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July 26, 2018

Alberta Utilities Commission
10th Floor, 10055 – 106 Street
Edmonton, AB T5J 2Y2

Attention: Blair Miller
Executive Director, Rates

Dear Mr. Miller:

Re: EPCOR Distribution & Transmission Inc.
AUC Rule 005 Requirements for Annual Reporting Requirements of Operational and Financial Results by Electric Utilities

1. Enclosed for filing with the Commission is EPCOR Distribution & Transmission Inc.'s ("EDTI's") revised 2017 AUC Rule 005 Filing for its Distribution function.
2. Subsequent to EDTI's original filing, an error was discovered in EDTI's treatment of a non-recoverable expense for the write-off of EDTI's remaining net book value of its conventional meters (\$8.86 million) at the end of 2017. EDTI incorrectly included the non-recoverable expense in USA 941 in Schedule 3. Among other things, this resulted in a return on equity reported in Schedule 2 that was lower than it should have been.
3. In the enclosed revised Rule 005 Filing, EDTI has correctly included the non-recoverable expense of \$8.86 million in USA 921 and 930.2 and removed the amount from USA 941 in Schedule 3. EDTI has also updated Schedules 1, 2, 3 and 10 accordingly.
4. If you have any questions, please contact me directly at (780) 412-4571 or via email to pjohanson@epcor.com.

Sincerely,

[Electronically Submitted]

Peter Johanson
Controller
EPCOR Distribution & Transmission Inc.

Attachment

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 1

Line No.	Description	Cross-Reference	2017 Actual	2016 Actual	Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
1	Revenues						
2	Distribution Access System Tariff	Sch 6	192,163	183,817	8,346	4.5%	See Schedule 6
3	Transmission System Access Tariff	Sch 10	250,285	182,117	68,168	37.4%	Note 1
4	Franchise Fee	Sch 10	62,910	56,518	6,392	11.3%	Note 2
5	Deferral Accounts		0	0	0	0.0%	
6	Payment from Balancing Pool		0	0	0	0.0%	
7	Total Revenues		<u>505,359</u>	<u>422,452</u>	<u>82,907</u>	<u>4.5%</u>	
8	Costs						
9	Costs of Sales	Sch 10	250,285	182,117	68,168	37.4%	Note 1
10	Operating Costs	Sch 3 + Sch 10	142,635	144,680	(2,044)	-1.4%	See Schedule 3
11	Depreciation	Sch 4 + Sch 10	49,352	42,939	6,413	14.9%	See Schedule 4
12	Return on Rate Base	Sch 2 + Sch 10	70,202	64,695	5,507	8.5%	See Schedule 2
13	Income Tax Expense	Sch 5 + Sch 10	0	0	0	0.0%	
14	Revenue Offsets	Sch 10	(8,820)	(13,641)	4,821	-35.3%	See Schedule 10
15	Deferral Accounts	Sch 9 + Sch 10	1,705	1,662	42	2.6%	See Schedule 9
16	Total Costs		<u>505,359</u>	<u>422,452</u>	<u>82,907</u>	<u>19.6%</u>	
17	DAS Tariff Revenues	Sch 10	192,163	183,817	82,907	4.5%	

EDTI has revised Schedule 1 to the USA/MFR format to be consistent with its Tariff Applications.

Note 1: 2017 Transmission System Access Tariff revenues and cost of sales are \$68.17 million higher than 2016. The increase reflects higher DTS charges of \$54.88 million in 2017 and the 2016 DTS Yearly AESO True Up (DAR) of \$13.28 million.

Note 2: Franchise Fee revenues are higher in 2017 compared to 2016 primarily due to a higher volume and rates.

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF RETURN ON RATE BASE
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 2

2017 Actual

Line No.	Description	Cross-Reference	2017 Prescribed				Return \$	Var. Actual to Prior		Actual to Prior Year Explanation Reference
			Mid-Year Capital	Ratio	Prorated Rate Base	Cost Rate %		Year	Var %	
1	Cost of Debt	Sch 2.1	1,157,042	63.00%	728,937	4.93%	35,916	4,024	12.62%	Note 1
2	Return on Equity	Sch 2.1	1,157,042	37.00%	428,106	8.01%	34,286	1,483	4.52%	Note 2
3	Mid-Year Net Rate Base (Capital Invested)	Sch 2.1	<u>1,157,042</u>	<u>100.00%</u>	<u>1,157,042</u>	<u>6.07%</u>				
4	Return on Rate Base	Sch 2.1					<u>70,202</u>			

2016 Actual

Line No.	Description	Cross-Reference	2016 Prescribed				Return \$	Var. Actual to Prior	
			Mid-Year Capital	Ratio	Prorated Rate Base	Cost Rate %		Year	Var %
1	Cost of Debt	Sch 2.1	987,177	63.00%	621,921	5.13%	31,892		
2	Return on Equity	Sch 2.1	987,177	37.00%	365,255	8.98%	32,803		
3	Mid-Year Net Rate Base (Capital Invested)	Sch 2.1	<u>987,177</u>	<u>100.00%</u>	<u>987,177</u>	<u>6.55%</u>			
4	Return on Rate Base	Sch 2.1					<u>64,695</u>		

Note 1: The cost of debt is higher in 2017 due to increase in mid-year capital rate base, partially offset by lower cost rate.

Note 2: The return on equity is higher in 2017 by \$1.48 million primarily due to lower operating costs as a result of the AMI project, partially offset by lower revenue offsets.

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF MID-YEAR RATE BASE
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 2.1

Line No.	Description	Cross-Reference	2017 Actual	2016 Actual	Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
<u>Gross Utility Plant in Service</u>							
1	Opening Balance		1,600,852	1,405,542	195,310	13.9%	
2	Closing Balance		1,806,971	1,600,852	206,119	12.9%	
3	Mid-Year Gross Utility Plant in Service		<u>1,703,911</u>	<u>1,503,197</u>	<u>200,715</u>	<u>13.4%</u>	
<u>Accumulated Depreciation - Utility</u>							
4	Opening Balance		(400,901)	(377,685)	(23,215)	6.1%	
5	Closing Balance		(434,648)	(400,901)	(33,748)	8.4%	
6	Mid-Year Accumulated Depreciation - Utility		<u>(417,774)</u>	<u>(389,293)</u>	<u>(28,482)</u>	<u>7.3%</u>	
<u>Contributions in Aid of Construction</u>							
7	Opening Balance		202,928	191,950	10,978	5.7%	
8	Closing Balance		216,719	202,928	13,791	6.8%	
9	Mid-Year Utility Contributions in Aid of Construction		<u>209,824</u>	<u>197,439</u>	<u>12,384</u>	<u>6.3%</u>	
<u>Amortization of Contributions</u>							
10	Opening Balance		(63,102)	(59,493)	(3,609)	6.1%	
11	Closing Balance		(66,430)	(63,102)	(3,328)	5.3%	
12	Mid-Year Utility Amortization of Contributions		<u>(64,766)</u>	<u>(61,297)</u>	<u>(3,468)</u>	<u>5.7%</u>	
13	Mid-Year Net Utility Plant in Service		<u>1,141,079</u>	<u>977,762</u>	<u>163,317</u>	<u>16.7%</u>	Note 1
14	Necessary Working Capital		15,963	9,415	6,548	69.6%	Note 2
15	Other No Cost Capital						
16	Mid-Year Net Rate Base (Capital Invested)	Sch 2	<u>1,157,042</u>	<u>987,177</u>	<u>169,866</u>	<u>17.2%</u>	
Reconciliation of Mid-Year Net Rate Base (Capital Invested) to Schedule 4.1							
<u>Gross Utility Plant in Service (Net of Contributions)</u>							
17	Opening Balance (Line 1 - Line 7)	Sch 4.1	1,397,923	1,213,591	184,332	15.2%	
18	Closing Balance (Line 2 - Line 8)	Sch 4.1	1,590,252	1,397,923	192,329	13.8%	
19	Mid-Year Gross Utility Plant in Service (Line 17 + Line 18)/2		<u>1,494,088</u>	<u>1,305,757</u>	<u>188,331</u>	<u>14.4%</u>	
<u>Accumulated Depreciation - Utility (Net of Contributions)</u>							
20	Opening Balance (Line 4 - Line 10)	Sch 4.1	(337,799)	(318,192)	(19,607)	6.2%	
21	Closing Balance (Line 5 - Line 11)	Sch 4.1	(368,219)	(337,799)	(30,420)	9.0%	
22	Mid-Year Utility Amortization (Line 19 + Line 20)/2		<u>(353,009)</u>	<u>(327,995)</u>	<u>(25,013)</u>	<u>7.6%</u>	
23	Mid-Year Net Utility Plant in Service (Line 19 + Line 21)	Line 13	<u>1,141,079</u>	<u>977,762</u>	<u>163,317</u>	<u>16.7%</u>	

Note 1: The Mid-Year Net Utility Plant in Service is higher in 2017 versus 2016 due to the half year impact of 2017 additions to rate base of \$220.75 million. See Schedule 4.2 for details of Distribution's capital additions.

Note 2: Working Capital variance of \$6.55 million increase for 2017 Actuals compared to 2016 Actuals is due to the following:
- A \$12.91 million increase in mid year deferral and reserve accounts primarily from the increase in the mid-year Transmission charge deferral account balance, the mid-year Property, Business and Linear tax deferral account balance, and an increase in the mid-year AESO Load Settlement charge deferral account.
- A \$0.67 million higher depreciation working capital due to higher 2016 additions compared to 2015.
These decreases have been partially offset by the following increases:
- A \$3.28 million decrease in operating expenses primarily from lower Transmission system access service costs.
- A \$2.22 million decrease in interest expense working capital
- A \$0.81 million decrease in materials and supplies inventory working capital
- A \$0.69 million decrease in return on common equity working capital
- A \$0.03 million decrease in GST working capital

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF MID-YEAR CAPITAL STRUCTURE
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 2.2

Line No.	Description	Cross-Reference	Current Year-End	Previous Year-End	2017 Actual Mid-Year Capital	2016 Actual Mid-Year Capital	Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
1	Short-term debt	Sch 2.3	0	50,810	25,405	30,066	(4,661)	-18.3%	Note 1
2	Long-term debt	Sch 2.3	784,358	652,443	718,400	601,249	117,151	16.3%	Note 2
3	Preferred shares	Sch 2.4	0	0	0	0	0	0.0%	
4	Common equity	Sch 11	441,450	386,433	413,942	380,203	33,739	8.2%	Note 3
5	Total Mid-Year Invested Capital		<u>1,225,808</u>	<u>1,089,686</u>	<u>1,157,747</u>	<u>1,011,518</u>	<u>146,229</u>	<u>12.6%</u>	

Note 1: The change in mid-year short-term debt in 2017 compared to 2016 is due to capital spending and the conversion of short term debt into long term debt.

Note 2: EDTI issued intercompany debt on July 4, 2017 for \$50 million @ 3.62% and on November 1, 2017 for \$90 million @ 3.75%.

Note 3: The increase in common equity reflects the issuance of \$29 million of share capital and an increase in retained earnings.

EPCOR Distribution & Transmission Inc. (Distribution)
SCHEDULE OF DEBT CAPITAL EMPLOYED
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

2017 Actual

Line No.	Cross-Reference	Description	Series	Issue Date	Maturity Date	Coupon Rate	Unamortized Issue Costs & Deb			Effective Cost Rate %	Principal Outstanding at Year-End	Carrying Cost	Average Embedded Cost Rate	
							Principal Amount	Prelim.	Total Amount					
1		EDI0001		06/28/99	06/28/19	7.30%	60,000	-	60,000	7.30%	60,000	4,380	7.30%	
2		EDI0002		10/31/03	10/31/23	6.65%	70,000	-	70,000	7.16%	31,141	2,229	7.16%	
3		EDI0003		12/31/04	12/31/24	6.07%	35,000	-	35,000	6.58%	17,160	1,129	6.58%	
4		EDI0004		01/03/06	12/31/25	5.27%	40,000	-	40,000	5.66%	21,056	1,191	5.66%	
5		EDI0005		12/28/06	12/28/26	5.37%	30,000	-	30,000	5.37%	30,000	1,611	5.37%	
6		EDI0006		12/28/07	12/28/27	6.08%	20,000	-	20,000	6.08%	20,000	1,216	6.08%	
7		EDI0007		12/30/08	12/30/28	8.17%	35,000	-	35,000	8.17%	35,000	2,860	8.17%	
8		EDI0008		12/30/09	12/30/39	6.10%	10,000	-	10,000	6.10%	10,000	610	6.10%	
9		EDI0009		12/01/11	12/01/41	4.37%	75,000	-	75,000	4.37%	75,000	3,278	4.37%	
10		EDI0010		07/03/12	07/03/42	4.08%	35,000	-	35,000	4.08%	35,000	1,428	4.08%	
11		EDI0011		11/25/13	11/25/43	4.74%	50,000	-	50,000	4.74%	50,000	2,370	4.74%	
12		EDI0012		11/21/14	11/21/44	4.19%	75,000	-	75,000	4.19%	75,000	3,143	4.19%	
13		EDI0013		07/22/15	07/22/44	4.16%	75,000	-	75,000	4.16%	75,000	3,120	4.16%	
14		EDI0014		12/01/16	12/01/46	4.09%	110,000	-	110,000	4.09%	110,000	4,499	4.09%	
15		EDI0015		04/07/17	04/07/47	3.62%	50,000	-	50,000	3.62%	50,000	1,810	3.62%	
16		EDI0016		01/11/17	01/11/47	3.75%	90,000	-	90,000	3.75%	90,000	3,375	3.75%	
17	Sch 2.2	Current Year-End Balance Long Term Debt						860,000	-	720,000		784,358	38,248	4.88%
18	Sch 2.2	Current Year-End Balances Short Term Debt						0	-	0		0	0	
19		Total Current Year-End Balance Debt Outstanding						860,000	-	720,000		784,358	38,248	4.88%
20		Prior Year-End Balance Debt Outstanding										703,253	35,049	4.98%
21		Mid-Year Balance Debt Outstanding										743,805	36,648	4.93%

2016 Actual

Line No.	Cross-Reference	Description	Series	Issue Date	Maturity Date	Coupon Rate	Unamortized Issue Costs & Deb			Effective Cost Rate %	Principal Outstanding at Year-End	Carrying Cost	Average Embedded Cost Rate	
							Principal Amount	Prelim.	Total Amount					
1		EDI0001		06/28/99	06/28/19	7.30%	60,000	-	60,000	7.30%	60,000	4,380	7.30%	
2		EDI0002		10/31/03	10/31/23	6.65%	70,000	-	70,000	7.08%	35,243	2,495	7.08%	
3		EDI0003		12/31/04	12/31/24	6.07%	35,000	-	35,000	6.50%	19,076	1,240	6.50%	
4		EDI0004		01/03/06	12/31/25	5.27%	40,000	-	40,000	5.60%	23,124	1,296	5.60%	
5		EDI0005		12/28/06	12/28/26	5.37%	30,000	-	30,000	5.37%	30,000	1,611	5.37%	
6		EDI0006		12/28/07	12/28/27	6.08%	20,000	-	20,000	6.08%	20,000	1,216	6.08%	
7		EDI0007		12/30/08	12/30/28	8.17%	35,000	-	35,000	8.17%	35,000	2,860	8.17%	
8		EDI0008		12/30/09	12/30/39	6.10%	10,000	-	10,000	6.10%	10,000	610	6.10%	
9		EDI0009		12/01/11	12/01/41	4.37%	75,000	-	75,000	4.37%	75,000	3,279	4.37%	
10		EDI0010		07/03/12	07/03/42	4.08%	35,000	-	35,000	4.08%	35,000	1,428	4.08%	
11		EDI0011		11/25/13	11/25/43	4.74%	50,000	-	50,000	4.74%	50,000	2,371	4.74%	
12		EDI0012		11/21/14	11/21/44	4.19%	75,000	-	75,000	4.19%	75,000	3,144	4.19%	
13		EDI0013		07/22/15	07/22/44	4.16%	75,000	-	75,000	4.16%	75,000	3,120	4.16%	
14		EDI0014		12/01/16	12/01/46	4.09%	110,000	-	110,000	4.09%	110,000	4,499	4.09%	
15		Current Year-End Balance Long Term Debt						720,000	-	720,000		652,443	33,549	5.14%
16		Current Year-End Balances Short Term Debt						50,810	-	50,810		50,810	1,499	
17		Total Current Year-End Balance Debt Outstanding						770,810	-	770,810		703,253	35,049	4.98%
18		Prior Year-End Balance Debt Outstanding										559,377	29,698	5.31%
19	Sch 2.2	Mid-Year Balance Debt Outstanding										631,315	32,373	5.13%

EPCOR Distribution & Transmission Inc. (Distribution)
SCHEDULE OF PREFERRED SHARE CAPITAL EMPLOYED
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

2017 Actual												
Line No.	Cross-Reference	Series	Issue Date	Dividend Rate	Stated Value at Issue	Underwriting Discount & Expense	Net Proceeds Outstanding	Carrying Cost of Issue	Average Embedded Cost Rate	Variance Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
1		A		0.0%	-	-	-	-		-	0.0%	
2		B		0.0%	-	-	-	-		-	0.0%	
3		C		0.0%	-	-	-	-		-	0.0%	
4		D		0.0%	-	-	-	-		-	0.0%	
5		Current Year-End Balance			<u>-</u>	<u>-</u>	-	-	0.0%	-	0.0%	Note 1
6		Prior Year-End Balance					-	-	0.0%	-	0.0%	
7	Sch 2.2	Mid-Year Balance					<u>-</u>	<u>-</u>	0.0%	<u>-</u>	0.0%	

Note 1: EDTI does not have any preferred shares issued or outstanding.

2016 Actual												
Line No.	Cross-Reference	Series	Issue Date	Dividend Rate	Stated Value at Issue	Underwriting Discount & Expense	Net Proceeds Outstanding	Carrying Cost of Issue	Average Embedded Cost Rate	Variance Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
1		A		0.0%	-	-	-	-		-		
2		B		0.0%	-	-	-	-		-		
3		C		0.0%	-	-	-	-		-		
4		D		0.0%	-	-	-	-		-		
5		Current Year-End Balance			<u>-</u>	<u>-</u>	-	-	0.0%	-		
6		Prior Year-End Balance					-	-	0.0%	-		
7	Sch 2.2	Mid-Year Balance					<u>-</u>	<u>-</u>	0.0%	<u>-</u>		

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF OPERATING AND MAINTENANCE EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 3

Line No.	USA No.	Description	Cross-Reference	2017 Actual	2016 Actual	Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
1		<u>Distribution Expenses Operation and Maintenance</u>						
2	580	Supervision and engineering		20,090	19,779	311	1.6%	
3	581	Control centre operations		3,478	2,558	920	36.0%	Note 1
4	582	Station equipment expenses		351	627	(276)	-44.1%	
5	583	Overhead line expenses		873	659	215	32.6%	
6	584	Underground line expenses		3,181	2,629	552	21.0%	Note 2
7	585	Street lighting and signal system expenses		0	0	0	#DIV/0!	
8	586	Meter expenses		1,656	2,236	(580)	-25.9%	Note 3
9	587	Customer installations expenses		5,486	5,430	56	1.0%	
10	588	Miscellaneous distribution expenses		10,439	10,351	89	0.9%	
11	593.1	Vegetation management		1,339	1,144	195	17.0%	
12	595	Line transformers		237	164	73	44.4%	
13	599	IT support		1,720	1,758	(38)	-2.2%	
14		Total		48,849	47,335	1,514	3.2%	
15		<u>Customer Accounting</u>						
16	901	Supervision		585	613	(28)	-4.5%	
17	902	Meter Reading Expenses		1,488	7,028	(5,540)	-78.8%	Note 4
18	903	Customer records and collection expenses		1,327	1,249	78	6.2%	
19	905.1	IT customer service		2,068	2,638	(569)	-21.6%	Note 5
20		Total		5,469	11,528	(6,059)	-52.6%	
21		Total Direct Operations and Maintenance		54,318	58,863	(4,545)	-7.7%	
22		<u>Allocated Share of General Operation and Maintenance</u>						
23	935	Maintenance of General Plant: Building Facility Operations and Security		3,316	2,563	753	29.4%	
24		<u>G&A and Common Operations (net of disallowances)</u>						
25	920	Administrative and general salaries		7,361	8,332	(971)	-11.7%	Note 6
26	921	Office supplies and expenses		247	1,300	(1,053)	-81.0%	Note 7
27	922	Administrative expenses transferred - Credit		(10,327)	(10,079)	(247)	2.5%	
28	923	Outside services employed		1,073	2,322	(1,249)	-53.8%	Note 8
29	924	Insurance Premiums		304	345	(41)	-11.9%	
30	931	Rents		1,327	1,135	192	16.9%	
31	930.2	Asset Usage Fee (EDTI Functions)		(2,613)	(1,034)	(1,579)	152.7%	Note 9
32	930.2	Other Regulatory Adjustments		8,864	0	8,864	#DIV/0!	Note 10
33	934	IT G&A Expenses		1,491	1,490	0	0.0%	
34	941	Less Disallowed/Non-Utility Costs		(8,383)	(943)	(7,440)	788.9%	Note 11
35		Total G&A and Common Costs (Net of Disallowances)		(655)	2,868	(3,523)	-122.8%	
36		Total Administrative and General Expenses		2,661	5,431	(2,770)	-51.0%	
37		<u>Allocated Corporate G&A (net of disallowances)</u>						
38	930.2	Miscellaneous general expenses		8,097	8,981	(884)	-9.8%	
39	931.1	Head office rent		1,224	1,540	(317)	-20.6%	
40	934	IT G&A expense		2,108	2,866	(758)	-26.5%	Note 12
41	930.2	Asset Usage Fee (Allocated Dep'n & Return)		4,422	4,683	(261)	-5.6%	
42	941	Less Disallowed/Non-Utility Costs		(1,419)	(1,752)	332	-19.0%	
43		Total Corporate G&A allocated to Distribution		14,431	16,319	(1,888)	-11.6%	

44	Taxes Other than Income Taxes					
45	408.1	Franchise Fee	62,910	56,518	6,392	11.3% Note 13
46	408.1	Property Tax	8,315	7,549	766	10.1% Note 14
47			71,226	64,067	7,159	11.2%
48	Total Distribution Operating Costs		142,635	144,680	(2,044)	-1.4%

EDTI has revised Schedule 3 to USA/MFR format to be consistent with its Tariff Applications.

- Note 1: The \$0.92 million increase relating to Control Centre Operations from 2016 Actual to 2017 Actual was due to the following:
A \$0.33 million increase in System Control mainly due to overtime costs to accommodate vacation and an employee on LTD
A \$0.59 million increase in Distribution Engineering mainly due to transfer of staff from other operational areas
- Note 2: The \$0.55 million increase relating to Underground Line Expenses from 2016 Actual to 2017 Actual was due to the following:
A \$0.35 million increase in underground cable testing (105km of cable tested in 2017 compared to 12.5km in 2016)
A \$0.21 million increase in underground inspection costs relating to additional labour costs for increase in transformer inspections
- Note 3: The \$0.58 million decrease relating to meter expenses from 2016 Actual to 2017 Actual was primarily due to reduction in labour costs from the implementation of AMI which allows EDTI to remotely manage energizing and denergizing sites without sending out cr
- Note 4: The \$5.54 million decrease relating to Meter Reading expenses from 2016 Actual to 2017 Actual was due to the following:
- A \$5.37 million decrease relating to the transfer of meter readers to EPCOR Water as a result of the AMI project
- A \$0.30 million decrease relating to telephone costs as a result of the AMI project
These decreases were partially offset by:
- A \$0.12 million increase due to change from Meter Operations to Meter Reading
- Note 5: The \$0.57 million decrease relating to IT Support from 2016 Actual to 2017 Actual was due to lower UIS support costs. (Transfer of Meter Readers to EWSI)
- Note 6: The \$0.97 million decrease relating to Administrative and general salaries from 2016 Actual to 2017 Actual was due to lower benefit costs due to Sun Life long-term disability deposit balance and refund
- Note 7: The \$1.05 million decrease relating to Office supplies and expenses from 2016 Actual to 2017 Actual is primarily due to the refund of LTD premiums received in 2017
- Note 8: The \$1.25 million decrease relating to Outside services employed from 2016 Actual to 2017 Actual was due to legal and contractor costs incurred in 2016 relating to the development of the Next Generation PBR and GCOC proceedings not incurred in 2017
- Note 9: The \$1.58 million decrease relating to Asset Usage Fee (EDTI Functions) from 2016 Actual to 2017 Actual was primarily due to an increased recovery due to the allocation to Transmission for the North Service Centre
- Note 10: The \$8.86 million increase from 2016 Actual to 2017 Actual is due to the write off of EDTI's remaining conventional meters
- Note 11: The \$7.44 million decrease is due to the \$8.86 million disallowance of the write off of EDTI's remaining conventional meters partially offset by a \$1.42 million increase primarily due to LTD benefits and disallowance related to incentive payments
- Note 12: The \$0.76 million decrease relating to IT G&A expense from 2016 Actual to 2017 Actual was primarily due to lower shared service costs
- Note 13: The \$6.39 million increase relating to Franchise Fees from 2016 Actual to 2017 Actual was primarily due to higher rates and volumes
- Note 14: The \$0.76 million increase in Property Tax is due to an increases in assessed values and mill rate

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF DEPRECIATION EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 4

Line No.	Description	Cross-Reference	2017 Actual	2016 Actual	Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
1	Distribution		42,091	37,028	5,063	14%	
2	Direct General PP&E		12,625	10,991	1,634	15%	
3	Contribution		(5,364)	(5,079)	(285)	6%	
4	Total Utility Depreciation Expense	Sch 1 + Sch 10	<u>49,352</u>	<u>42,940</u>	<u>6,412</u>	<u>15%</u>	Note 1
			49,352	42,940			
			(1)	-			

EDTI has revised Schedule 4 to the USA/MFR format to be consistent with its Tariff Applications.

Note 1: 2017 Actual to 2016 Actual variance is mainly due to the impact of half-year depreciation on 2017 capital additions of \$220.75 million combined with the additional half-year depreciation on 2016 capital additions of \$210.19 million.

EPCOR Distribution & Transmission Inc. (Distribution)
CAPITAL ASSETS CONTINUITY SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 4.1

Gross Utility Plant in Service

Line No.	USA Account	ATS	Property Group	Cross-Reference	Balance at 01/01/2017	2017 Additions	2017 Retirements	2017 Transfers	2017 Adjustments	2017 AFUDC	Balance at 12/31/2017	Explanation Reference
Distribution												
1	358	23123, 23153	Underground conduit, conductors and devices		0						0	
2	360	23761	Substation Land		183		(5)				178	
3	360.1	23129	Land Rights		339						339	
	361	23762, 23762.01 to 23762.14	Structures and Improvements									
4					912		(146)				766	
5	362	23763, 23764, 23765, 23767, 23768	Station equipment		4,474						4,474	
6	362.1	23766, 23769	Substation SCADA		856	760	(113)				1,503	
7	364	23130, 23131, 1031, 1032, 1048	Poles, towers and fixtures		163,155	28,836	(1,005)		1,830		192,816	
8	365	23142, 1127, 1128, 1129	Overhead conductors and devices		98,381	17,779					116,159	
	367	23132, 23133, 23134, 23135, 23145, 23149,	Underground conduit, conductors and devices									
9		23173, 1023			859,039	72,119	(4,742)		2,169		928,585	
10	368	23136, 23137	Line transformers		164,925	10,151	(1,792)				173,284	
11	370	23139, 23140, 1056, 1057	Conventional Meters		48,476		(18,960)				29,516	
12	371	1056	Automatic Meters		55,658	27,575					83,233	
13	373	23184, 23185	Street lighting and signal systems		7,787	818	(181)				8,425	
14		Reserve Imbalance	Reserve Imbalance		0						0	
15	Total Distribution				1,404,185	158,038	(26,944)	0	3,999	0	1,539,279	
Direct General PP&E												
16	303	DCT1123, DCT23121, DCT23156, DCT 23157, DCT23158, DCT23166, DCT23167, DCT23168, DCT23169, DCA	Distribution Contributed Asset to Transmission		36,709	20					36,729	
17												
18	389	23181	General Plant Land		4,457						4,457	
19	390	23182.1 to 23182.4	Structures and Improvements		73,432	55,301	(27)				128,705	
20	391	23841	Office furniture and equipment		4,176	5,743	(132)				9,787	
21	391.1	23127	Computer hardware and voice & data network equipment		7,216	869	(644)		(132)		7,309	
22	391.2	23202, 23203, 23500, 23786, 23852	Computer software and applications		33,617	6,312			132		40,061	
23	391.3	23207	Load settlement software applications		1,804	12					1,816	
24	392	23188	Transportation equipment, fleet vehicles		21,186	8,480	(1,767)	0	0		27,899	
25	394	23186, 23190, 23200, 23201	Tools, shop, stores, garage and laboratory equipment		9,929	1,434	(947)				10,416	
26	397	23750.1, 23750.2	Wireless Communications Console/Handsets		127	387					513	
27	399.2	23842	Leasehold Improvements		(0)						(0)	
28	Total Direct General PP&E				192,652	78,557	(3,517)	0	0	0	267,693	
29	111.1	23130.1	Aerial Customer Services		(8,006)	(1,790)					(9,796)	
30	111.1	23131.1	Aerial Distribution Contributed		(23,812)	(9,192)			(1,830)		(34,834)	
31	111.1	23132.1	Underground Ducts and Vaults		(3,046)	(206)					(3,252)	
32	111.1	23133.1	Power Cable		(9,157)	(42)					(9,199)	
33	111.1	23134.1	URD Distribution		(20,526)		1,671		(4)		(18,859)	
34	111.1	23135.1	URD Feeder System Contributed	Sch 2.1	(84,809)	(4,585)			(409)		(89,804)	
35	111.1	23136.1	Pole Mounted Transformers		(250)						(250)	
36	111.1	23137.1	Padmount Transformers Contributed		(18,930)	(19)	94				(18,855)	
37	111.1	23139.1	Meters		(21)						(21)	
38	111.1	23145.1	UID System		(7,046)		271				(6,775)	
39	111.1	23149.1	Underground Services		(20,094)				(1,756)		(21,850)	
40	111.1	23173.1	Network Distribution System		(642)	(7)					(649)	
41	111.1	23185.1	Security Lighting		(119)						(119)	
42	111.1	23763.1	Substation Switchgear		(171)						(171)	
43	111.1	23766.1	Substation Communications Contributed		(37)						(37)	
		DCT1123, DCT23121, DCT23156, DCT 23157, DCT23158, DCT23166, DCT23167, DCT23168, DCT23169	Distribution Contribution to Transmission		(2,249)						(2,249)	
44	111.1	DCT23169										
45	Total Contribution				(198,914)	(15,842)	2,037	0	(3,999)	0	(216,719)	
46	Subtotal				1,397,923	220,753	(28,424)	0	0	0	1,590,252	
47	Capital Work in Progress (CWIP)				44,525	(33,688)	0	0	0	2,167	13,004	
48	Total Utility				1,442,448	187,065	(28,424)	0	0	2,167	1,603,256	

Accumulated Depreciation - Utility

Line No.	USA Account	ATS	Property Group	Cross-Reference	Balance at 01/01/2017	Depreciation Provision	2017 Retirements	2017 Transfers	2017 Adjustments	2017 AFUDC	Balance at 12/31/2017	Explanation Reference
Distribution												
49	358	23123, 23153	Underground conduit, conductors and devices		0		0				-	
50	360	23761	Substation Land		0		(5)		5		-	
51	360.1	23129	Land Rights		89	7	0				96	
	361	23762, 23762.01 to 23762.14	Structures and Improvements									
52					125	(679)	(146)		792		92	
53	362	23763, 23764, 23765, 23767, 23768	Station equipment		1,470	105	0				1,575	
54	362.1	23766, 23769	Substation SCADA		194	79	(113)				159	
55	364	23130, 23131, 1031, 1032, 1048	Poles, towers and fixtures		59,226	4,460	(1,005)		(122)		62,558	
56	365	23142, 1127, 1128, 1129	Overhead conductors and devices		14,108	2,506	0				16,614	
	367	23132, 23133, 23134, 23135, 23145, 23149, 23173, 1023	Underground conduit, conductors and devices		201,083	23,313	(4,742)		(770)		218,885	
58	368	23136, 23137	Line transformers		46,980	4,832	(1,792)				50,020	
59	370	23139, 23140, 1056, 1057	Conventional Meters		24,115	2,024	(18,960)		9,110		16,289	
60	371	1056	Automatic Meters		3,010	4,630	0				7,640	
61	373	23184, 23185	Street lighting and signal systems		2,843	430	(181)				3,092	
62		Reserve Imbalance	Reserve Imbalance		(4,568)	385	0				(4,182)	
63	Total Distribution				348,676	42,091	(26,944)	0	9,015	0	372,838	
Direct General PP&E												
64	303	DCT1123, DCT23121, DCT23156, DCT 23157, DCT23158, DCT23166, DCT23167, DCT23168, DCT23169, DCA	Distribution Contributed Asset to Transmission		6,281	868	0				7,149	
66	389	23181	General Plant Land		0		0				0	
67	390	23182.1 to 23182.4	Structures and Improvements		16,864	2,246	(27)				19,083	
68	391	23841	Office furniture and equipment		941	873	(132)				1,682	
	391.1	23127	Computer hardware and voice & data network equipment									
69					2,913	1,741	(644)		(0)		4,009	
70	391.2	23202, 23203, 23500, 23786, 23852	Computer software and applications		11,326	3,432	0		276		15,035	
71	391.3	23207	Load settlement software applications		1,393	181	0				1,574	
72	392	23188	Transportation equipment, fleet vehicles		8,038	2,222	(1,767)		178		8,671	
73	394	23186, 23190, 23200, 23201	Tools, shop, stores, garage and laboratory equipment		4,457	1,017	(947)				4,527	
74	397	23750.1, 23750.2	Wireless Communications Console/Handsets		36	45	0				81	
75	399.2	23842	Leasehold Improvements		(0)		0				(0)	
76	Total Direct General PP&E				52,249	12,625	(3,517)	0	454	0	61,811	
77												
78	111.1	23130.1	Aerial Customer Services		(2,102)	(287)	0				(2,390)	
79	111.1	23131.1	Aerial Distribution Contributed		(3,070)	(732)	0		52		(3,750)	
80	111.1	23132.1	Underground Ducts and Vaults		(1,629)	(67)	0				(1,696)	
81	111.1	23133.1	Power Cable		(3,795)	(239)	0				(4,034)	
82	111.1	23134.1	URD Distribution		(14,314)	(518)	1,671				(13,161)	
83	111.1	23135.1	URD Feeder System Contributed		(20,405)	(2,259)	0		(5)		(22,669)	
84	111.1	23136.1	Pole Mounted Transformers		(30)	(7)	0				(37)	
85	111.1	23137.1	Padmount Transformers Contributed		(7,698)	(540)	94				(8,143)	
86	111.1	23139.1	Meters		(18)	(1)	0				(19)	
87	111.1	23145.1	UID System		(3,804)	(180)	271				(3,712)	
88	111.1	23149.1	Underground Services		(5,819)	(502)	0		(22)		(6,343)	
89	111.1	23173.1	Network Distribution System		(251)	(18)	0				(270)	
90	111.1	23185.1	Security Lighting		(36)	(6)	0				(42)	
91	111.1	23763.1	Substation Switchgear		(53)	(4)	0				(57)	
92	111.1	23766.1	Substation Communications Contributed		(13)	(2)	0				(16)	
		DCT1123, DCT23121, DCT23156, DCT 23157, DCT23158, DCT23166, DCT23167, DCT23168, DCT23169	Distribution Contribution to Transmission		(88)	(2)	0				(90)	
93	111.1				(88)	(2)	0				(90)	
94	Total Contribution				(63,126)	(5,364)	2,037	0	25	0	(66,430)	
95	Subtotal				337,799	49,352	(28,424)	0	9,493	0	368,219	
96	Capital Work in Progress (CWIP)				0	0	0	0	0	0	0	
97	Total Utility				337,799	49,352	(28,424)	0	9,493	0	368,219	
98	Net Book Value				1,104,649	137,714	0	0	(9,493)	2,167	1,235,038	
99											Balance at 12/31/2017	
	Total Capital Assets										1,603,256	
100	Total Accumulated Depreciation										368,219	
101	Net Book Value										1,235,038	
											(0)	

EDTI has revised Schedule 4.1 to USA/MFR format to be consistent with its Tariff Applications.

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF CAPITAL ADDITIONS
YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 4.2

Line No.	Description	2017 A					2016 A					Var Actual to Prior Year		Actual to Prior Year Explanation Reference
		Opening CWIP	2017 A Cap Exp	2017 A Cap Adds	2017 A AFUDC	2017 A Ending CWIP	Opening CWIP	2016 A Cap Exp	2016 A Cap Adds	2016 A AFUDC	2016 A Ending CWIP	Year	Var %	
<u>Life Cycle</u>														
1	Business Systems Upgrades	56	2,186	1,849	26	420	0	324	269	2	56	1,580	587.35%	2017 Actual to 2016 Actual variance is primarily due to the fact that the TVD Replacement Phase 1 Project and EDI eScheduler project both went into service in 2017. These were one time projects and their costs were largely represented in 2017.
2	Capital Tools and Instrument Purchases	(21)	1,455	1,434	(1)	0	0	1,325	1,345	(1)	(21)	89	6.60%	
3	Capitalized Aerial System Damage	91	1,844	1,939	3	0	0	1,487	1,398	3	91	541	38.68%	2017 Actual to 2016 Actual variance is primarily due to an increase in restoration and repair work associated with a number of significant storm events.
4	Capitalized Underground System Damage	500	5,081	5,551	19	49	28	7,381	6,923	15	500	(1,372)	-19.82%	
5	Distribution Pole and Aerial Line Life Cycle Replacements	771	6,753	7,461	30	92	264	7,264	6,786	29	771	675	9.95%	2017 Actual to 2016 Actual variance is primarily due to unexpected damaged ductbank project in 2016 which did not occur in 2017.
Life Cycle Replacement and Extension of Underground														
6	Distribution Cable	2,090	13,446	14,503	135	1,168	3,608	18,407	20,098	173	2,090	(5,595)	-27.84%	2017 Actual to 2016 Actual variance is primarily due to reduction in per unit cost reflecting more 1/0 (i.e., smaller cable replacements) and less 350 MCM cable replacements.
7	Life Cycle Replacement of Oil Switches - Program	0	0	0	0	0	0	0	0	0	0	0	0	
8	Load Settlement System Code Changes	0	0	0	0	0	0	0	0	0	0	0	0	
9	Neighbourhood Renewal Program	(5)	0	(5)	(0)	0	12	(17)	0	0	(5)	(5)	100%	
10	Network Transformer Lifecycle Replacement	373	3,854	3,163	79	1,142	354	3,533	3,534	20	373	(371)	-10.50%	2017 Actual to 2016 Actual variance is primarily due to deferral of IVARA upgrade to 2018. In 2017, EPCOR identified that it could defer its IVARA Upgrade project until it moves to Windows 10 platform. As a result, this was pushed to 2018.
11	North and South Service Center Building Life Cycle Replacements	0	(239)	367	606	0	0	255	255	0	0	112	43.80%	
12	Rebuild and/or Replace Civil Work for Downtown Vaults and Manholes	11	842	846	1	8	0	834	823	0	11	23	2.79%	2017 Actual to 2016 Actual variance is primarily due to less PILC cable replacements in 2017.
13	Replacement of Faulted Distribution PILC Cables	108	674	785	3	0	0	1,046	941	3	108	(156)	-16.58%	
14	Life Cycle Replacement of PILC Cable	69	1,920	1,945	5	48	1	5,366	5,299	2	69	(3,354)	-63.29%	2017 Actual to 2016 Actual variance is primarily due to deferral of IVARA upgrade to 2018. In 2017, EPCOR identified that it could defer its IVARA Upgrade project until it moves to Windows 10 platform. As a result, this was pushed to 2018.
15	Switching Cubicle Life Cycle Replacement	281	1,349	1,571	13	71	227	1,996	1,956	14	281	(385)	-19.67%	
16	Work Management System Upgrade	0	96	2	6	99	0	624	624	0	0	(621)	-99.60%	2017 Actual to 2016 Actual variance is primarily due to an increase in scope, from 50 ground grids replacement to 202 ground grids replacement.
17	Distribution Substation Life Cycle Replacement	0	0	0	0	0	0	20	20	0	0	(20)	-100.00%	
18	Remedial Pole Treatments	0	179	179	0	0	0	153	153	0	0	26	17.12%	
19	Distribution Manhole Rebuilds	0	179	179	0	0	0	18	18	0	0	160	871.65%	
20	Interior Vault Life Cycle Replacement Conversion	0	87	87	0	0	0	166	166	0	0	(79)	-47.78%	
21	Aerial and UG Ground Replacements	0	1,579	1,554	2	26	2	584	586	0	0	968	165.13%	2017 Actual to 2016 Actual variance is primarily due to a decrease in new meter growth residential (666) and apartment (1,986) sties and fewer meter replacements (257).
22	PCB Transformer Change outs	17	(19)	(1)	1	0	24	477	486	1	17	(487)	-100.24%	
23	Furniture Life Cycle Replacements	0	48	48	0	0	0	56	56	0	0	(8)	-14.44%	
24	IT Hardware Lifecycle Replacement and Additions	0	638	638	0	0	0	712	712	0	0	(75)	-10.49%	
25	Other (eg., MDCPS Replacement; STARS Upgrade)	0	13	0	1	14	0	0	0	0	0	0	0	
26		4,342	41,963	44,094	927	3,139	4,519	52,010	52,449	263	4,342	(8,355)	-15.93%	
<u>Life Cycle and Growth</u>														
Aerial and Underground Distribution - Transformers New														
27	Services and Life Cycle Replacement	259	6,540	6,398	34	435	154	5,966	5,870	9	259	527	8.98%	2017 Actual to 2016 Actual variance is primarily due to carry over of vehicles to 2017 and life cycle replacements of a number of construction and cube vans. In addition, EDTI converted a number of hired fleet vehicles to add to it's own fleet.
28	Transformer Capacity Upgrade	0	0	0	0	0	0	(1)	(1)	0	0	1	-100.00%	
Customer Revenue Metering - Growth & Life Cycle														
29	Replacements	0	3,193	3,140	3	56	0	4,203	4,203	0	0	(1,063)	-25.29%	2017 Actual to 2016 Actual variance is primarily due to a larger scope of work completed in 2016 vs 2017. The AMI project was a 3 year project that was implemented in 2015-2017.
30	Street Light Service Connections and Security Lighting Addition and Capital Replacement	76	778	818	5	41	0	780	706	2	76	112	15.85%	
31	Vehicles - Growth and Life Cycle Replacements	366	9,079	8,480	73	1,038	11	3,489	3,145	11	366	5,335	169.62%	
32	Sub Total	700	19,591	18,835	114	1,570	164	14,438	13,924	22	700	4,912	35.28%	
<u>Life Cycle and Performance</u>														
33	Meter Reading Equipment	0	0	0	0	0	0	0	0	0	0	0	0	
34	Advanced Metering Infrastructure (AMI)	7,156	17,440	24,821	225	0	890	45,135	39,077	209	7,156	(14,256)	-36.48%	2017 Actual to 2016 Actual variance is due to completion of the OMS/DMS project. OMS/DMS was a multi-year project and completed in 2017.
35	GIS - Performance Improvement Project	0	72	0	5	77	0	0	0	0	0	0	0	
36	OMS/DMS Life Cycle Replacement	3,173	1,385	4,658	100	0	0	3,134	54	93	3,173	4,604	8593.99%	

37	Sub Total	10,329	18,897	29,479	330	77	890	48,269	39,131	301	10,329	(9,652)	-24.67%
38	<u>Performance Improvement</u>												
39	Distribution System Aerial and Underground Fault Indicators and Fusing	88	1,025	763	25	374	46	511	474	4	88	289	60.94%
40	Installation of Automated Switches on Selected 25KV Circuits Program	17	1,168	1,185	1	0	82	512	581	3	17	604	104.01%
41	Installation of Network Current Limiting Fuse Program	0	0				0	0				0	0
42	Land Purchase for Slurry Placement	0	0				0	0				0	0
43	Engineering and Design Software Modifications	0	137	47	6	96	0	0				47	100%
44	Sub Total	104	2,330	1,995	31	470	128	1,024	1,055	7	104	940	89.08%
45	<u>Growth</u>												
46	Franchise Agreement Driven Relocations and Conversions/Third Party Driven Relocation (QEII; Walterdale Bridge)	350	6,476	6,590	26	263	215	5,797	5,680	17	350	910	16%
47	NLRT Distribution System Relocations	0	0				0	0				0	0
48	New 15kV and 25kV Circuit Additions	3,660	12,462	15,069	188	1,241	128	7,803	4,382	111	3,660	10,686	243.84%
49	New UG Cable and Aerial Line Reconfigurations and Extensions to Meet Customer Growth	2,308	13,530	14,050	189	1,978	2,133	12,767	12,727	135	2,308	1,323	10.40%
50	New Underground and Aerial Service Connections for Commercial, Industrial, Multifamily and Misc. Customers	1,855	11,620	12,469	125	1,131	1,337	16,119	15,698	96	1,855	(3,229)	-20.57%
51	Work Centre Redevelopment	19,224	41,405	60,629		0	18,955	37,692	38,583	1,160	19,224	22,045	57%
52	Underground Industrial Distribution (UID) Servicing - Rebates, Acceptance Inspections & Terminations	0	1,899	1,896	0	4	4	3,825	3,829	0	0	(1,933)	-50.48%
53	Underground Residential Distribution (URD) Servicing - Rebates, Acceptance Inspections & Terminations	206	11,260	11,321	16	161	213	16,251	16,271	13	206	(4,951)	-30.43%
54	Network Reconfigurations	324	1,770	1,229	65	929	652	1,375	1,733	30	324	(504)	-29.07%
55	LRT Distribution System Relocation	1,111	3,633	2,856	155	2,043	2,167	3,570	4,727	101	1,111	(1,872)	-39.59%
56	Voltage Regulator Additions	12	230	243	0	0	0	12	0	0	12	243	319409.21%
57	Sub Total	29,048	104,285	126,350	765	7,749	25,805	105,211	103,631	1,663	29,048	22,719	21.92%
54	Grand Total	44,525	187,066	220,753	2,167	13,004	31,507	220,951	210,190	2,256	44,525	10,564	5.03%
		0											

2017 Actual to 2016 Actual variance is primarily due to some carry over of 2016 work into 2017. Work was not completed in 2016 due to some of the required material for the job not arriving until early 2017.

2017 Actual to 2016 Actual variance is primarily due to the completion of the Walterdale Bridge Replacement project in 2017.

2017 Actual to 2016 Actual variance is primarily due to a larger scope of work in 2017. In addition, three feeders (24C, V29 and V48) originally anticipated to be in service in 2016, were put into service in 2017 (Customer delays impacted EDTIs schedule).

2017 Actual to 2016 Actual variance is primarily due to an increase in Aerial Line Reconfigurations for third party telecommunication requests. TELUS attachment requests, specifically related the TELUS PureFibre project, increased beyond previous years requests. 2017 Actual to 2016 Actual variance is primarily due to more complex service connections, than historically, in the downtown core requiring more work in 2016 and not occurring in 2017.

2017 Actual to 2016 Actual variance is due to completion of the Work Center Redevelopment project. This was a multi-year project was completed in 2017

2017 Actual to 2016 Actual variance is primarily due to a decrease in industrial development requiring energization.

2017 Actual to 2016 Actual variance is primarily due to decrease in URD lots being energized due to fewer and smaller developments being designed and built by developers in 2017

2017 Actual to 2016 Actual variance is primarily due to requirements for this project. The project requires unique technical specifications which delayed timelines and limited EDTI's ability to execute the field work.

2017 Actual to 2016 Actual variance is primarily due to EDTI not being able to obtain technical data and/or design approvals from the City of Edmonton's P3 Contractor, TransEd Partners in a timely matter.

EDTI has revised Schedule 4.2 to USA/MFR format to be consistent with its Tariff Applications.

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF UTILITY INCOME TAX
FOR THE YEAR ENDED DECEMBER 31, 2017
 (\$000s)

SCHEDULE 5

Line No.	Description	Cross-Reference	2017 Actual	2016 Actual	Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
1	<u>Current Tax</u>						Note 1
2	Federal Income Tax						
3	Federal Taxable Income		-	-			
4	Income Tax Rate		0%	0%			
5	Total Federal Income Tax		-	-			
6	Provincial Income Tax						
7	Federal Taxable Income		-	-			
8	Add: CCA Federal Flow Through		-	-			
9	Less: CCA Provincial Flow Through		-	-			
10	Provincial Taxable Income		-	-			
11	Income Tax Rate		0%	0%			
12	Total Provincial Income Tax		-	-			
13	Total Current Tax		-	-			
14	<u>Future Tax</u>						
15	Temporary Differences		-	-			
16	Income Tax Rate		0%	0%			
17			-	-			
18	Other		-	-			
19	Total Future Tax		-	-			
20	<u>Other Items</u>						
21	Large Corporations Tax		-	-			
22	Preferred Dividend Tax		-	-			
23	Other		-	-			
24	Total Other Items	Sch 1 + Sch 10	-	-			
25	Total Utility Income Tax	Sch 1 + Sch 10	-	-			

Note 1: The distribution function of EDTI is not a taxable entity.

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF CUSTOMERS, ENERGY AND REVENUE
FOR YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 6

Line No.	Description	Cross-Reference			Var. Actual to		Actual to Prior Year Explanation Reference
			2017 Actual	2016 Actual	Prior Year	Var %	
<u>Residential</u>							
1	Customers - Average		359,579	352,483	7	2.01%	
2	Energy Sales (MWh)		2,156,418	2,118,138	38	1.81%	
3	Revenue		96,116	90,252	5,863	6.50%	
4	kWh per Customer		5,997	6,009	(12)	-0.20%	
5	Cents/kWh		4.46	4.26	0	4.61%	
<u>Customer Specific</u>							
6	Customers - Average		23	20	0	13.02%	
7	Energy Sales (MWh)		676,800	631,833	45	7.12%	
8	Revenue		4,765	3,699	1,066	28.83%	
9	kWh per Customer		29,426,087	31,048,498	(1,622,411)	-5.23%	
10	Cents/kWh		0.70	0.59	0	20.27%	
<u>Customer Specific - Totalized</u>							
11	Customers - Average		1	1	0	0.00%	
12	Energy Sales (MWh)		237,898	274,849	(37)	-13.44%	
13	Revenue		140	134	6	4.36%	
14	kWh per Customer		237,898,000	274,848,773	(36,950,773)	-13.44%	
15	Cents/kWh		0.06	0.05	0	20.57%	
<u>Small Commercial</u>							
16	Customers - Average		28,553	28,275	0	0.98%	
17	Energy Sales (MWh)		723,456	722,319	1	0.16%	
18	Revenue		20,164	19,223	941	4.90%	
19	kWh per Customer		25,337	25,546	(209)	-0.82%	
20	Cents/kWh		2.79	2.66	0	4.73%	
<u>Medium Commercial</u>							
21	Customers - Average		5,489	5,188	0	5.80%	
22	Energy Sales (MWh)		932,343	889,448	43	4.82%	
23	Revenue		20,952	19,227	1,725	8.97%	
24	kWh per Customer		169,857	171,436	(1,579)	-0.92%	
25	Cents/kWh		2.25	2.16	0	3.96%	
<u>Time of Use</u>							
26	Customers - Average		1,631	1,650	(0)	-1.15%	
27	Energy Sales (MWh)		1,842,307	1,876,829	(35)	-1.84%	
28	Revenue		38,631	37,641	990	2.63%	
29	kWh per Customer		1,129,557	1,137,468	(7,911)	-0.70%	
30	Cents/kWh		2.10	2.01	0	4.55%	
<u>Time of Use Primary</u>							
31	Customers - Average		149	146	0	2.04%	
32	Energy Sales (MWh)		640,693	651,471	(11)	-1.65%	
33	Revenue		10,741	10,211	530	5.19%	
34	kWh per Customer		4,299,953	4,461,548	(161,595)	-3.62%	
35	Cents/kWh		1.68	1.57	0	6.96%	
<u>Direct Connects</u>							
36	Customers - Average		6	6	0	0.00%	
37	Energy Sales (MWh)		381,160	363,874	17	4.75%	
38	Revenue		19	18	1	4.33%	
39	kWh per Customer		63,526,667	60,645,623	2,881,043	4.75%	
40	Cents/kWh		0.00	0.00	(0)	-0.40%	
<u>Street Lighting</u>							
41	Customers - Average		1	1	0	0.00%	
42	Energy Sales (MWh)		62,706	65,596	(3)	-4.41%	
43	Revenue		1,841	1,849	(9)	-0.48%	
44	kWh per Customer		62,706,000	65,596,458	(2,890,458)	-4.41%	
45	Cents/kWh		2.94	2.82	0	4.11%	
<u>Traffic Lighting</u>							
46	Customers - Average		1	1	0	0.00%	
47	Energy Sales (MWh)		3,853	3,683	0	4.62%	
48	Revenue		67	61	6	9.59%	
49	kWh per Customer		3,853,000	3,682,757	170,243	4.62%	
50	Cents/kWh		1.73	1.65	0	4.75%	
<u>Lane Lighting</u>							
51	Customers - Average		1	1	0	0.00%	
52	Energy Sales (MWh)		4,150	4,413	(0)	-5.96%	
53	Revenue		75	77	(1)	-1.88%	
54	kWh per Customer		4,150,000	4,413,081	(263,081)	-5.96%	
55	Cents/kWh		1.81	1.74	0	4.34%	
<u>Security Lighting</u>							
56	Customers - Average		1,575	1,608	(0)	-2.05%	
57	Energy Sales (MWh)		5,211	5,346	(0)	-2.52%	
58	Revenue		1,472	1,444	28	1.93%	
59	kWh per Customer		3,309	3,325	(16)	-0.48%	
60	Cents/kWh		28.24	27.01	1	4.58%	
61	Other Revenues/Adjustments						
62	Subtotal Revenues		194,981	183,835	11,145	6.06%	Note 1
63	Provisions & Adjustments		(2,817)	(18)	(2,799)	15551.53%	Note 2
64	Total Utility Revenue (\$000s)		192,163	183,817	8,346	4.54%	
65	Energy Sales (MWh)		7,666,995	7,607,798	59	0.78%	

Note 1: 2017 Revenues based on approved 2017 DAS rates as per Decision 21979-D01-2016 (Errata).
Year over year increase in revenue is attributable to an increase in rates and customers.

Note 2: 2017 Actual includes a \$2.82 million refund to customers for the 2015 K-Factor true-up.
The Rider was approved in Decision 22392-D01-2015 and was refunded during Q2 of 2017.

EPCOR Distribution & Transmission Inc. (Distribution)
EXPLANATION OF TRANSACTIONS WITH AFFILIATED COMPANIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 7

Line No.	Affiliate	Nature of Service	2017 Actual	2016 Actual	Transactions In To Transmission	Transactions Out From Transmission	Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference	
1	EDTI (Distribution)	Asset Usage Fee	(2,613)	(1,034)	Administration		(1,579)	152.69%	Note 1	
2	(accts 5810/5349)	Depreciation	976	962	Contributions		14	1.43%		
3			<u>(2,613)</u>	<u>(72)</u>			<u>(1,579)</u>	<u>2186.14%</u>		
4	EPCOR Energy Alberta (EEA) (75)	EEA IT employees working on EDI capital projects	0	0	Capital		(0)	-100%	Note 2	
5		Operational Communication Mgmt Oversight & Admin Support	(229)	(217)	Revenues		(12)	5%		
6		Regulatory Affairs Mgmt Oversight & Admin Support	(23)	(110)	Revenues		88	-79%		
7		Supply Chain Mgmt: Procurement & Strategic Sourcing	(50,481)	(47)	Revenues		(3)	7%		
8		Service Requests & Late Payment Fees	(1,660)	(1,844)	Revenues		184	-10%		
9		Human Resources	0	(30)	Revenues		30	-100%		
10		Tariff Charges	(178,908)	(162,438)	Revenues		(16,470)	10%		
11		Streamline Escalations	58	57	Revenues		1	2%		
12		Services Provided for Power Trouble Dispatch	2	15	Revenues		(14)	-90%		
13		Internal Communications	14	0	Revenues	Capital	14	100%		
14		Utility Information System Access	362	920		Operations	(558)	-61%		
15		IVR Asset Usage Fee	1	0		Customer Service	1	100%		
16		Utilities for Substations & Service Centers	59	117			(58)	-50%		
17			<u>(180,375)</u>	<u>(163,577)</u>			<u>(16,797)</u>	<u>10.27%</u>		
18	EPCOR Technologies Inc. (ETECH)	High Load Escorts	0	(233)	Revenues		233	-100.00%		Note 4
19	(35)	URD & Material Sales	(508)	(1,548)	Revenues		1,040	-67.17%		
20		System Control	(458)	(585)	Revenues		127	-21.71%		
21		Emergency Dispatch Services	(338)	(236)	Revenues		(102)	43.36%		
22		High Voltage Test Lab	(44)	(36)	Revenues		(8)	23.34%		
23		Survey Services	(81)	(85)	Revenues		4	-4.61%		
24		Switching Cubicle and Transformer Acceptance Testing	(65)	(194)	Revenues		129	-66.47%		
25		Technical Training Services	(401)	(388)	Revenues		(14)	3.51%		
26		Aerial Jobbing	(171)	0	Revenues		(171)	100.00%		
27		Trouble Services	(184)	(312)	Revenues		128	-40.96%		
28		Fiber Pulls and Testing	(193)	0	Revenues	Operations & Admin	(193)	100.00%		
29		Damage Claim	(6)	(92)	Revenues		86	-93.85%		
30		Shared Services	(5)	0	Revenues		(5)	100.00%		
31		Soil & Water Dumping	0	(2)			2	-100.00%		
32		Rent at St. Albert Trail	1,327	1,135			192	16.94%		
33		R&M, Security Lighting, Engineering Services, Hydrovacccing & other								
34		Jobbing Services	10,698	10,377		Operations	321	3.09%		
35		Sale of Inventory to EDTI	135	494		Operations & Capital	(359)	-72.69%		
36		Shared Services	2	0		Operations	2	100.00%		
			<u>9,707</u>	<u>8,295</u>			<u>1,412</u>	<u>17.02%</u>		

Line No.	Affiliate	Nature of Service	2017 Actual	2016 Actual	Transactions In To Transmission	Transactions Out From Transmission	Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference
37	EPCOR Water Services Inc. (EWSI) (80)	Meter Reading Services	0	(4,824)	Revenues		4,824	-100.00%	Note 5
38		Technical Training Services	(890)	(852)	Revenues		(38)	4.46%	
39		Electrical Apparatus & Relay Maintenance for WWTP	0	(28)	Revenues		28	-100.00%	
40		Reference Library Services	(2)	(15)	Revenues		13	-84.97%	
41		Repairs & Maintenance	(0)	0			(0)	100.00%	
42		Soil & Water Dumping	0	(8)	Revenues		8	-100.00%	
43		Survey Services	(258)	(221)	Revenues		(37)	16.66%	
44		Customer Jobbing	(5)	0	Revenues	Operations & Capital	(5)	100.00%	
45		Customer Engineering	(136)	0	Revenues		(136)	100.00%	
46		Meter Reading Services	446	0		Administration	446	100.00%	
47		Environment & Waste Management	0	0		Operations	0	100.00%	
48		Facility Operations	0	1		Operations	(1)	-100.00%	
49			<u>(844)</u>	<u>(5,946)</u>			<u>4,656</u>	<u>-78.31%</u>	
50	EPCOR Drainage (9K)	Fiber Pulls and Testing	<u>(13)</u>	<u>0</u>	Revenue		<u>(13)</u>	<u>100.00%</u>	
51			<u>(13)</u>	<u>0</u>			<u>(13)</u>	<u>0</u>	
52	EPCOR Utilities Inc. (EUI) (40/71)	EUI employees working on EDI Capital Projects	2,897	5,290		Administration & Capital	(2,393)	-45.24%	Note 6
53		Shared Services Management Fee (net of disallowances)	10,009	13,387		Administration	(3,378)	-25.23%	Note 7
54		EPCOR Tower Rent (net of disallowances)	293	392		Administration	(99)	-25.17%	
55		Asset Usage Fee	4,422	4,683		Financing Exp.	(261)	-5.58%	
56		Interest and Financing Charges	36,565	30,933		Administration	5,632	18.21%	Note 8
57		Duct Line Rentals	(95)	(97)		Financing Exp.	2	-2.40%	
58		Information Technology Services	4,918	4,455		Operations	462	10.38%	
59			<u>59,008</u>	<u>59,044</u>			<u>(35)</u>	<u>-0.06%</u>	
60	ENCOR (28)	Service Requests & Late Payment Fees	(107)	(103)	Revenues		(4)	4.28%	
61		Tariff Charges	(13,410)	(7,771)	Revenues		(5,639)	72.57%	Note 9
62			<u>(13,517)</u>	<u>(7,874)</u>			<u>(5,644)</u>	<u>1</u>	
63	Commercial Services (5A)	Business Development Project	0	(27)	Revenues		27	-100.00%	
64			<u>0</u>	<u>(27)</u>			<u>27</u>	<u>(1)</u>	
65	TOTAL		<u>(128,647)</u>	<u>(110,157)</u>			<u>(17,961)</u>	<u>16.30%</u>	

Note 1: The variance is primarily due to an increased recovery from the Transmission function due to completion of the Work Centre Redevelopment capital program

Note 2: The variance is primarily due to higher DAS and SAS rates and increased volume in 2017.

Note 3: Lower costs for Utility Information System Access due to transfer of Meter Readers to EPCOR Water.

Note 4: Decreased material sales to EPCOR Technologies in 2017 versus 2016.

Note 5: Lower Meter Reading revenue of (\$4,824K) due to AMI project and transfer of Meter Readers to EPCOR Water.

Note 6: Reduction in EUI employees working on EDI Capital Projects

Note 7: Lower corporate costs in 2017 due to decreased allocation percentages with the addition of Drainage to the EPCOR group of companies.

Note 8: Financing costs are higher in 2017 due to issuance of new debt and higher interest on short-term indebtedness due to higher principal portion.

Note 9: The variance is due to higher DAS and SAS rates and increased volume in 2017.

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF PAYROLL AND MANPOWER STATISTICS
FOR THE YEAR ENDED DECEMBER 31, 2017
(\$000s)

SCHEDULE 8

SALARIES, WAGES AND EMPLOYEE BENEFITS

Line No.	Description	Cross-Reference			Var. Actual to		Actual to Prior Year Explanation Reference
			2017 Actual	2016 Actual	Prior Year	Var %	
	<u>Gross Salaries, Wages, Stat and Vacation (Excluding Overtime)</u>						
1	Distribution Operating		35,879	38,968	(3,089)	-8%	Note 1
2	Distribution Capital		20,316	20,863	(547)	-3%	
3	Salaries and Wages Charged to Utility Operations		<u>56,195</u>	<u>59,831</u>	<u>(3,636)</u>	<u>-6%</u>	
4	<u>Employee Benefits</u>						
5	Distribution Operating		6,389	7,083	(695)	-10%	Note 2
6	Distribution Capital		9,183	9,018	165	2%	
7	Benefits Charged to Utility Operations		<u>15,571</u>	<u>16,101</u>	<u>(530)</u>	<u>-3%</u>	

Line No.	Description	Cross-Reference			Var. Actual to		Actual to Prior Year Explanation Reference
			2017 Actual	2016 Actual	Prior Year	Var %	
	<u>Manpower Statistics</u>						
8	Total Regular & Temporary Employees (FTEs)		575	641	(66)	-10%	Note 3
9	Total Manpower		<u>575</u>	<u>641</u>	<u>(66)</u>	<u>-10%</u>	
	Less:						
10	Allocated to Non-Regulated		0	0	0	0%	
11	Total Manpower - Utility Operations		<u>575</u>	<u>641</u>	<u>(66)</u>	<u>-10%</u>	

Note 1: Distribution Operating is \$3.08 million lower in 2017 primarily due to the transfer of the Meter Readers to EPCOR Water Services Inc. (EWSI)

Note 2: 2017 Actual benefits for Distribution Operating are \$0.69 million lower than the 2017 primarily due to the transfer of the Meter Readers to EWSI

Note 3: The 66 FTE decrease in 2017 from 2016 is primarily due to the transfer of the Meter Readers (63 FTE's) to EWSI

EPCOR Distribution & Transmission Inc. (Distribution)
SUMMARY OF RESERVE/DEFERRAL ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2017
 (\$000s)

SCHEDULE 9

Line No.	Description	Cross-Reference	2017 Actuals						2016 Actuals						Var. Actual to Prior Year	Var %	Actual to Prior Year Explanation Reference	
			Opening Balance	Adds	Amort. & Drawdowns	Provisions	Refunds & Recoveries	Reclass	Ending Balance	Opening Balance	Adds	Amort. & Drawdowns	Provisions	Refunds & Recoveries				Reclass
<i>List of Deferral Accounts</i>																		
1	Transmission Charge Deferral Account		0						0							0	-	
2	Hearing Costs		248	1,494	(1,557)		(22)	162	507	1,322	(1,581)				248	(86)	-34.56%	
3	AESO Load Settlement Charges Deferral Account		(102)	165	(144)			(81)	2	140	(245)				(102)	22	-21.33%	
4	Property, Business & Linear Tax Deferral Account		22		(22)			(0)	27		(5)				22	(22)	-100.00%	
5	Tariff Bill Code (2013 Initiative)		58		(26)			32	57		(39)	40			58	(26)	-44.47%	
6			225	1,660	(1,748)	0	0	(22)	593	1,462	(1,865)	35	0	0	225	(111)	-49%	
7	Transmission Charge Deferral Account		(3,102)				(24)	(3,126)	533			(3,635)			(3,102)	(24)	0.78%	
8	Interim to Final Rider J		0					0	1,382			(1,382)			0	0	-	
9	Total Deferred Assets	Sch 11	(2,877)	1,660	(1,748)	0	(24)	(3,013)	2,508	1,462	(1,865)	35	(5,017)	0	(2,877)	(111)	4%	
10	Hearing Costs		(22)				22	(0)	(30)		8				(22)	22	-100.00%	
11	Tariff Bill Code (2017-2012 Initiative)		0					0	0						0	0	0.00%	
12	AESO Load Settlement Charges Deferral Account		(0)					(0)	(139)		139				(0)	0	0.00%	
13	Short Term Incentive Deferral Account		0					0	0						0	0	-	
14	Asset Removal (Refund Depts & Return)		0					0	0						0	0	-	
15	Property, Business & Linear Tax Deferral Account		(243)		160	(117)		(200)	(265)		265	(243)			(243)	44	-17.94%	
16			(266)	0	160	(117)	0	22	(434)	0	411	(243)	0	0	(266)	66	-24.87%	
17	Transmission Charge Deferral Account		(10,843)				8,214	(2,629)	(1,136)			(9,707)			(10,843)			
18	Interim to Final Rider J		(760)				(11,522)	(12,281)	0			(760)			(760)	(11,522)	1516.90%	
19	Total Deferred Liabilities	Sch 11	(11,868)	0	160	(117)	(3,308)	22	(15,110)	(1,569)	0	411	(243)	(10,466)	0	(11,868)	(11,456)	96.52%
20	Impact on Income Statement:																	
21	Provision for Interim to Finas DAS revenues							0							0			
22	Provision for DAS refund for Capital Trackers							0							0			
23	Amortization of Deferral Accounts				1,588			1,588			1,454				1,454			
24	Provision for refund/collection (Deferral Accounts)					117	0	117			208				208			
25	Total impact to Income Statement	Sch 1			1,588	117	0	0	1,705		1,454	208	0	0	1,662			

EPCOR Distribution & Transmission Inc. (Distribution)
RECONCILIATION OF FINANCIAL REPORTING SCHEDULES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
BALANCE SHEET ITEMS
(\$000s)

SCHEDULE 10

Line No.	Description	Cross- Reference	Regulatory Financial Statements	Adjustments	Utility Total
1	Revenues				
2	Franchise Fee Revenue		62,910		62,910
3	Transmission System Access Tariff	Sch 6 + Sch 9	250,326		
4	Reclassification of SAS Volume Variance to Return Section			(41)	250,285
5	Distribution Access System		192,047		
6	Reclassification to Other Adj. to Revenue Requirement			117	192,163
7	Other Revenues		9,058		
8	Reclassification to Revenue Offsets			(9,058)	0
9		Sch 1	<u>514,341</u>	<u>(8,982)</u>	<u>505,359</u>
10					
11	Energy purchases and system access fees				
12	Energy Purchases		250,285		250,285
13	Inter-Utility Distribution Charges		0		0
14			<u>250,285</u>	<u>0</u>	<u>250,285</u>
15					
16	Other raw materials and operating charges		14,073	3	14,077
17	Staff costs and employee benefits expense		36,406		36,406
18	Other administrative expenses		32,555		32,555
19	Reclassification of Revenues to Revenue Offsets			(238)	(238)
20	Reclassification of amortization of deferral accounts to Other adj. to Revenue Requirement	Sch 9		(1,748)	(1,748)
21	Reclassification of Non-Recoverable Expenses to Return Section			(9,802)	(9,802)
22	Franchise fees and property taxes				0
23	Franchise Fees		62,910		62,910
24	Property Taxes		8,315		
25	Reclassification of Property Deferral Accounts to Other Adj to Revenue Requirement			160	8,475
26		Sch 1 + Sch 3	<u>154,261</u>	<u>(11,625)</u>	<u>142,635</u>
27					
28	Depreciation and amortization		49,352		
29		Sch 1 + Sch 4	<u>49,352</u>	<u>0</u>	<u>49,352</u>
30					
31	Income Tax		0		0
32		Sch 1 + Sch 5	<u>0</u>	<u>0</u>	<u>0</u>
33					
34	Revenue Offsets				
35	Reclassification from Revenues and Operating Costs			(8,820)	
36		Sch 1	<u>0</u>	<u>(8,820)</u>	<u>(8,820)</u>
37					
38	Other Adj. to Revenue Requirement				
39	Reclassification of Other Adjustments to Revenue Requirement			1,705	
40		Sch 1 + Sch 9	<u>0</u>	<u>1,705</u>	<u>1,705</u>
41					
42	Return				
43	Return on Debt		34,402		34,402
44	Reclass of non-recoverable financing expenses - AFUDC			2,167	2,167
45	Adjustment due to use of deemed equity thickness and mid-year cost of debt			(654)	(654)
46	Return on Debt after adjustments		<u>34,402</u>	<u>1,514</u>	<u>35,916</u>
47					
48					
49	Return on Equity		26,041		
50	SAS Volume Variances			(41)	
51	Reclassification of Non-Recoverable Expenses			7,635	
52	Adjustment due to use of deemed equity thickness and mid-year cost of debt			650	
53	Return on Equity after adjustments	Sch 2	<u>26,041</u>	<u>8,244</u>	<u>34,285</u>
54					
55					
56	Return on Debt				35,916
57	Return on Equity				34,285
58	Total Return	Sch 1			<u><u>70,202</u></u>

EPCOR Distribution & Transmission Inc. (Distribution)
RECONCILIATION OF FINANCIAL REPORTING SCHEDULES TO REGULATORY STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
BALANCE SHEET ITEMS
(\$000s)

SCHEDULE 11

Line No.	Description	Cross-Reference	Regulatory Financial Statements	Adjustments	Total
1	ASSETS				
2	Current Assets:				
3	Trade and other receivables		57,181		57,181
4	Inventories		23,322		23,322
5	Prepaid expenses		97		97
6	Regulatory assets	Sch 9	(3,013)		(3,013)
7			<u>77,587</u>		<u>77,587</u>
8	Non-Current Assets:				
9	Property, plant and equipment		1,209,818		1,209,818
10	Intangible assets		25,229		25,229
11	Regulatory assets	Sch 9	0		0
12			<u>1,235,046</u>		<u>1,235,046</u>
13					
14	TOTAL ASSETS		<u>1,312,634</u>		<u>1,312,634</u>
15					
16	LIABILITIES AND EQUITY				
17	Current Liabilities:				
18	Trade and other payables		94,664		94,664
19	Loans and borrowings		(21,706)		(21,706)
20	Provisions		3,858		3,858
21	Regulatory liabilities	Sch 9	15,110		15,110
22			<u>91,925</u>		<u>91,925</u>
23	Non-Current Liabilities				
24	Loans and borrowings		775,765		775,765
25	Provisions		3,493		3,493
26	Regulatory liabilities	Sch 9	0		0
27			<u>779,258</u>		<u>779,258</u>
28					
29	Total Liabilities		<u>871,183</u>		<u>871,183</u>
30					
31	Equity attributable to the Owner of the Company:				
32	Share capital		235,220		235,220
33	Retained earnings		206,231		206,231
34	Total Equity	Sch 2.2	<u>441,450</u>		<u>441,450</u>
35					
36	TOTAL LIABILITIES AND EQUITY		<u>1,312,633</u>		<u>1,312,633</u>

EPCOR DISTRIBUTION & TRANSMISSION INC.
Reconciliation of Statement of Income, Comprehensive Income and Retained Earnings from AUC Rule 005 to Audited Financial Statements
As of DECEMBER 31, 2017
(\$000s)

SCHEDULE 12

Line No	Notes	Distribution Regulatory per Schedule 11	Measurement Adjustment	Presentation Adjustments	Distribution (IFRS)	Transmission Regulatory per Schedule 11	Measurement Adjustment	Presentation Adjustments	Transmission (IFRS)	Distribution & Transmission Combined (IFRS)	EDTI Audited F/S (IFRS)	Variance Note 10
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												

EDT's financial statements have been presented in accordance with IFRS. EDTI has also adopted the new presentation formats prescribed by IFRS. Under IFRS, revenues and expenses are recognized as incurred. The timing of the company's recognition of certain revenues and expenses differs under regulatory accounting.

Note 1: Under IFRS, revenues are recognized as they become billed or billable and there is no recognition of deferral accounts. In Regulatory Accounting, the Transmission System Access Tariff revenues have been adjusted to reflect the collection of the outstanding balance in the Transmission Charge Deferral Account (TCDA) and the build-up of the TCDA for 2017.

Note 2: Under IFRS, revenues are recognized as they become billed or billable.

Note 3: Under IFRS, revenues are recognized as they become billed or billable. In Regulatory Accounting, Transmission Tariff revenues have been adjusted to reflect provisions to refund: (1) \$2.65 million for depreciation and return differences on AESO directed projects for 2015 to 2017. (2) Provision to refund \$0.57 million for property tax over collection in 2015 and 2017

Note 4: Under IFRS, contributions in aid of construction of PP&E are classified as deferred revenues and the amortization of the contributions is presented in Other income.

Note 5: Under IFRS, the amortization of contributions received in aid of construction of PP&E used to provide ongoing access to electricity is treated Other income. Under regulatory accounting, such amortization is classified as depreciation.

Note 6: Inspection costs have been expensed and removed from capital costs to align with direction received in the 2016-2017 Capital Tracker Decision 20407-D01-2016.

Note 7: PP&E has been adjusted for the removal of non-directly attributable overhead, deferred gains and losses on derecognized assets and changes to net book value as a result of the adjustments to useful lives of components of the Company's assets as required by IAS 16. As a result of the change in PP&E, depreciation and amortization expense is lower under IFRS.

Note 8: Under IFRS, expenses are recognized as incurred. In regulatory accounting other administrative expenses have been adjusted to defer rate regulated recoverable expenses within current regulatory assets and current regulatory liabilities to match recoveries from customers in future periods.

Note 9: Under Regulatory accounting, an allowance for funds used during construction (AFUDC) is capitalized, however under IFRS the amount capitalized is different due to different criteria for the eligibility of financing costs.

Note 10: Variances to EDT's Audited financial statements are elimination entries for transactions between Distribution and Transmission. Elimination entries are done for consolidation purposes.

EPCOR DISTRIBUTION & TRANSMISSION INC.
Reconciliation of Balance Sheet for AUC Rule 005 and Audited Financial Statements
As of DECEMBER 31, 2017
(\$000s)

SCHEDULE 13

Line No	Notes	Distribution Regulatory per Schedule 11	Measurement Adjustment	Presentation Adjustments	Distribution (IFRS)	Transmission Regulatory per Schedule 11	Measurement Adjustment	Presentation Adjustments	Transmission (IFRS)	Distribution & Transmission Combined (IFRS)	EDTI Audited F/S (IFRS)	Variance Note 6
ASSETS												
Current Assets:												
1												
2		57,181			57,181	8,589			8,589	65,770	65,770	(0)
3		23,322		22,421	901	1,044		762	282	1,183	1,183	0
4		97	(273)		369	262			262	631	631	0
5		(3,013)	(3,013)			880	880			0	0	0
6		77,587	(3,285)	22,421	58,451	10,775	880	762	9,133	67,584	67,584	(0)
Non-Current Assets:												
8		1,209,818	18,767	(173,077)	1,364,127	685,807	(1,724)	(57,289)	744,820	2,108,947	2,080,400	28,547
9		25,229	1,106		24,123	13,303	(408)		13,710	37,833	37,833	(0)
10		0	0			(2,984)	(2,984)			0	0	0
11		1,235,046	19,873	(173,077)	1,388,250	696,125	(5,116)	(57,289)	758,530	2,146,780	2,118,233	28,547
12												
13		1,312,634	16,588	(150,655)	1,446,701	706,901	(4,236)	(56,527)	767,663	2,214,364	2,185,817	28,547
LIABILITIES AND EQUITY												
Current Liabilities:												
16		94,664	15,110	(15,110)	94,664	(2,520)	837	(848)	(2,510)	92,155	92,156	(1)
17		(21,706)	(334)		(21,372)	68,067	334		67,732	46,360	46,360	0
18		3,858			3,858	1,118			1,118	4,976	4,976	0
19		15,110		15,110		848		848		0	0	0
20		0	(4,875)		4,875	0	(835)		835	5,710	5,710	0
21		91,925	14,775	(4,875)	82,025	67,512	1,171	(835)	67,176	149,201	149,202	(1)
Non-Current Liabilities:												
22												
23		775,765			775,765	384,253			384,253	1,160,018	1,160,018	0
24		3,493			3,493	518			518	4,011	4,011	0
25		0		(145,781)	145,781	0		(55,691)	55,691	201,472	172,925	28,547
26		0				51	51			0	0	0
27		779,258	0	(145,781)	925,038	384,822	51	(55,691)	440,462	1,365,500	1,336,953	28,547
28		871,183	14,775	(150,655)	1,007,063	452,334	1,222	(56,527)	507,638	1,514,701	1,486,155	28,546
Equity attributable to the Owner of the Company:												
29												
30		235,220			235,220	152,035			152,035	387,254	387,254	0
31		206,231	1,812		204,419	102,532	(5,458)		107,990	312,409	312,409	0
32		441,450	1,812	0	439,638	254,567	(5,458)	0	260,025	699,663	699,663	0
33		1,312,633	16,588	(150,655)	1,446,701	706,901	(4,236)	(56,527)	767,663	2,214,364	2,185,818	28,546
		0	0	0	(0)	(0)	0	0	(0)	(0)	(1)	1

EDTI's financial statements have been presented in accordance with IFRS. EDTI has also adopted the new presentation formats prescribed by IFRS.

Note 1: Capitalized spares have been reclassified from inventory to PP&E.

Note 2: IFRS does not contain any separate guidance relating to recognition of assets and liabilities that have arisen as a result of rate regulation. Under IFRS, such items are not recognized.

Note 3: PP&E and Intangibles have been adjusted for the removal of non-directly attributable overhead, deferred gains and losses on derecognized assets and changes to net book value as a result of adjustments to useful lives of components of the Company's assets as required by IAS 16.

Note 4: Under Regulatory accounting, contributions in aid of construction of PP&E are offset against the cost of the constructed asset. Under IFRS, contributions received in order to construct an item of PP&E that is used to provide ongoing access to electricity is treated as deferred revenues.

Note 5: Under IFRS, contributions received which related to the disposal or replacement of assets were reclassified to the income statement as proceeds on disposal of assets. This is presented as Depreciation.

Note 6: Variances to EDTI's Audited financial statements are elimination entries for cumulative transactions between Distribution and Transmission. Elimination entries are done for consolidation purposes.