$ 5,777,704	$ 7,190,248	$ 7,414,612	$ 8,686,100	$ 8,721,400	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Asset Management	$ 1,820,939	$ 1,920,136	$ 2,400,497	$ 2,457,857	$ 3,017,100	$ 3,090,800	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Materials Management	$ 408,244	$ 599,431	$ 1,377,182	$ 1,399,714	$ 1,502,700	$ 1,562,600	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Fleet	$ 1,654,923	$ 1,757,299	$ 1,746,877	$ 1,711,783	$ 2,041,200	$ 2,450,400	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Information Technology	$ 1,776,451	$ 1,884,809	$ 1,507,600	$ 1,501,449	$ 3,134,800	$ 3,036,200	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Customer Care and Collections	$ 128,502	$ 566,263	$ 430,130	$ 543,127	$ 797,400	$ -	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Corporate Communications	$ 60,574	$ 65,427	$ 75,899	$ 33,772	$ -	$ -	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Corporate Administration	$ -	$ -	$ 84,000	$ 86,493	$ 92,100	$ 95,300	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Other	$ 613	$ -	$ -	$ 1,800	$ -	$ -	Yes	Refer to Section "Overhead Burdens Modification January 1, 2024"
Total Capitalized OM&A (A)	$ 11,669,857	$ 12,571,069	$ 14,812,432	$ 15,150,607	$ 19,271,400	$ 18,956,700		
% of Capitalized OM&A (=A/B)	20%	21%	22%	21%	23%	22%		

APPENDIX 2-5:

DISTRIBUTION SYSTEM PLAN