

**SCHEDULE "G" (Con't)**



**MIDLAND POWER UTILITY CORPORATION**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2016**



## MIDLAND POWER UTILITY CORPORATION

### FINANCIAL STATEMENTS

For the year ended December 31, 2016

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40 Huron Street, Suite 100  
Collingwood ON L9Y 4R3 Canada

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## Independent Auditor's Report

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### To the Shareholder of Midland Power Utility Corporation

We have audited the accompanying financial statements of Midland Power Utility Corporation, which comprise the balance sheet as at December 31, 2016 and the statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2016 and a summary of significant accounting policies and explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Midland Power Utility Corporation as at December 31, 2016 and the results of its operations and its cash flows for the year ended December 31, 2016 in accordance with International Financial Reporting Standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Collingwood, Ontario  
April 28, 2017

**MIDLAND POWER UTILITY CORPORATION**  
**BALANCE SHEET (EXPRESSED IN CANADIAN DOLLARS)**  
**AS AT DECEMBER 31**

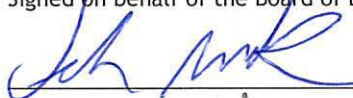
|  | Notes | 2016                 | 2015                 |
|--|-------|----------------------|----------------------|
| <b>Assets</b>  |       |                      |                      |
| <b>Current Assets</b>  |       |                      |                      |
| Cash and cash equivalents  |       | \$ 70,397            | \$ 51,482            |
| Accounts receivable  | 7     | 2,212,282            | 1,967,131            |
| Unbilled service revenue   |       | 2,731,157            | 2,580,942            |
| Inventory  | 17    | 183,713              | 186,361              |
| Prepaid expenses   |       | 132,905              | 156,382              |
| Payments in lieu of taxes receivable                                       |       | -                    | 6,154                |
| <b>Total Current Assets</b>  |       | <b>5,330,454</b>     | <b>4,948,452</b>     |
| <b>Non-Current Assets</b>  |       |                      |                      |
| Property, plant and equipment  | 4     | 14,527,887           | 14,609,664           |
| Intangible assets  | 5     | 100,812              | 135,486              |
| Goodwill   | 11    | 1,260,000            | 1,260,000            |
| Long-term investments  | 20    | 100                  | 100                  |
| Deferred taxes   | 8     | 22,779               | 34,257               |
| <b>Total Non-Current Assets</b>  |       | <b>15,911,578</b>    | <b>16,039,507</b>    |
| <b>Total Assets</b>  |       | <b>21,242,032</b>    | <b>20,987,959</b>    |
| <b>Regulatory Deferral Account Debit Balances and Related Deferred Tax</b> | 3     | <b>553,649</b>       | <b>809,460</b>       |
| <b>Total Assets and Regulatory Deferral Account Balances</b>               |       | <b>\$ 21,795,681</b> | <b>\$ 21,797,419</b> |
| <b>Liabilities and Shareholder's Equity</b>                                |       |                      |                      |
| <b>Current Liabilities</b>   |       |                      |                      |
| Bank indebtedness  | 14    | \$ 860,000           | \$ 1,200,000         |
| Accounts payable and accrued liabilities                                   | 15    | 3,477,845            | 3,037,423            |
| Deferred Revenue   |       | 9,352                | 6,361                |
| Current portion of contributions in aid of construction                    | 6     | 80,746               | 78,867               |
| Current portion of customer and construction deposits                      | 7     | 226,428              | 115,754              |
| Current portion of long-term debt  | 12    | 570,724              | 4,417,134            |
| Payments in lieu of taxes  |       | 98,076               | -                    |
| <b>Total Current Liabilities</b>   |       | <b>5,323,171</b>     | <b>8,855,539</b>     |
| <b>Non-Current Liabilities</b>   |       |                      |                      |
| Contributions in aid of construction                                       | 6     | 2,021,764            | 2,026,382            |
| Customer and construction deposits   | 7     | 204,544              | 346,458              |
| Employee future benefits   | 10    | 87,612               | 77,290               |
| Deferred taxes   | 8     | 128,517              | 92,479               |
| Long-term debt   | 12    | 3,724,029            | -                    |
| <b>Total Non-Current Liabilities</b>                                       |       | <b>6,166,466</b>     | <b>2,542,609</b>     |
| <b>Total Liabilities</b>   |       | <b>11,489,637</b>    | <b>11,398,148</b>    |

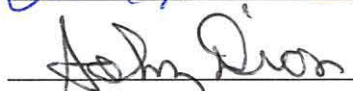
**MIDLAND POWER UTILITY CORPORATION**  
**BALANCE SHEET (EXPRESSED IN CANADIAN DOLLARS)**  
**AS AT DECEMBER 31**

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|   | Notes | 2016                 | 2015                 |
|---|-------|----------------------|----------------------|
| <b>Shareholder's Equity</b>                       |       |                      |                      |
| Share capital                                     | 18    | 6,880,984            | 6,880,984            |
| Retained earnings                                 |       | 3,425,060            | 3,518,287            |
| <b>Total Shareholder's Equity</b>                 |       | <b>10,306,044</b>    | <b>10,399,271</b>    |
| <b>Total Liabilities and Shareholder's Equity</b> |       |                      |                      |
|   |       | <b>\$ 21,795,681</b> | <b>\$ 21,797,419</b> |

Signed on behalf of the Board of Directors' by:

 Director

 Director

**MIDLAND POWER UTILITY CORPORATION**  
**STATEMENT OF COMPREHENSIVE INCOME (EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|   | Notes | 2016              | 2015              |
|---|-------|-------------------|-------------------|
| <b>Revenue</b>  |       |                   |                   |
| Electricity sales   |       | \$ 26,315,748     | \$ 23,615,459     |
| Distribution revenue  |       | 3,836,543         | 3,712,542         |
| Other   | 16    | 393,826           | 431,851           |
|   |       | <u>30,546,117</u> | <u>27,759,852</u> |
| <b>Expenses</b>   |       |                   |                   |
| Purchased power   |       | 25,905,849        | 23,653,907        |
| Operating expenses  | 9     | 2,578,267         | 2,397,842         |
| Amortization  |       | 816,330           | 722,502           |
| Loss on disposal of property, plant and equipment   |       | 62,210            | 48,361            |
|   |       | <u>29,362,656</u> | <u>26,822,612</u> |
| <b>Income from operating activities</b>   |       | <b>1,183,461</b>  | <b>937,240</b>    |
| <b>Finance Income</b>   | 21    | <b>51,413</b>     | <b>45,907</b>     |
| <b>Finance Cost</b>   | 21    | <b>(235,901)</b>  | <b>(232,639)</b>  |
| <b>Income before provision for (recovery of) payment in lieu of taxes and regulatory items</b>                              |       | <b>998,973</b>    | <b>750,508</b>    |
| <b>Provision for (recovery of) payment in lieu of taxes</b>   |       |                   |                   |
| Current   | 8     | 188,873           | 75,797            |
| <b>Income before net movements in regulatory items</b>  |       | <b>810,100</b>    | <b>674,711</b>    |
| <b>Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement</b> | 3     | <b>(303,327)</b>  | <b>28,452</b>     |
| <b>Net income for the year</b>  |       | <b>\$ 506,773</b> | <b>\$ 703,163</b> |



**MIDLAND POWER UTILITY CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY (EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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|                                     | Share Capital       | Retained<br>Earnings | Total                |
|-------------------------------------|---------------------|----------------------|----------------------|
| Balance at January 1, 2015          | \$ 6,880,984        | \$ 3,365,124         | \$ 10,246,108        |
| Net income for the year             |                     | 703,163              | 703,163              |
| Dividends                           |                     | (550,000)            | (550,000)            |
| <b>Balance at December 31, 2015</b> | <b>6,880,984</b>    | <b>3,518,287</b>     | <b>10,399,271</b>    |
| Net income for the year             |                     | 506,773              | 506,773              |
| Dividends                           |                     | (600,000)            | (600,000)            |
| <b>Balance at December 31, 2016</b> | <b>\$ 6,880,984</b> | <b>\$ 3,425,060</b>  | <b>\$ 10,306,044</b> |

**MIDLAND POWER UTILITY CORPORATION**  
**STATEMENT OF CASH FLOWS (EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|   | 2016               | 2015             |
|---|--------------------|------------------|
| <b>Cash flows from operating activities</b>                               |                    |                  |
| Net income for the year   | \$ 506,773         | \$ 703,163       |
| Adjustments to reconcile income to net cash used in operating activities: |                    |                  |
| Amortization  | 816,330            | 722,502          |
| Provision for (recovery of) payment in lieu of taxes                      | 188,873            | 75,797           |
| Loss on disposal of property, plant and equipment                         | 62,210             | 48,361           |
| Amortization of contributions in aid of construction                      | (79,807)           | (78,497)         |
| Changes in non-cash working capital                                       |                    |                  |
| Energy revenue accounts receivable  | (421,154)          | 249,874          |
| Accounts receivable   | 176,002            | (62,738)         |
| Unbilled service revenue  | (150,215)          | (321,636)        |
| Inventory   | 2,651              | 11,465           |
| Prepaid expenses  | 23,477             | 35,270           |
| Accounts payable and accrued liabilities                                  | 440,422            | (792,013)        |
| Deferred taxes  | 47,516             | 99,776           |
| Customer and construction deposits  | (31,239)           | (6,826)          |
| Deferred revenue  | 2,990              | 1,498            |
| Employee benefits   | 10,322             | (1,158)          |
| <b>Cash generated from operations</b>                                     | <b>1,595,151</b>   | <b>684,838</b>   |
| Payments in lieu of taxes (paid) received                                 | (84,643)           | 24,372           |
| <b>Net cash flows from operating activities</b>                           | <b>1,510,508</b>   | <b>709,210</b>   |
| <b>Cash flows from investing activities</b>                               |                    |                  |
| Proceeds on disposal of property, plant and equipment                     | 1,500              | 5,971            |
| Purchase of property, plant and equipment                                 | (762,814)          | (584,793)        |
| Purchase of intangibles   | (776)              | (44,483)         |
| Changes in regulatory deferral account balances                           | 255,810            | (128,228)        |
| Proceeds on contributions in aid of construction                          | 77,068             | 36,084           |
| <b>Net cash used in investing activities</b>                              | <b>(429,212)</b>   | <b>(715,449)</b> |
| <b>Cash flows from financing activities</b>                               |                    |                  |
| Loan advances   | 440,000            | 450,000          |
| Loan repayments   | (562,381)          | (573,169)        |
| Short-term financing (repayments)   | (340,000)          | 730,890          |
| Dividends paid in cash  | (600,000)          | (550,000)        |
| <b>Net cash used in financing activities</b>                              | <b>(1,062,381)</b> | <b>57,721</b>    |
| <b>Net increase (decrease) in cash during the year</b>                    | <b>18,915</b>      | <b>51,482</b>    |
| <b>Cash, beginning of year</b>  | <b>51,482</b>      | <b>-</b>         |
| <b>Cash, end of the year</b>  | <b>\$ 70,397</b>   | <b>\$ 51,482</b> |

**MIDLAND POWER UTILITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**1. CORPORATE INFORMATION**

Midland Power Utility Corporation's (Midland PUC) main business activity is the distribution of electricity under a license issued by the Ontario Energy Board (OEB). Midland PUC owns and operates an electricity distribution system, which delivers electricity to approximately 7,200 customers located in Midland, Ontario.

The Province, through its regulator the OEB exercises statutory authority through setting or approving all rates charged by the Midland PUC and establishing standards of service for Midland PUC's customers. Rates are set by the OEB on an annual basis for May 1 to April 30.

Operating in regulated environment exposes Midland PUC to regulatory and recovery risk.

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulatory regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. Midland PUC is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The address of the Midland PUC's corporate office and principal place of business is 16984 Highway 12, P.O. Box 820, Midland, Ontario, Canada.

The sole shareholder of Midland PUC is the Corporation of the Town of Midland.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The financial statements of Midland PUC have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Board of Directors on April 28, 2017.

**b) Basis of measurement**

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars (CDN\$), which is also Midland PUC's functional currency and all values are rounded to the nearest dollar, unless when otherwise indicated.

**MIDLAND POWER UTILITY CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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## **2. BASIS OF PREPARATION (CONT'D)**

### **c) Judgment and Estimates**

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying Midland PUC's accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are:

- The calculation of the impairment of accounts receivables (Note 7);
- The determination for the provision for Payment in Lieu of Taxes since there are many transactions and calculations for which the ultimate tax determination is uncertain (Note 8); and
- The calculation of the net future obligation for certain unfunded life insurance benefits for Midland PUC's retired employees (Note 10).

In addition, in preparing the financial statements the notes to the financial statements were ordered such that the most relevant information was presented earlier in the notes and the disclosures that management deemed to be immaterial were excluded from the notes to the financial statements. The determination of the relevance and materiality of disclosures involved significant judgement.

## **3. REGULATORY DEFERRAL ACCOUNT BALANCES**

Regulatory deferral account balances are asset and liabilities arising from rate regulation. Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets.

Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process.

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

The balances and movements in the regulatory deferral account balances shown below are presented net of related deferred taxes. These deferred taxes are not presented within the total deferred tax asset balances shown in note 8.

All amounts deferred as regulatory deferral account balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval.



**MIDLAND POWER UTILITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**3. REGULATORY DEFERRAL ACCOUNT BALANCES (CONT'D)**

Due to previous, existing or expected future regulatory articles or decisions, Midland PUC has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

|  | Balances         |                   |                    | Balances          |                   |                    |                   |
|--|------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
|  | January 1,       | arising in the    | Recovery           | December 31,      | arising in the    | Recovery           | December          |
|  | 2015             | period            | /Reversal          | 2015              | period            | /Reversal          | 31, 2016          |
| <b>Regulatory Deferral Account Debit</b> |                  |                   |                    |                   |                   |                    |                   |
| Settlement variances                     | \$ 295,099       | \$ 203,724        | \$ (77,314)        | \$ 421,509        | \$ 82,464         | \$ (478,344)       | \$ 25,629         |
| Carrying Charges                         | 486,041          | 9,237             | (1,871)            | 493,407           | 2,476             | 1,378              | 497,261           |
| Deferred tax                             | (295,506)        | 89,780            | -                  | (205,726)         | 154,089           | -                  | (51,637)          |
| Stranded meters                          | 113,084          | -                 | (87,089)           | 25,995            | -                 | (29,025)           | (3,030)           |
| IFRS transition costs                    | 35,801           | 3,000             | -                  | 38,801            | 16,000            | -                  | 54,801            |
| Other                                    | 46,712           | (11,238)          | -                  | 35,474            | (4,849)           | -                  | 30,625            |
| <b>Net Regulatory Assets</b>             | <b>\$681,231</b> | <b>\$ 294,503</b> | <b>\$(166,274)</b> | <b>\$ 809,460</b> | <b>\$ 250,180</b> | <b>\$(505,991)</b> | <b>\$ 553,649</b> |

*i. Settlement variances*

This account is comprised of the variances between amounts charged by Midland PUC to customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by Midland PUC. The settlement variances relate primarily to service charges, non-competitive electricity charges, imported power charges and the global adjustment.

Midland PUC has recognized a settlement variance asset of \$25,629 (2015 - a settlement variance asset of \$421,509) arising from the recognition of regulatory deferral account balances. The settlement variance asset balance is presented within the total regulatory deferral account debit balances presented in the statement of financial position. The expected recovery/reversal period is three years.

Midland PUC applied for and received approval to recover certain settlement variance charges earned in 2014 and prior in its 2016 rate application. Midland PUC also intends to seek recovery of settlement variance charges earned in 2015 and 2016 in future rate applications. Midland PUC expects to recover these amounts over the next three years.

*ii. Carrying charges*

Carrying charges are calculated monthly on the opening balance of the applicable variance account using a specified interest rate as outlined by the OEB. Midland PUC applied for and received approval to recover carrying charges earned in 2014 and prior in its 2016 rate application. Midland PUC also intends to seek recovery of carrying charge income earned in 2015 and 2016 in future rate applications. Midland PUC expects to recover these amounts over the next three years.

Total carrying charges are comprised of \$497,261 (2015 - \$493,407). If carrying charges are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, as specified in IAS 23, they are capitalized as part of Property, Plant and Equipment. Carrying charges that do not meet this criteria are included as part of the regulatory deferral account. Midland PUC does not have any carrying charges directly attributable to the acquisition, construction or production of a qualifying asset. The carrying charge balances for Midland PUC are directly attributable to settlement variances, deferred tax, stranded meters, IFRS transition costs and other regulatory deferral accounts.

**MIDLAND POWER UTILITY CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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**3. REGULATORY DEFERRAL ACCOUNT BALANCES (CONT'D)**

*iii. Deferred tax*

The recovery from, or refund to, customers of future income taxes through future rates is recognized as a regulatory deferral account balance. This regulatory credit balance relates to both deferred tax amounts reclassified under IFRS 14 and to the expected future electricity distribution rate reduction for customers arising from timing differences in the recognition of deferred tax assets. As at December 31, 2016, this regulatory balance did not include any carrying charges

The amounts reclassified under IFRS 14 include the deferred tax liability related to regulatory balances of \$106,573 as at December 31, 2016 (December 31, 2015 - \$263,948) offset by the recognition of a regulatory balance in respect of additional temporary differences for which a deferred tax amount was recognized of \$105,738 as at December 31, 2016 (December 31, 2015 - \$58,222). The deferred tax balance is presented within the total regulatory deferral account balances presented in the statement of financial position. The expected recovery/reversal period is three years.

*iv. Stranded meters*

In April, 2013, Midland PUC obtained approval from the OEB to recover the remaining cost of the stranded meters related to the deployment of smart meters which were formerly included in capital assets over a three year period effective May 1, 2013. The stranded meters were transferred from capital assets to regulatory assets in fiscal 2013. Midland PUC has recognized an payable balance \$3,030 (2015 - recoverable balance of \$25,995) in stranded meters. In the absence of rate regulation, these stranded meters would have previously been expensed. Recovery of stranded meters continued until April 30, 2016.

*v. IFRS transition costs*

During 2009, the OEB consultation process was set up to determine the effect of IFRS on local distribution companies. The consultation concluded that prudently incurred administrative costs directly related to IFRS transition would be recoverable from ratepayers on the same basis as other administrative costs. The OEB has approved the collection from customers to cover the expected one-time costs of implementing IFRS. Collections of \$100,000 over a 4 year period (May 1, 2009 to April 30, 2013) are off-set by OEB approved expenses in this variance account. In Midland PUC's 2013 Cost of Service Rate Application the OEB approved further collection from customers of \$46,352 over a two year period (May 1, 2013 to April 30, 2015).

Midland PUC has recognized an IFRS transition cost asset of \$54,801 (2015 - \$38,801) arising from the recognition of regulatory deferral account balances. The IFRS transition cost asset balance is presented within the total regulatory deferral account debit balances presented in the balance sheet.

**MIDLAND POWER UTILITY CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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**4. PROPERTY, PLANT & EQUIPMENT**

Property, plant and equipment (PP&E) are recognized at cost less accumulated amortization. Costs may include material, labour, contracted services, engineering costs and eligible borrowing costs when applicable.

Also included in PP&E are the costs of capital assets constructed by developers or customers and contributed to Midland PUC as well as items designated as major spare parts or stand-by equipment. Major spares such as spare transformers and meters kept as standby/back up equipment are accounted for as PP&E since they support Midland PUC's distribution system reliability.

Depreciation of PP&E is recorded in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The estimated useful lives are as follows:

**Buildings:**

|                        |          |
|------------------------|----------|
| Buildings and fixtures | 50 years |
|------------------------|----------|

**Distribution Equipment:**

|             |               |
|-------------|---------------|
| Substations | 25 - 75 years |
|-------------|---------------|

|                             |               |
|-----------------------------|---------------|
| Overhead Distribution Lines | 45 - 60 years |
|-----------------------------|---------------|

|                                |               |
|--------------------------------|---------------|
| Underground distribution lines | 25 - 50 years |
|--------------------------------|---------------|

|                           |          |
|---------------------------|----------|
| Distribution transformers | 40 years |
|---------------------------|----------|

|                     |          |
|---------------------|----------|
| Distribution meters | 25 years |
|---------------------|----------|

|              |          |
|--------------|----------|
| Smart meters | 15 years |
|--------------|----------|

**Other Equipment:**

|                  |          |
|------------------|----------|
| Office equipment | 10 years |
|------------------|----------|

|                    |         |
|--------------------|---------|
| Computer equipment | 5 years |
|--------------------|---------|

|                          |         |
|--------------------------|---------|
| Transportation equipment | 8 years |
|--------------------------|---------|

|   |          |
|---|----------|
| Small tools and miscellaneous equipment | 10 years |
|---|----------|

|                             |          |
|-----------------------------|----------|
| System supervisory controls | 20 years |
|-----------------------------|----------|

Land is not depreciated



MIDLAND POWER UTILITY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**4. PROPERTY, PLANT & EQUIPMENT (CONT'D)**

PP&E consists of the following:

|   | Land and<br>buildings | Distribution<br>equipment | Other<br>equipment | Total         |
|---|-----------------------|---------------------------|--------------------|---------------|
| <b>Cost</b>                               |                       |                           |                    |               |
| Balance at January 1, 2015                | \$ 1,031,485          | \$ 13,144,545             | \$ 1,283,551       | \$ 15,459,581 |
| Additions                                 | 95,781                | 336,872                   | 152,140            | 584,793       |
| Disposals                                 | -                     | 56,439                    | 5,563              | 62,002        |
| Balance at December 31, 2015              | 1,127,266             | 13,424,978                | 1,430,128          | 15,982,372    |
| Balance at January 1, 2016                | 1,127,266             | 13,424,978                | 1,430,128          | 15,982,372    |
| Additions                                 | 16,554                | 667,222                   | 79,038             | 762,814       |
| Disposals                                 | -                     | 62,009                    | 15,992             | 78,001        |
| Balance at December 31, 2016              | \$ 1,143,820          | \$ 14,030,191             | \$ 1,493,174       | \$ 16,667,185 |
| <b>Depreciation and impairment losses</b> |                       |                           |                    |               |
| Balance at January 1, 2015                | \$ 23,236             | \$ 429,271                | \$ 247,842         | \$ 700,349    |
| Depreciation for the year                 | 24,525                | 445,915                   | 209,588            | 680,028       |
| Disposals                                 | -                     | 4,446                     | 3,223              | 7,669         |
| Balance at December 31, 2015              | 47,761                | 870,740                   | 454,207            | 1,372,708     |
| Balance at January 1, 2016                | 47,761                | 870,740                   | 454,207            | 1,372,708     |
| Depreciation for the year                 | 25,649                | 545,360                   | 209,872            | 780,881       |
| Disposals                                 | -                     | 6,803                     | 7,488              | 14,291        |
| Balance at December 31, 2016              | \$ 73,410             | \$ 1,409,297              | \$ 656,591         | \$ 2,139,298  |
| <b>Carrying amounts</b>                   |                       |                           |                    |               |
| At December 31, 2015                      | \$ 1,079,505          | \$ 12,554,238             | \$ 975,921         | \$ 14,609,664 |
| At December 31, 2016                      | \$ 1,070,410          | \$ 12,620,894             | \$ 836,583         | \$ 14,527,887 |



**MIDLAND POWER UTILITY CORPORATION**  
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**5. INTANGIBLE ASSETS**

Intangible assets are measured at cost less accumulated amortization.

Depreciation of Intangible Assets is recorded in the Statements of Comprehensive Income on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The estimated useful lives are as follows:

|                   |               |
|-------------------|---------------|
| Computer Software | 5 years       |
| Land Rights       | not amortized |

Intangible assets consist of the following:

|   | Computer<br>Software | Land Rights      | Total             |
|---|----------------------|------------------|-------------------|
| <b>Cost</b>                               |                      |                  |                   |
| Balance at January 1, 2015                | \$ 192,141           | \$ 17,495        | \$ 209,636        |
| Additions                                 | 44,483               | -                | 44,483            |
| Balance at December 31, 2015              | <u>236,624</u>       | <u>17,495</u>    | <u>254,119</u>    |
| Balance at January 1, 2016                | 236,624              | 17,495           | 254,119           |
| Additions                                 | 776                  | -                | 776               |
| Balance at December 31, 2016              | <u>\$ 237,400</u>    | <u>\$ 17,495</u> | <u>\$ 254,895</u> |
| <b>Depreciation and impairment losses</b> |                      |                  |                   |
| Balance at January 1, 2015                | \$ 76,158            | \$ -             | \$ 76,158         |
| Depreciation for the year                 | 42,475               | -                | 42,475            |
| Balance at December 31, 2015              | <u>118,633</u>       | <u>-</u>         | <u>118,633</u>    |
| Balance at January 1, 2016                | 118,633              | -                | 118,633           |
| Depreciation for the year                 | 35,450               | -                | 35,450            |
| Balance at December 31, 2016              | <u>\$ 154,083</u>    | <u>\$ -</u>      | <u>\$ 154,083</u> |
| <b>Carrying amounts</b>                   |                      |                  |                   |
| At December 31, 2015                      | \$ 117,991           | \$ 17,495        | \$ 135,486        |
| At December 31, 2016                      | <u>\$ 83,317</u>     | <u>\$ 17,495</u> | <u>\$ 100,812</u> |

**MIDLAND POWER UTILITY CORPORATION**  
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**6. REVENUE RECOGNITION**

As a licensed distributor, Midland PUC is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. Midland PUC is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether Midland PUC ultimately collects these amounts from customers. Midland PUC has determined that they are acting as a principal for the electricity distribution and, therefore, have presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity is recognized on an accrual basis, including unbilled revenues accrued in respect of electricity delivered but not yet billed. The unbilled revenue is calculated using real time consumption from the last billing date to December 31, 2016. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

Other revenues, which include revenues from pole use rental, collection charges and other miscellaneous revenues are recognized at the time services are provided. Where Midland PUC has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as contributions in aid of construction and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset. When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction

The continuity of deferred contributions in aid of construction is as follows:

|  | 2016                | 2015                |
|--|---------------------|---------------------|
| Deferred contributions, net, beginning of year                       | \$ 2,105,249        | \$ 2,147,663        |
| Contributions in aid of construction received                        | 77,068              | 36,083              |
| Contributions in aid of construction recognized as other revenue     | (79,807)            | (78,497)            |
| Deferred contributions, net, end of year                             | <u>\$ 2,102,510</u> | <u>\$ 2,105,249</u> |
| Current portion of deferred contributions in aid of construction     | \$ 80,746           | \$ 78,867           |
| Non-current portion of deferred contributions in aid of construction | 2,021,764           | 2,026,382           |
|  | <u>\$ 2,102,510</u> | <u>\$ 2,105,249</u> |

**MIDLAND POWER UTILITY CORPORATION**  
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**7. ACCOUNTS RECEIVABLE AND CUSTOMER DEPOSITS**

|                                    | 2016                | 2015                |
|------------------------------------|---------------------|---------------------|
| Energy revenue accounts receivable | \$ 2,214,317        | \$ 1,798,163        |
| Due from shareholder               | 12,857              | 16,377              |
| Merchandise and jobbing receivable | 25,226              | 85,903              |
| Other accounts receivable          | (118)               | 111,688             |
| Allowance for doubtful accounts    | (40,000)            | (45,000)            |
|                                    | <u>\$ 2,212,282</u> | <u>\$ 1,967,131</u> |

Due to its short term nature, the carrying amount of the energy accounts receivable, due from shareholder, merchandise and jobbing and other accounts receivable approximates its fair value. In determining the allowance for doubtful accounts, Midland PUC considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement in operating expenses. The balance of the allowance for impairment at December 31, 2016 is \$40,000 (2015 - \$45,000). An impairment loss of \$45,308 (2015 - \$26,543) was recognized during the year. Midland PUC's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2016, approximately \$55,565 (2015 - \$59,822) is considered 60 days past due. Midland PUC has approximately 7,200 customers, the majority of which are residential.

Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. Where the security posted is in the form of cash or cash equivalents, these amounts are recorded in the accounts as deposits. Deposits to be refunded to customers within the next fiscal year are classified as a current liability. Interest rates paid on customer deposits are based on the Bank of Canada's prime business rate less 2% to a minimum of 1%.

Customer deposits represent cash deposits from electricity distribution customers and retailers, as well as construction deposits. Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by Midland PUC in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to contributions in aid of construction.

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| Customer deposits  | \$ 298,241        | \$ 325,466        |
| Construction deposits  | 132,731           | 136,746           |
| Total customer deposits                                      | <u>430,972</u>    | <u>462,212</u>    |
| Less long-term portion of customer and construction deposits | 204,544           | 346,458           |
|  | <u>\$ 226,428</u> | <u>\$ 115,754</u> |



**MIDLAND POWER UTILITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**8. PAYMENTS IN LIEU OF TAXES PAYABLE**

Midland PUC is a Municipal Electricity Utility (“MEU”) for purposes of the payments in lieu of taxes (“PILs”) regime contained in the Electricity Act, 1998. As an MEU, Midland PUC is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, Midland PUC is required to make, for each taxation year, PILs payments to the Ontario Electricity Financial Corporation (“OEFC”). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

PILs expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances (See Note 3).

Significant judgment is required in determining the provision for PILs. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Midland PUC recognizes liabilities for anticipated tax audit issues based on Midland PUC’s current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Significant components of the payments in lieu of taxes expense are as follows:

|                                      | 2016              | 2015             |
|--------------------------------------|-------------------|------------------|
| <b>Current tax</b>                   |                   |                  |
| Based on current year taxable income | \$ 188,873        | \$ 75,797        |
|                                      | <u>\$ 188,783</u> | <u>\$ 75,797</u> |

**MIDLAND POWER UTILITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. PAYMENTS IN LIEU OF TAXES PAYABLE (CONT'D)**

The current provision for (recovery of) payments in lieu of taxes varies from amounts which would be computed by applying Midland PUC's combined statutory income tax rate as follows:

|  | 2016              | 2015             |
|--|-------------------|------------------|
| Net income for the year  | \$ 506,773        | \$ 703,163       |
| Plus provision for payment in lieu of taxes  | 188,873           | 75,797           |
| Plus (less) deferred payment in lieu of taxes included in net movement of regulatory deferral account balances | (106,573)         | 9,996            |
|  | <u>589,073</u>    | <u>788,956</u>   |
| Statutory Canadian federal and provincial tax rate   | 26.50%            | 26.50%           |
| Provision for PILs at statutory rate   | 156,104           | 209,073          |
| Increase (decrease) in payments in lieu of taxes resulting from:   |                   |                  |
| Cumulative eligible capital deduction  | (10,851)          | (11,667)         |
| Net change in regulatory assets  | 85,784            | (32,461)         |
| Amortization expense in excess of capital cost allowance   | (56,800)          | (102,536)        |
| Change in pension post retirement plan   | (2,735)           | 307              |
| Loss on disposal of assets   | 16,486            | 12,816           |
| Other  | 885               | 265              |
|  | <u>\$ 188,873</u> | <u>\$ 75,797</u> |
| Effective tax rate   | <u>32.06%</u>     | <u>9.61%</u>     |

MIDLAND POWER UTILITY CORPORATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**8. PAYMENTS IN LIEU OF TAXES PAYABLE (CONT'D)**

The movement in the 2016 deferred tax liability are:

|                               | Opening<br>Balance<br>at Jan 1,<br>2016 | Recognize<br>in Regulatory<br>Deferred Tax | Closing<br>Balance<br>at Dec 31,<br>2016 |
|-------------------------------|---|--|--|
| <b>2016</b>                   |   |  |  |
| <b>Deferred tax asset</b>     |   |  |  |
| Property, plant and equipment | \$ 14,162                               | \$ (14,162)                                | \$ -                                     |
| Employee Future Benefits      | 20,095                                  | 2,684                                      | 22,779                                   |
| <b>Deferred tax asset</b>     | <b>\$ 34,257</b>                        | <b>\$ (11,478)</b>                         | <b>\$ 22,779</b>                         |
| <b>Deferred tax liability</b> |   |  |  |
| Property, plant and equipment | \$ -                                    | 20,843                                     | \$ 20,843                                |
| Goodwill and land rights      | 92,479                                  | 15,195                                     | 107,674                                  |
| <b>Deferred tax liability</b> | <b>\$ 92,479</b>                        | <b>\$ 36,038</b>                           | <b>\$ 128,517</b>                        |
|                               |   |  |  |
|                               | Opening<br>Balance<br>at Jan 1,<br>2015 | Recognize<br>in Regulatory<br>Deferred Tax | Closing<br>Balance<br>at Dec 31,<br>2015 |
| <b>2015</b>                   |   |  |  |
| <b>Deferred tax asset</b>     |   |  |  |
| Property, plant and equipment | \$ 102,190                              | \$ (88,028)                                | \$ 14,162                                |
| Employee future benefits      | 20,396                                  | (301)                                      | 20,095                                   |
| <b>Deferred tax asset</b>     | <b>\$ 122,586</b>                       | <b>\$ (88,329)</b>                         | <b>\$ 34,257</b>                         |
| <b>Deferred tax liability</b> |   |  |  |
| Goodwill and land rights      | 81,032                                  | 11,447                                     | 92,479                                   |
| <b>Deferred tax liability</b> | <b>\$ 81,032</b>                        | <b>\$ 11,447</b>                           | <b>\$ 92,479</b>                         |

**MIDLAND POWER UTILITY CORPORATION**  
NOTES TO THE FINANCIAL STATEMENTS  
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**9. EXPENSES BY NATURE**

|   | 2016                       | 2015                       |
|---|----------------------------|----------------------------|
| <b>Operations and maintenance:</b>          |                            |                            |
| Customer and community relations            | \$ 4,705                   | \$ 4,963                   |
| Distribution station                        | 111,186                    | 110,236                    |
| Employee wages and benefits                 | 725,213                    | 672,513                    |
| Metering                                    | 7,586                      | 4,995                      |
| Overhead and underground system maintenance | 154,962                    | 135,751                    |
| Safety, training and small tools            | 34,758                     | 29,302                     |
| Vehicle                                     | 21,013                     | 14,082                     |
|   | <u>\$ 1,059,423</u>        | <u>\$ 971,842</u>          |
| <b>Billing and collecting:</b>              |                            |                            |
| Bad debts                                   | \$ 45,308                  | \$ 26,543                  |
| Billing supplies and postage                | 126,304                    | 117,759                    |
| Collecting                                  | 13,339                     | 13,896                     |
| Employee wages and benefits                 | 163,900                    | 163,385                    |
| Meter reading                               | 127,715                    | 130,807                    |
|   | <u>\$ 476,566</u>          | <u>\$ 452,390</u>          |
| <b>Administration and general:</b>          |                            |                            |
| Bank charges                                | \$ 20,392                  | \$ 20,022                  |
| Building maintenance                        | 17,343                     | 20,705                     |
| Customer and community relations            | 32,097                     | 12,940                     |
| Employee & Director wages and benefits      | 597,257                    | 563,049                    |
| Insurance                                   | 42,933                     | 39,804                     |
| Memberships, fees, dues and audit           | 98,157                     | 77,347                     |
| Office supplies and materials               | 130,212                    | 132,069                    |
| Property taxes                              | 29,420                     | 28,831                     |
| Regulatory                                  | 59,243                     | 55,701                     |
| Safety and training                         | 15,224                     | 23,142                     |
|   | <u>\$ 1,042,278</u>        | <u>\$ 973,610</u>          |
| <b>Total operating expenses</b>             | <u><u>\$ 2,578,267</u></u> | <u><u>\$ 2,397,842</u></u> |



## 10. EMPLOYEE FUTURE BENEFITS

### *Defined contribution plan*

The employees of Midland PUC participate in the Ontario Municipal Employees Retirement System ("OMERS"). Midland PUC also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The employer portion of amounts paid to OMERS during the year was \$153,183 (2015 - \$148,848). The contributions were made for current service and these have been recognized in net income.

### *Defined benefit plans*

During 2002 Midland PUC discontinued its post-retirement life insurance, dental and health benefits to all employees. As at December 31, 2016, there are only five (2015 - five) retirees who retain the post-retirement life insurance benefit. These benefits are provided through a group defined benefit plan. Midland PUC's net obligation for these benefits is calculated by estimating the amount of future benefits that are expected to be paid out discounted to determine its present value.

The cost of these benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions. Due to the complexity of the valuation, the underlying assumptions and its long term nature, the cost of these benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The calculation is performed by a qualified actuary using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities. The valuation is performed every third year or when there are significant changes to workforce.

Service costs are recognized in the Statement of Comprehensive Income in operating expenses, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognized in the Statement of Comprehensive Income in finance expense, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of benefit payments during the period. Gains or losses arising from changes to defined benefits or plan curtailment are recognized immediately in the Statement of Comprehensive Income. Settlements of defined benefit plans are recognized in the period in which the settlement occurs.

The plan is exposed to a number of risks, including:

Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation.

Longevity risk: changes in the estimation of mortality rates of the former employees.

Health care cost risk: increases in cost of providing life insurance benefits.

Information about the group unfunded defined benefit plan as a whole and changes in the present value of the unfunded defined benefit obligation and the accrued benefit liability are as follows:



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**10. EMPLOYEE FUTURE BENEFITS (CONT'D)**

|  | Defined benefit liability |           |
|--|---------------------------|-----------|
|  | 2016                      | 2015      |
| Balance January 1                                  | \$ 77,290                 | \$ 78,448 |
| Interest cost                                      | 2,934                     | 2,979     |
| Included in profit or loss                         | 80,224                    | 81,427    |
| Actuarial (gain) losses from financial assumptions | 11,423                    | -         |
| Benefits paid during the year                      | (4,035)                   | (4,137)   |
| Balance December 31                                | \$ 87,612                 | \$ 77,290 |

The main actuarial assumptions underlying the valuation are as follows:

| Assumption    | 2016  | 2015  | Defined Benefit Obligation |          |
|---------------|-------|-------|----------------------------|----------|
|               |       |       | Increase                   | Decrease |
| Discount Rate | 3.80% | 3.90% | \$ 10,322                  | \$ -     |

**11. GOODWILL**

Goodwill, representing less than six percent of Midland PUC's total assets, is allocated to the entire business as a cash generating unit. The goodwill of \$1,260,000 (2015 - \$1,260,000) represents the cost of acquired local distribution companies in excess of fair value of the net identifiable assets purchased and is not amortized.

Based on the results of the annual goodwill impairment test, Midland PUC determined the recoverable amount of the cash generating unit is more than its carrying value. No impairment has been recorded in the year ended December 31, 2016.

The impairment analysis involves the use of an income approach that relies on estimating the net future cash flows and applying the appropriate discount rate to those future cash flows. This approach employs the following assumptions: projected revenue growth, market expectations, financial margin, operating and administrative expenses, working capital requirements, future capital expenditure requirements, income tax rates, regulatory capital management requirements, as well as an appropriate discount rate. If future growth and results of the CGU differs significantly from management's current best estimates, it is reasonably possible that this could have an adverse impact on the estimate recoverable amounts of the CGU, including the amounts allocated to goodwill.

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**12. LONG-TERM DEBT**

|  | 2016         | 2015         |
|--|--------------|--------------|
| Infrastructure Ontario Debenture - 4.12% fixed rate, \$33,333 principal repayable semi-annually plus interest on December 15th and June 15th, secured by a general security agreement covering a second charge on all assets and real property, due June 15, 2026    | \$ 633,333   | \$ 700,000   |
| Infrastructure Ontario Debenture - 3.91% fixed rate, \$56,126 principal repayable semi-annually plus interest on October 1st and April 1st, secured by a general security agreement covering a second charge on all assets and real property, due April 1, 2020      | 392,882      | 505,134      |
| Infrastructure Ontario Debenture - 3.91% fixed rate, \$61,750 principal repayable semi-annually plus interest on October 1st and April 1st, secured by a general security agreement covering a second charge on all assets and real property, due April 1, 2020      | 432,250      | 555,750      |
| Infrastructure Ontario Debenture - 4.00% fixed rate, \$60,000 principal repayable semi-annually plus interest on September 1st and March 1st, secured by a general security agreement covering a second charge on all assets and real property, due March 1, 2021    | 540,000      | 660,000      |
| Infrastructure Ontario Debenture - 3.61% fixed rate, \$14,125 principal repayable semi-annually plus interest on August 1st and February 1st, secured by a general security agreement covering a second charge on all assets and real property, due February 1, 2033 | 466,125      | 494,375      |
| Infrastructure Ontario Debenture - 3.03% fixed rate, \$20,000 principal repayable semi-annually plus interest on September 1st and March 1st, secured by a general security agreement covering a second charge on all assets and real property, due March 1, 2023    | 260,000      | 300,000      |
| Infrastructure Ontario Debenture - 3.77% fixed rate, \$20,625 principal repayable semi-annually plus interest on June 2nd and December 2nd, secured by a general security agreement covering a second charge on all assets and real property, due June 2, 2034       | 721,875      | 763,125      |
| Infrastructure Ontario Debenture - 3.20% fixed rate, \$11,250 principal repayable semi-annually plus interest on May 15th and November 15th, secured by a general security agreement covering a third charge on all assets and real property, due May 15, 2035       | 416,250      | 438,750      |
| Infrastructure Ontario Debenture - 3.15% blended rate, monthly blended principal and interest payments, secured by a general security agreement covering a third charge on all assets and real property, due June 15, 2036   | 432,038      |              |
|  | \$ 4,294,753 | \$ 4,417,134 |
| Current portion of long-term debt  | 570,724      | 4,417,134    |
|  | \$ 3,724,029 | \$ -         |

**MIDLAND POWER UTILITY CORPORATION**  
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## **12. LONG-TERM DEBT (CONT'D)**

Total construction advances of \$8,603,125 have been approved by infrastructure Ontario at December 31, 2016 (2015 - \$8,603,125). At December 31, 2016, Midland PUC had undrawn credit capacity under this facility of approximately \$1,065,605 (2015 - \$1,153,125).

The agreement governing these credit facilities contains certain covenants as described in Note 23. At December 31, 2015 Midland PUC did not meet the current ratio covenant of 1.1:1. Subsequent to year end the Ontario Infrastructure Lands Corporation has waived the current ratio covenant. Ontario Infrastructure Lands Corporation has also removed the current ratio covenant of 1.1:1 from our current financing agreement by letter dated April 14, 2016, effective December 31, 2015.

Midland PUC classifies government loans received as financial liabilities or equity instruments in accordance with IAS 32 Financial Instruments: Presentation. No benefit element is recognized for below market interest rate loans. The loans are subsequently measured using an effective interest rate calculated at the date of transition and the guidance in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance is applied after the date of transition.

Principal repayments for each of the five subsequent years and thereafter are as follows:

|            |    |                  |
|------------|----|------------------|
| 2017       | \$ | 570,724          |
| 2018       | \$ | 571,245          |
| 2019       | \$ | 571,783          |
| 2020       | \$ | 454,462          |
| 2021       | \$ | 277,158          |
| Thereafter |    | 1,849,381        |
|            | \$ | <u>4,294,753</u> |

## **13. RELATED PARTY TRANSACTIONS**

### **The ultimate parent**

The common shares of Midland PUC are owned by the Corporation of the Town of Midland, the ultimate parent, which constitutes a local government. Consequently, Midland PUC is exempt from some of the general disclosure requirements of IAS 24 with relation to transactions with government-related parties, and has applied the government-related disclosure requirements.

The following summarizes Midland PUC's related party transactions for the year with its shareholder, the Corporation of the Town of Midland:

**MIDLAND POWER UTILITY CORPORATION**  
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**13. RELATED PARTY TRANSACTIONS (CONT'D)**

|   | <u>2016</u>  | <u>2015</u>  |
|---|--------------|--------------|
| Revenue   |              |              |
| Electricity charges                                 | \$ 1,326,928 | \$ 1,207,650 |
| Maintenance of streetlights and other services      | 62,027       | 231,567      |
| Expenses  |              |              |
| Municipal taxes                                     | 37,852       | 37,295       |
| Lease fees for substation properties                | 49,980       | 49,980       |
| After hours answering service                       | -            | 6,667        |
| Communications antenna                              | 20,000       | 20,000       |
| Vehicle servicing, job recoveries and miscellaneous | 5,390        | 9,239        |
| Donations   | 10,000       | -            |
| Dividends Paid                                      | 600,000      | 550,000      |

**The ultimate parent continued**

At the end of the year, the amounts due from and (to) its shareholder, the Corporation of the Town of Midland, are as follows:

|   | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|
| Trade receivable, unsecured due on demand | \$ 12,856   | \$ 16,377   |
| Trade payable, unsecured, due on demand   | \$ -        | \$ (55,043) |

The Board of directors approved a \$600,000 (2015 - \$550,000) dividend that was paid to the Town of Midland.

**Transactions with related parties**

Midland PUC paid \$37,723 (2015 - \$32,114) in fees to Cornerstone Hydro Electric Concepts Association Inc. (CHEC).

Midland PUC paid \$78,395 (2015 - \$70,376) in fees to Utility Collaborative Services Inc. (UCS) for items such as information technology hosting, software licensing and CIS Analyst costs.

**Key management personnel compensation comprised:**

The key management personnel of the Company has been defined as members of its board of directors and executive management team members.

|   | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|
| Directors' fees & executive management compensation | \$ 485,102  | \$ 467,932  |



**MIDLAND POWER UTILITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**14. BANK INDEBTEDNESS**

Midland PUC has a line of credit with an authorized limit of \$4,380,000 available under a credit facility agreement with a Canadian chartered bank. Interest on advances is calculated using the bank's prime rate, calculated and payable monthly. It is secured by a general security agreement covering all assets except real property.

As at December 31, 2016 Midland PUC had drawn a balance of \$860,000 (2015 - \$1,200,000) on this credit facility. Midland PUC's line of credit has been pledged as security for the letter of credit provided to the Independent Electricity Systems Operation ("IESO"). As a result, Midland PUC's access to the \$4,380,000 credit facility mentioned below (Note 19) is limited to \$2,424,270 (2015 - 2,084,270).

The agreement governing the line of credit facilities contains certain covenants as described in Note 23.

As at December 31, 2016 Midland PUCs operating bank account was in a positive position of \$70,397 (2015 - a positive position of \$51,482).

**15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                          | 2016                | 2015                |
|--------------------------|---------------------|---------------------|
| IESO accounts payable    | \$ 2,151,811        | \$ 1,436,024        |
| Trade accounts payable   | 1,059,172           | 1,185,936           |
| Due to shareholder       | -                   | 55,043              |
| Accrued liabilities      | 126,509             | 209,539             |
| Customer credit balances | 140,353             | 150,881             |
|                          | <u>\$ 3,477,845</u> | <u>\$ 3,037,423</u> |

Included in trade accounts payable are two (2015 - two) customers who represent 84% (2015 - 78%) of the total balance. Included in accrued liabilities are zero (2015 - one) customers who represents 0% (2015 - 64%) of the total balance.

**16. OTHER REVENUE**

Other revenue consists of the following:

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| Late payment charges   | \$ 21,095         | \$ 28,468         |
| Net service revenue  | 62,791            | 100,448           |
| Independent Electricity System Operator (IESO) management fees | 24,723            | 37,400            |
| Office rental  | 32,449            | 46,696            |
| Other  | 146,850           | 108,362           |
| Pole rental  | 26,111            | 31,980            |
| Amortization of contributions in aid of construction           | 79,807            | 78,497            |
|  | <u>\$ 393,826</u> | <u>\$ 431,851</u> |

**MIDLAND POWER UTILITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**17. INVENTORY**

Cost of inventory is comprised of direct materials, which typically consists of distribution assets not deemed as major spares, unless purchased for specific capital projects in process or as spare units. Costs, after deducting rebates and discounts, are assigned to individual items of inventory on the basis of weighted average cost. Decommissioned assets that are transferred to inventory are tested for impairment once they are removed from service and placed in inventory. Inventory is recognized at the lower of cost and net realizable value. The amount of inventories consumed by the Midland PUC and recognized as an expense during 2016 was \$2,187 (2015 - \$6,889).

**18. SHARE CAPITAL**

An unlimited number of common and preference shares are authorized for issue.

As of December 31, 2016, Midland PUC has issued 1,000 common shares. The issued share capital is as follows:

|                     | 2016         | 2015         |
|---------------------|--------------|--------------|
| 1,000 Common Shares | \$ 6,880,984 | \$ 6,880,984 |

**19. CONTINGENCIES**

Midland PUC is contingently liable as a guarantor for a letter of credit for \$1,095,730 with its bank provided to the Independent Electricity Systems Operator (IESO) to secure Midland PUC's hydro purchase obligations.

**20. LONG-TERM INVESTMENTS**

|   | 2016   | 2015   |
|---|--------|--------|
| Cornerstone Hydro Electric Concepts Association Inc. (CHEC), incorporated without share capital. The cost for the investment was \$NIL and therefore not included in these financial statements | \$ -   | \$ -   |
| Utility Collaborative Services Inc. (UCS), recorded using the cost method, 100 common shares, 11.1% interest  | 100    | 100    |
|   | \$ 100 | \$ 100 |

Cornerstone Hydro Electric Concepts Association Inc. (CHEC) is an association of fifteen electricity distribution utilities modelled after a cooperative to share resources and proficiencies.

Utility Collaborative Services Inc. (UCS) offers standards-based back office services. The collaboration allows leverage in the reduction of costs for items such as information technology hosting and software licensing.

**MIDLAND POWER UTILITY CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**21. FINANCE INCOME AND FINANCE COST**

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| <b>Finance Income:</b>                       |                   |                   |
| Interest income on regulatory asset balances | \$ 50,954         | \$ 44,982         |
| Interest income on bank deposits             | 459               | 925               |
|  | <u>\$ 51,413</u>  | <u>\$ 45,907</u>  |
| <b>Finance Cost:</b>                         |                   |                   |
| Interest on long-term debt                   | \$ 163,745        | \$ 172,275        |
| Interest on credit line                      | 22,005            | 19,467            |
| Interest on customer deposits                | 3,051             | 3,280             |
| Interest on regulatory asset balances        | 47,100            | 37,617            |
|  | <u>\$ 235,901</u> | <u>\$ 232,639</u> |

**22. SUBSEQUENT EVENTS**

On November 7, 2016, Midland PUC submitted an application seeking approval for changes to the rates charged for electricity distribution, to be effective May 1, 2017. The application was approved by the OEB on March 30, 2017.

On April 20, 2017, the shareholder agreed to sell all of the issued and outstanding shares in the corporation to Newmarket-Tay Power Distribution Ltd. The transaction will take a number of months to complete and will require the approval of the Ontario Energy Board before finalization of the sale.

**23. CAPITAL DISCLOSURES**

Midland PUC considers its capital to be its share capital and retained earnings. Midland PUC's main objectives when managing capital are to: i) ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans, ii) minimize the cost of capital while taking into consideration current and future industry, market and economic risks and conditions, iii) maintain an optimal capital structure that provides necessary financial flexibility while also ensuring compliance with any financial covenants, and iv) provide an adequate return to its shareholder.

Midland PUC relies predominantly on its cash flow from operations to fund its dividend distributions to its shareholder. This cash flow is supplemented, when necessary, through the borrowing of additional debt.

As part of existing debt agreements, financial covenants are monitored and communicated, as required by the terms of credit agreements, on an annual basis by management to ensure compliance with the agreements.

The Ontario Infrastructure and Lands Corporation loan covenants require the corporation to provide notification prior to any new debt issuance and to seek approval where the Debt Service Coverage Ratio falls below 1.3 to 1 at any time; such ratio is otherwise tested and calculated as of the end of each fiscal year. Midland PUC is also required to maintain a maximum Total Debt to Total Assets ratio of 0.60 to 1. Midland PUC is in compliance with these covenants as at December 31, 2016. Ontario Infrastructure Lands Corporation has also removed the current ratio covenant of 1.1:1 from the current financing agreement by letter dated April 26, 2016, effective December 31, 2015.



MIDLAND POWER UTILITY CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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## 24. CAPITAL DISCLOSURES (CONT'D)

The Toronto-Dominion Bank loan covenants require Midland PUC to maintain a maximum Debt to Capital ratio of 0.60 to 1 and a minimum interest coverage ratio of 2.5x to be tested and calculated as of the end of each fiscal year. Midland PUC is in compliance with these covenants as at December 31, 2016.

Management monitors the following key ratios to effectively manage capital:

|                                 | <u>2016</u> | <u>2015</u> |
|---------------------------------|-------------|-------------|
| a) Debt Service Coverage Ratio: | 2.10 : 1    | 2.19 : 1    |
| b) Total Debt to Total Capital: | 0.24 : 1    | 0.26 : 1    |

## 25. PUBLIC LIABILITY INSURANCE

Midland PUC is a member of The Electrical Distributors Association Reciprocal Insurance Exchange which is a pooling of the public liability insurance risk of many of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they are members on a pro-rata basis based on the total of their respective service revenues.

It is anticipated that should such an assessment occur, it would be funded over a period of up to five years. To December 31, 2016, no assessments have been made with respect to 2016 or prior years.

## 26. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after January 1, 2016 or later years.

A number of new standards, amendments and interpretations are effective for annual periods beginning after December 31, 2016, and as such have not yet been applied in preparing these financial statements. Midland PUC has determined that the following could have an impact on its financial statements:

- In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"), which replaces IAS 17 Leases ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. The standard is effective for annual periods beginning on or after January 1, 2019, and will be applied retrospectively with some exceptions.



## 26. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (CONT'D)

- In January, 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows as part of the IASB's Disclosure Initiative. These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. These amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments are expected to increase disclosures relating to changes in liabilities arising from financing activities with no impact to Midland PUC's financial position or results of operations
- In April, 2016, The IASB issued amendments to IFRS 15, which was originally issued in May, 2014. These amendments do not change the underlying principles of the standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, determine whether a company is a principal or an agent, and determine whether the revenue from granting a license should be recognized at a point in time or over time. The amendments also include two additional transitional reliefs. The amendments are effective for annual periods beginning on or after January 1, 2018, consistent with the effective date of the standard.

Midland PUC is currently evaluating the impact of these standards.

## Pro-forma financial statements

| Projected Statement of Comprehensive Income 2018<br>(000's) | Newmarket-Tay Power<br>Distribution Ltd. &<br>Midland Power Utility<br>Corporation | Newmarket-Tay Power<br>Distribution Ltd. | Midland Power Utility<br>Corporation |
|---|--|--|--------------------------------------|
| Revenue   | 122,870  | 98,603                                   | 24,207                               |
| Cost of Sales   | 101,662  | 81,780                                   | 19,882                               |
| <b>Net Distribution Revenue</b>                             | <b>21,208</b>  | <b>16,823</b>                            | <b>4,325</b>                         |
| Operating Expenses  | 18,531   | 13,953                                   | 3,504                                |
| Income before undernoted items and income taxes             | 2,677  | 2,870                                    | 821                                  |
| Other (income) expenses                                     | 503  | 503                                      | -                                    |
| Income before income taxes                                  | 2,174  | 2,367                                    | 821                                  |
| Provision for income taxes                                  | 576  | 627                                      | 148                                  |
| <b>Net income</b>   | <b>1,598</b>   | <b>1,740</b>                             | <b>674</b>                           |

| Projected Statement of Financial Position 2018<br>(000's) | Newmarket-Tay Power<br>Distribution Ltd. &<br>Midland Power Utility<br>Corporation | Newmarket-Tay Power<br>Distribution Ltd. | Midland Power Utility<br>Corporation |
|---|--|--|--------------------------------------|
| <b>Assets</b>   |  |  |                                      |
| Current Assets  | 38,077   | 37,602                                   | 6,940                                |
| Property, plant and equipment                             | 83,802   | 72,245                                   | 11,557                               |
| Goodwill  | 12,063   | -  | -                                    |
| Other non-current assets                                  | 3,340  | 2,000                                    | 1,340                                |
| Regulatory assets   | 7,896  | 6,386                                    | 1,510                                |
| <b>Total Assets</b>                                       | <b>145,178</b>   | <b>118,233</b>                           | <b>21,346</b>                        |
| <b>Liabilities</b>  |  |  |                                      |
| Current Liabilities                                       | 16,865   | 13,540                                   | 3,325                                |
| Long-term Liabilities                                     | 79,245   | 55,083                                   | 6,654                                |
| <b>Total Liabilities</b>                                  | <b>96,109</b>  | <b>68,623</b>                            | <b>9,979</b>                         |
| <b>Shareholder's Equity</b>                               |  |  |                                      |
| Share capital   | 27,140   | 27,140                                   | 1,271                                |
| Retained earnings   | 21,928   | 22,470                                   | 10,097                               |
| <b>Total Shareholder's Equity</b>                         | <b>49,068</b>  | <b>49,610</b>                            | <b>11,367</b>                        |
| <b>Total Liabilities and Shareholder's Equity</b>         | <b>145,178</b>   | <b>118,233</b>                           | <b>21,346</b>                        |

**SCHEDULE "H"**

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to customers residing in residential dwelling units. Energy is generally supplied as single phase, 3-wire, 60-Hertz, having nominal voltage of 120/240 Volts and up to 400 amps. There shall be only one delivery point to a dwelling. The Basic Connection for Residential consumers is defined as 100 amp 120/240 volt overhead service. A Residential building is supplied at one service voltage per land parcel. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |        |
|---|--------|--------|
| Service Charge  | \$     | 21.25  |
| Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis | \$     | (7.18) |
| Rate Rider for Smart Metering Entity Charge - effective until April 30, 2018                                  | \$     | 0.79   |
| Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018                              | \$     | (0.06) |
| Distribution Volumetric Rate  | \$/kWh | 0.0075 |
| Retail Transmission Rate - Network Service Rate   | \$/kWh | 0.0078 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                                    | \$/kWh | 0.0065 |

### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to a non residential account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW, and Town Houses and Condominiums that require centralized bulk metering. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge  | \$     | 30.55    |
| Rate Rider for Smart Metering Entity Charge - effective until April 30, 2018                                  | \$     | 0.79     |
| Distribution Volumetric Rate  | \$/kWh | 0.0200   |
| Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018                              | \$/kWh | (0.0001) |
| Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis | \$/kWh | (0.0008) |
| Retail Transmission Rate - Network Service Rate   | \$/kWh | 0.0071   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                                    | \$/kWh | 0.0058   |

#### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal or greater than, 50 kW but less than 5,000 kW. Note that for the application of the Retail Transmission Rate – Network Service Rate and the Retail Transmission Rate – Line and Transformation

Connection Service Rate the following sub-classifications apply:

General Service 50 to 500 kW non-interval metered

General Service 50 to 500 kW interval metered

General Service greater than 500 to 5,000 kW interval metered.

Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|   |       |          |
|---|-------|----------|
| Service Charge  | \$    | 138.54   |
| Distribution Volumetric Rate - Thermal Demand Meter   | \$/kW | 4.7791   |
| Distribution Volumetric Rate - Interval Meter   | \$/kW | 4.9127   |
| Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018                              | \$/kW | (0.0146) |
| Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis | \$/kW | (0.3234) |
| Retail Transmission Rate - Network Service Rate   | \$/kW | 2.8760   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                                    | \$/kW | 2.2806   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge  | \$     | 17.64    |
| Distribution Volumetric Rate  | \$/kWh | 0.0203   |
| Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018                              | \$/kWh | (0.0002) |
| Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis | \$/kWh | (0.0008) |
| Retail Transmission Rate - Network Service Rate   | \$/kWh | 0.0070   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                                    | \$/kWh | 0.0058   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to privately owned roadway lighting controlled by photo cells. Consumption is based on calculated connected load times the required lighting hours. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

|   |       |          |
|---|-------|----------|
| Service Charge  | \$    | 3.25     |
| Distribution Volumetric Rate  | \$/kW | 12.4522  |
| Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018                              | \$/kW | (0.0777) |
| Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis | \$/kW | (0.2848) |
| Retail Transmission Rate - Network Service Rate   | \$/kW | 2.1699   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                                    | \$/kW | 1.7994   |

#### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |



# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to municipal lighting, Ministry of Transportation operation controlled by photo cells. Consumption is as per Ontario Energy Board street lighting load shape. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

|   |       |          |
|---|-------|----------|
| Service Charge  | \$    | 3.19     |
| Distribution Volumetric Rate  | \$/kW | 15.8699  |
| Rate Rider for Application of Tax Change (2017) - effective until April 30, 2018                              | \$/kW | (0.0901) |
| Rate Rider for Disposition of Account 1576 - effective until December 31, 2017 - Approved on an Interim Basis | \$/kW | (0.1966) |
| Retail Transmission Rate - Network Service Rate   | \$/kW | 2.1899   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                                    | \$/kW | 1.7611   |

#### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|                |    |      |
|----------------|----|------|
| Service Charge | \$ | 5.40 |
|----------------|----|------|

### ALLOWANCES

|   |       |        |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month                      | \$/kW | (0.85) |
| Primary Metering Allowance for transformer losses – applied to measured demand and energy | %     | 1.00   |

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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#### Customer Administration

|   |    |       |
|---|----|-------|
| Arrears certificate   | \$ | 15.00 |
| Statement of account  | \$ | 15.00 |
| Duplicate invoices for previous billing   | \$ | 15.00 |
| Request for other billing information   | \$ | 15.00 |
| Easement letter   | \$ | 15.00 |
| Account history   | \$ | 15.00 |
| Credit reference letter   | \$ | 15.00 |
| Credit check (plus credit agency costs)   | \$ | 15.00 |
| Returned cheque (plus bank charges)   | \$ | 15.00 |
| Legal letter charge   | \$ | 15.00 |
| Special meter reads   | \$ | 30.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) – residential | \$ | 26.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct)                              | \$ | 30.00 |

#### Non-Payment of Account

|   |    |        |
|---|----|--------|
| Late payment – per month                                  | %  | 1.50   |
| Late payment – per annum                                  | %  | 19.56  |
| Collection of account charge – no disconnection           | \$ | 23.00  |
| Disconnect/reconnect at meter – during regular hours      | \$ | 50.00  |
| Disconnect/reconnect at meter – after regular hours       | \$ | 185.00 |
| Disconnect/reconnect at pole – during regular Hours       | \$ | 185.00 |
| Disconnect/reconnect at pole – after regular hours        | \$ | 415.00 |
| Install/remove load control device – during regular hours | \$ | 50.00  |
| Install/remove load control device – after regular hours  | \$ | 185.00 |

#### Other

|   |    |          |
|---|----|----------|
| Service call – customer owned equipment   | \$ | 30.00    |
| Service call – after regular hours  | \$ | 165.00   |
| Temporary service – install & remove – underground – no transformer   | \$ | 500.00   |
| Temporary service – install & remove – overhead – no transformer  | \$ | 300.00   |
| Temporary service – install & remove – overhead – with transformer  | \$ | 1,000.00 |
| Specific charge for access to the power poles - per pole/year<br>(with the exception of wireless attachments) | \$ | 22.35    |

# Newmarket - Tay Power Distribution Ltd.

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0275

### RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

|  |          |           |
|--|----------|-----------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer   | \$       | 100.00    |
| Monthly Fixed Charge, per retailer   | \$       | 20.00     |
| Monthly Variable Charge, per customer, per retailer  | \$/cust. | 0.50      |
| Distributor-consolidated billing monthly charge, per customer, per retailer  | \$/cust. | 0.30      |
| Retailer-consolidated billing monthly credit, per customer, per retailer   | \$/cust. | (0.30)    |
| Service Transaction Requests (STR)   |          |           |
| Request fee, per request, applied to the requesting party  | \$       | 0.25      |
| Processing fee, per request, applied to the requesting party   | \$       | 0.50      |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party |          |           |
| Up to twice a year   | \$       | no charge |
| More than twice a year, per request (plus incremental delivery costs)  | \$       | 2.00      |

### LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

|   |        |
|---|--------|
| Total Loss Factor – Secondary Metered Customer < 5,000 kW | 1.0383 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW   | 1.0279 |

**Schedule B**

**To Decision and Rate Order**

**List of Rates and Charges Not Affected by the Price Cap or Annual IR Index**

**OEB File No: EB-2016-0275**

**DATED: March 30, 2017**

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Rate adders
- Low voltage service charges
- Retail transmission service rates
- Wholesale market service rate
- Rural or remote electricity rate protection charge
- Standard supply service – administrative charge
- Transformation and primary metering allowances
- Loss factors
- Specific service charges
- microFIT charge
- Retail service charges

# Midland Power Utility Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0092

### RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account where energy is supplied to customers residing in residential dwelling units. Energy is generally supplied as a single phase, 3-wire, 60-Hertz, having a nominal voltage of 120/240 Volts and having only one Delivery Point per dwelling. For the purposes of calculating customer connection fees, the Basic Connection for Residential customers is defined as 100 amp 120/240 volt overhead service. A residential building is supplied at one service voltage per land parcel. Street Townhouses and Condominiums requiring centralization bulk metering are covered under General Service Classification. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|  |        |          |
|--|--------|----------|
| Service Charge   | \$     | 23.20    |
| Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018   | \$     | 0.79     |
| Distribution Volumetric Rate   | \$/kWh | 0.0107   |
| Low Voltage Service Rate   | \$/kWh | 0.0020   |
| Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018<br>Applicable only for Non-RPP Customers | \$/kWh | 0.0021   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018   | \$/kWh | (0.0001) |
| Retail Transmission Rate - Network Service Rate  | \$/kWh | 0.0067   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate   | \$/kWh | 0.0053   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - Not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Midland Power Utility Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0092

### GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to General Service Buildings requiring a connection with a connected load less than 50 kW, and, Townhouses and Condominiums that require centralized bulk metering. General Service buildings are defined as buildings that are used for purposes other than single-family dwellings. A General Service building is supplied at one voltage per land parcel. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

|  |        |          |
|--|--------|----------|
| Service Charge   | \$     | 22.62    |
| Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018                   | \$     | 0.79     |
| Distribution Volumetric Rate   | \$/kWh | 0.0167   |
| Low Voltage Service Rate   | \$/kWh | 0.0018   |
| Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018  |        |          |
| Applicable only for Non-RPP Customers  | \$/kWh | 0.0021   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018 | \$/kWh | (0.0001) |
| Retail Transmission Rate - Network Service Rate  | \$/kWh | 0.0060   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                       | \$/kWh | 0.0049   |

#### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - Not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |



# Midland Power Utility Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0092

### GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to General Service customers requiring a connection with a connected load equal to or greater than 50 kW and less than 5,000 kW. A General Service building is supplied at one service voltage per land parcel. Depending on the location of the building, primary supplies to transformers and Customer owned Sub-Stations will be one of the following as determined by the Distributor:

- 2,400/4,160 volts 3 Phase 4Wire
- 4,800/8,320 volts 3 Phase 4 Wire
- 7,200/12,400 volts 3 Phase 4 Wire
- 8,000/13,800 volts 3 Phase 4 Wire
- 16,000/27,600 volts 3 Phase 4 Wire
- 44,000 Volts 3 Phase 3 Wire

Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

#### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge  | \$     | 63.93    |
| Distribution Volumetric Rate  | \$/kW  | 3.2581   |
| Low Voltage Service Rate  | \$/kW  | 0.7282   |
| Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018<br>Applicable only for Non-RPP Customers                  | \$/kWh | 0.0021   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018<br>Applicable only for Non-Wholesale Market Participants | \$/kW  | (0.6503) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018  | \$/kW  | 0.5916   |
| Retail Transmission Rate - Network Service Rate   | \$/kW  | 2.4733   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate  | \$/kW  | 1.9302   |

**Midland Power Utility Corporation**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2017**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2016-0092

**MONTHLY RATES AND CHARGES - Regulatory Component**

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - Not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Midland Power Utility Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0092

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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#### MONTHLY RATES AND CHARGES - Delivery Component

|  |        |          |
|--|--------|----------|
| Service Charge (per customer)  | \$     | 10.46    |
| Distribution Volumetric Rate   | \$/kWh | 0.0112   |
| Low Voltage Service Rate   | \$/kWh | 0.0018   |
| Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018<br>Applicable only for Non-RPP Customers | \$/kWh | 0.0021   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018   | \$/kWh | (0.0001) |
| Retail Transmission Rate - Network Service Rate  | \$/kWh | 0.0060   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate   | \$/kWh | 0.0049   |

#### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - Not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Midland Power Utility Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0092

### STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

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It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|  |        |        |
|--|--------|--------|
| Service Charge (per connection)  | \$     | 3.87   |
| Distribution Volumetric Rate   | \$/kW  | 8.9320 |
| Low Voltage Service Rate   | \$/kW  | 0.5629 |
| Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018  |        |        |
| Applicable only for Non-RPP Customers  | \$/kWh | 0.0021 |
| Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018 | \$/kW  | 0.0146 |
| Retail Transmission Rate - Network Service Rate  | \$/kW  | 1.8655 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                       | \$/kW  | 1.4922 |

### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - Not including CBR          | \$/kWh | 0.0032 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0021 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

# Midland Power Utility Corporation

## TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2017

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2016-0092

### microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|                |    |      |
|----------------|----|------|
| Service Charge | \$ | 5.40 |
|----------------|----|------|

### ALLOWANCES

|   |       |        |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month                      | \$/KW | (0.60) |
| Primary Metering Allowance for transformer losses - applied to measured demand and energy | %     | (1.00) |



# Midland Power Utility Corporation

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### SPECIFIC SERVICE CHARGES

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#### Customer Administration

|   |    |       |
|---|----|-------|
| Notification charge   | \$ | 15.00 |
| Account History   | \$ | 15.00 |
| Returned cheque (plus bank charges)   | \$ | 15.00 |
| Legal letter charge   | \$ | 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |

#### Non-Payment of Account

|   |    |        |
|---|----|--------|
| Late payment - per month                                  | %  | 1.50   |
| Late payment - per annum                                  | %  | 19.56  |
| Disconnect/reconnect at meter - during regular hours      | \$ | 65.00  |
| Disconnect/reconnect at meter - after regular hours       | \$ | 185.00 |
| Disconnect/reconnect at pole - during regular hours       | \$ | 185.00 |
| Disconnect/reconnect at pole - after regular hours        | \$ | 415.00 |
| Install/remove load control device - during regular hours | \$ | 65.00  |
| Install/remove load control device - after regular hours  | \$ | 185.00 |

#### Other

|  |    |        |
|--|----|--------|
| Specific charge for access to the power poles - \$/pole/year<br>(with the exception of wireless attachments) | \$ | 22.35  |
| Interval meter load management tool charge \$/month  | \$ | 25.00  |
| Temporary service - install & remove - overhead - no transformer   | \$ | 500.00 |
| Temporary service - install & remove - underground - no transformer  | \$ | 300.00 |

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## RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

|  |          |           |
|--|----------|-----------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer   | \$       | 100.00    |
| Monthly fixed charge, per retailer   | \$       | 20.00     |
| Monthly variable charge, per customer, per retailer  | \$/cust. | 0.50      |
| Distributor-consolidated billing monthly charge, per customer, per retailer  | \$/cust. | 0.30      |
| Retailer-consolidated billing monthly credit, per customer, per retailer   | \$/cust. | (0.30)    |
| Service Transaction Requests (STR)   |          |           |
| Request fee, per request, applied to the requesting party  | \$       | 0.25      |
| Processing fee, per request, applied to the requesting party   | \$       | 0.50      |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party |          |           |
| Up to twice a year   | \$       | no charge |
| More than twice a year, per request (plus incremental delivery costs)  | \$       | 2.00      |

## LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

|   |        |
|---|--------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0682 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW   | 1.0576 |

**Schedule B**

**To Decision and Rate Order**

**List of Rates and Charges Not Affected by the Price Cap or Annual IR Index**

**OEB File No: EB-2016-0092**

**DATED: March 30, 2017**

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Rate adders
- Low voltage service charges
- Retail transmission service rates
- Wholesale market service rate
- Rural or remote electricity rate protection charge
- Standard supply service – administrative charge
- Transformation and primary metering allowances
- Loss factors
- Specific service charges
- microFIT charge
- Retail service charges