


This form is a combination of the Ministry of Finance (MOF) **CT23 Corporations Tax Return** and the Ministry of Government Services (MGS) **Annual Return**. Page 1 is a common page required for both Returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the **Exempt from Filing (EFF)** declaration on page 2 or file the **CT23 Return** on pages 3-17. Corporations that **do not** meet the EFF criteria but **do** meet the Short-Form criteria, may request and file the **CT23 Short-Form Return** (see page 2).

The **Annual Return** (common page 1 and MGS Schedule A on pages 18 and 19, and Schedule K on page 20) contains non-tax information collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

MGS Annual Return Required? (Not required if already filed or Annual Return exempt. Refer to Guide) ☒ Yes ☐ No **Page 1 of 20**

Corporation's Legal Name (including punctuation)  <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>			<b>Ontario Corporations Tax Account No. (MOF)</b> <b>1800235</b>														
Mailing Address  <b>14 CARLTON ST.</b>  <b>TORONTO</b> <b>ON CA M5B 1K5</b>			This Return covers the Taxation Year Start <table border="1" style="display: inline-table;"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td colspan="3">2007-01-01</td></tr></table> End <table border="1" style="display: inline-table;"><tr><td>year</td><td>month</td><td>day</td></tr><tr><td colspan="3">2007-12-31</td></tr></table>			year	month	day	2007-01-01			year	month	day	2007-12-31		
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Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). <b>2</b>			Ministry Use 														
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**Certification (MGS)**

I certify that all information set out in the **Annual Return** is true, correct and complete.

Name of Authorized Person (Print clearly or type in full)

**PANKAJ SARDANA**


Title ☐ Director ☒ Officer ☐ Other individuals having knowledge of the Corporation's business activities

Note: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

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TORONTO HYDRO-ELECTRIC SYSTEM LIMIT

1800235

2007-12-31

# CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Please check applicable (X) box(es) and complete required information.

## Type of corporation

- 1**
- 1 ☒ Canadian-controlled Private (CCPC) all year (Generally a private corporation of which 50% or more shares are owned by Canadian residents.) (fed.s.125(7)(b))
- 2 ☐ Other Private
- 3 ☐ Public
- 4 ☐ Non-share Capital
- 5 ☐ Other (specify) ▼

Share Capital with full voting rights  
owned by Canadian Residents

(nearest percent)

100 %

- 2**
- 1 ☐ Family Farm corporation s.1(2)
- 2 ☐ Family Fishing corporation s.1(2)
- 3 ☐ Mortgage Investment corporation s.47
- 4 ☐ Credit Union s.51
- 5 ☐ Bank Mortgage subsidiary s.61(4)
- 6 ☐ Bank s.1(2)
- 7 ☐ Loan and Trust corporation s.61(4)
- 8 ☐ Non-resident corporation s.2(2)(a) or (b)
- 9 ☐ Non-resident corporation s.2(2)(c)
- 10 ☐ Mutual Fund corporation s.48
- 11 ☐ Non-resident owned Investment corporation s.49
- 12 ☐ Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)
- 14 ☐ Bare Trustee corporation
- 15 ☐ Branch of Non-resident s.63(1)
- 16 ☐ Financial institution prescribed by Regulation only
- 17 ☐ Investment Dealer
- 18 ☐ Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale
- 19 ☒ Hydro successor, municipal electrical utility or subsidiary of either
- 20 ☐ Producer and seller of steam for uses other than for the generation of electricity
- 21 ☐ Insurance Exchange s.74.4
- 22 ☐ Farm Feeder Finance Co-operative corporation
- 23 ☐ Professional corporation (incorporated professionals only)

- ☐ This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)
- ☐ Amended Return
- ☐ Taxation year end change – Canada Revenue Agency approval required
- ☐ Final taxation year up to dissolution (Note: for discontinued businesses, see guide.)
- ☐ Final taxation year before amalgamation
- ☐ The corporation has a floating fiscal year end
- ☐ There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario
- ☐ There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year
- If checked, date control was acquired
- |      |       |     |
|------|-------|-----|
| year | month | day |
|------|-------|-----|
- ☐ The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)
- ☐ First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)
- ☐ Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

Yes No

- ☐ ☒ Was the corporation inactive throughout the taxation year?
- ☒ ☐ Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?

Are you requesting a refund due to:

- ☐ ☒ the Carry-back of a Loss?
- ☐ ☒ an Overpayment?
- ☐ ☒ a Specified Refundable Tax Credit?
- ☐ ☒ Are you a member of a Partnership or Joint Venture?

## Complete if applicable

Ontario Retail Sales Tax Vendor  
Permit no. (Use head office no.)

Ontario Employer Health Tax  
Account no. (Use head office no.)



Specify major business activity

ENERGY DISTRIBUTION

**Income Tax**

**Allocation** – If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction to that jurisdiction (s.39) (Int.B. 3008).

**DOLLARS ONLY**

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	- - - - -	±	From	690	129,853,577
Subtract: Charitable donations	- - - - -	-		1	29,084
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property ( <i>Attach schedule 2</i> )	- - - - -	-		2	
Subtract: Taxable dividends deductible, per federal Schedule 3	- - - - -	-		3	18,022
Subtract: Ontario political contributions ( <i>Attach Schedule 2A</i> ) (Int.B. 3002R)	- - - - -	-		4	
Subtract: Federal Part VI.1 tax	• x 3 - - - - -	-		5	
Subtract: Prior years' losses applied – Non-capital losses	- - - - -	-	From	704	
	From 715				
Net capital losses (page 16)	• x inclusion rate			50.000000%	=
				714	
Farm losses	- - - - -	-	From	724	
Restricted farm losses	- - - - -	-	From	734	
Limited partnership losses	- - - - -	-	From	754	
<b>Taxable Income (Non-capital loss)</b>	- - - - -	=		10	129,806,471
Addition to taxable income for unused foreign tax deduction for federal purposes	- - - - -	+		11	
<b>Adjusted Taxable Income</b>	10 + 11 (if 10 is negative, enter 11)	=		20	129,806,471

**Taxable Income****Number of Days in Taxation Year**

From 10 (or 20 if applicable)	129,806,471	• x	30	100.0000%	x	12.5%	x	33	÷	73	365	=	+	29	
				Ontario Allocation											
From 10 (or 20 if applicable)	129,806,471	• x	30	100.0000%	x	14%	x	34	÷	73	365	=	+	32	18,172,906
				Ontario Allocation											
<b>Income Tax Payable</b> (before deduction of tax credits)			29	+	32							=	+	40	18,172,906

**Incentive Deduction for Small Business Corporations (IDSBC) (s.41)**

**If this section is not completed, the IDSBC will be denied.**

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X) Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))	- - - - -		50	129,747,208
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+	51	130,804,395	
Add: Losses of other years deducted for federal purposes (fed.s.111)	+	52		
Subtract: Losses of other years deducted for Ontario purposes (s.34)	-	53		
	=		130,804,395	54 130,804,395
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	- - - - -		55	400,000

**Ontario Business Limit Calculation**

320,000 x	Days after Dec. 31, 2002 and before Jan. 1, 2004	31	÷	**	365	=	+	46			
400,000 x	Days after Dec. 31, 2003	34	÷	**	365	=	+	47	400,000		
Business Limit for Ontario purposes	46 + 47	=	44	400,000	x	Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated.	48	100.0000%	=	45	400,000

<b>Income eligible for the IDSBC</b>	- - - - -	From	30	100.0000%	x	56	400,000	=	60	400,000
			***Ontario Allocation				Least of	50	54	or 45

\* **Note:** Modified by s.41(6) and (7) for corporations that are members of a partnership. (Refer to Guide.)

\*\* **Note:** Adjust accordingly for a floating taxation year and use 366 for a leap year.

\*\*\* **Note:** Ontario Allocation for IDSBC purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

continued on Page 5



TORONTO HYDRO-ELECTRIC SYSTEM LIMIT

1800235

2007-12-31

DOLLARS ONLY

**Income Tax** continued from Page 4

Calculation of IDSBC Rate

## Number of Days in Taxation Year

Days after Dec. 31, 2002  
and before Jan. 1, 2004 Total Days

31 ÷ 73 365 = + 89

Days after Dec. 31, 2003 Total Days

34 365 ÷ 73 365 = + 90 8.5000

IDSBC Rate for Taxation Year

89 + 90

= 78 8.5000

Claim

From 60

400,000

X

From 78

8.5000%

= 70 34,000

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income

(or if associated, the associated group's taxable income) is greater than the amount

400,000 in 114 below.

**Surtax on Canadian-controlled Private Corporations (s.41.1)****Applies** if you have claimed the Incentive Deduction for Small Business Corporations.**Associated Corporation** - The Taxable Income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.**\*Taxable Income of the corporation**

From 10 (or 20 if applicable)

+ 80 129,806,471

**If you are a member of an associated group (X)**

81 X (Yes)

Name of associated corporation (Canadian & foreign)  
(if insufficient space, attach schedule)Ontario Corporations Tax  
Account No. (MOF)  
(if applicable)

Taxation Year End

\* Taxable Income  
(if loss, enter nil)

See schedule

+ 82

+ 83

+ 84

Aggregate Taxable Income

80 + 82 + 83 + 84, etc.

= 85 129,806,471

## Number of Days in Taxation Year

Days after Dec. 31, 2002  
and before Jan. 1, 2004 Total Days

320,000 X 31 ÷ 73 365 = + 115

Days after Dec. 31, 2003 Total Days

400,000 X 34 365 ÷ 73 365 = + 116 400,000

115 + 116 = 400,000 114 400,000

(If negative, enter nil)

= 86 129,406,471

## Number of Days in Taxation Year

Days after Dec. 31, 2002 Total Days

38 365 ÷ 73 365 = + 97 4.6670

Calculation of Specified Rate for Surtax

4.6670%

From 86 129,406,471 X From 97 4.6670% = 87 6,039,400

From 87 6,039,400 X From 60 400,000 ÷ From 114 400,000 = 88 6,039,400

Surtax Lesser of

70 or 88

= 100 34,000

**\* Note: Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

continued on Page 6

DOLLARS ONLY

**Additional Deduction for Credit Unions (s.51(4))** (Attach schedule 17)

110

**Manufacturing and Processing Profits Credit (M&P) (s.43)**

**Applies** to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of Ontario schedule 27.

The whole of the active business income qualifies as Eligible Canadian Profits if: **a)** your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing is 20% or less of the total active business income and **b)** the total active business income is \$250,000 or less.

Eligible Canadian Profits - - - - - + 120

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - From 56 400,000

Add: Adjustment for Surtax on Canadian-controlled private corporations

$$\frac{\text{From } 100}{34,000} \div \frac{\text{From } 30}{100.0000\%} \div \frac{\text{From } 78}{8.5000\%} = 121 \quad 400,000$$

\*Ontario Allocation

Lesser of 56 or 121 - - - - - + 122 400,000

120 - 56 + 122 - - - - - = 130

**Taxable Income** - - - - - + From 10 129,806,471

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - - - - - From 56 400,000

Add: Adjustments for Surtax on Canadian-controlled private corporations - - - - - + From 122 400,000

Subtract: Taxable Income 10 129,806,471 X Allocation % to jurisdictions outside Canada - - - - - 140

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses - - - - - 141 1,086,271

10 - 56 + 122 - 140 - 141 - - - - - = 142 128,720,200

**Claim**

$$\frac{143}{\text{Lesser of } 130 \text{ or } 142} \times \text{From } 30 \quad 100.0000\% \times 1.5\% \times \frac{33}{73} \quad 365 = + 154$$

Ontario Allocation

$$\frac{143}{\text{Lesser of } 130 \text{ or } 142} \times \text{From } 30 \quad 100.0000\% \times 2\% \times \frac{34}{73} \quad 365 = + 156$$

Ontario Allocation

M&P claim for taxation year 154 + 156 - - - - - = 160

\* **Note:** Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))

**Manufacturing and Processing Profits Credit for Electrical Generating Corporations** = 161

**Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity** - - - - - = 162

**Credit for Foreign Taxes Paid (s.40)**

**Applies** if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001R). (Attach schedule) - 170

**Credit for Investment in Small Business Development Corporations (SBDC)**

**Applies** if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former *Small Business Development Corporations Act*)

Eligible Credit 175 Credit Claimed 180

**Subtotal of Income Tax** 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 - - - - - = 190 18,172,906

continued on Page 7

Income Tax continued from Page 6

Specified Tax Credits (Refer to Guide)

**Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to scientific research and experimental development in Ontario.

Eligible Credit From **5620** OITC Claim Form (Attach original Claim Form) - - - - - + **191** .

**Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.

Eligible Credit From **5798** CT23 Schedule 113 (Attach Schedule 113) - - - - - + **192** 81,382 .

**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)**

*Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Name of Production **204**

Eligible Credit From **5850** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility) - - - - - + **193** .

**Graduate Transitions Tax Credit (GTTC) (s.43.6)**

*Applies* to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005. No. of Graduates From **6596** **194**

Eligible Credit From **6598** CT23 Schedule 115 (Attach Schedule 115) - - - - - + **195** .

**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)**

*Applies* to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.

Eligible Credit From **6900** OBPTC Claim Form (Attach both the original Claim Form and the Certificate of Eligibility) - - - - - + **196** .

**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)**

*Applies* to labour relating to computer animation and special effects on an eligible production.

Eligible Credit From **6700** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility) - - - - - + **197** .

**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)**

*Applies* to qualifying R&D expenditures under an eligible research institute contract.

Eligible Credit From **7100** OBRITC Claim Form (Attach original Claim Form) - - - - - + **198** .

**Ontario Production Services Tax Credit (OPSTC) (s.43.10)**

*Applies* to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.

Eligible Credit From **7300** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility) - - - - - + **199** .

**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)**

*Applies* to qualifying labour expenditures of eligible products for the taxation year.

Eligible Credit From **7400** of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) (Attach the original Certificate of Eligibility) - - - - - + **200** .

**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)**

*Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.

Eligible Credit From **7500** OSRTC Claim Form (Attach both the original Claim Form and the Certificate of Eligibility) - - - - - + **201** .

**Apprenticeship Training Tax Credit (ATTC) (s.43.13)**

*Applies* to employment of eligible apprentices.

Eligible Credit From **5898** CT23 Schedule 114 (Attach Schedule 114) No. of Apprentices From **5896** **202** 59 - - - - - + **203** 157,315 .

Other (specify) - - - - - + **203.1** .

**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + **203** + **203.1** = **220** 238,697 .

**Specified Tax Credits Applied to reduce Income Tax** - - - - - = **225** 238,697 .

**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative) - - - - - = **230** 17,934,209 .

To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

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Total Assets of the corporation - - - - - + [240] 2,402,649,696 .  
 Total Revenue of the corporation - - - - - + [241] 2,331,008,370 .

The above amounts include the corporation's and associated corporations' share of any partnership(s) / joint venture(s) total assets and total revenue.

If you are a member of an associated group (X) [242] ☒ (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
See schedule			+ [243] 2,316,821,421 .	+ [244] 238,520,396 .
			+ [245] .	+ [246] .
			+ [247] .	+ [248] .
Aggregate Total Assets	[240] + [243] + [245] + [247] , etc.		= [249] 4,719,471,117 .	
Aggregate Total Revenue	[241] + [244] + [246] + [248] , etc.			= [250] 2,569,528,766 .

## Determination of Applicability

Applies if either Total Assets [249] exceeds \$5,000,000 or Total Revenue [250] exceeds \$10,000,000.

**Short Taxation Years** – Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s) / joint venture(s) of which the corporation or associated corporation is a member, is less than 51 weeks.

**Associated Corporation** – The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on or before the date of the claiming corporation's taxation year end.

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedule 101**.

## Calculation: CMT (Attach Schedule 101.)

Gross CMT Payable - - CMT Base From Schedule 101 [2136] 107,998,451 . X From [30] 100.0000 % X 4 % = [276] 4,319,938 .  
 If negative, enter zero Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach Schedule) - - - - - [277] .

Subtract: Income Tax - - - - - From [190] 18,172,906 .

**Net CMT Payable** (If negative, enter Nil on Page 17.) - - - - - = [280] -13,852,968 .

If [280] is less than zero and you do not have a CMT credit carryover, transfer [230] from Page 7 to Income Tax Summary, on Page 17.

If [280] is less than zero and you have a CMT credit carryover, complete A & B below.

If [280] is greater than or equal to zero, transfer [230] to Page 17 and transfer [280] to Page 17, and to Part 4 of Schedule 101: Continuity of CMT Credit Carryovers.

**CMT Credit Carryover available** From Schedule 101 - - - - - From [2333] .

## Application of CMT Credit Carryovers

**A.** Income Tax (before deduction of specified credits) - - - - - + From [190] 18,172,906 .

Gross CMT Payable - - - - - + From [276] 4,319,938 .

Subtract: Foreign Tax Credit for CMT purposes - - - - - From [277] .

If [276] - [277] is negative, enter NIL in [290] = 4,319,938 .

**Income Tax eligible for CMT Credit** - - - - - = [300] 13,852,968 .

**B.** Income Tax (after deduction of specified credits) - - - - - + From [230] 17,934,209 .

Subtract: CMT credit used to reduce income taxes - - - - - [310] .

**Income Tax** - - - - - = [320] 17,934,209 .

Transfer to page 17

If A & B apply, [310] cannot exceed the lesser of [230], [300] and your CMT credit carryover available [2333] .

If only B applies, [310] cannot exceed the lesser of [230] and your CMT credit carryover available [2333] .

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**Capital Tax** (Refer to Guide and Int.B. 3011R)

If your corporation is a Financial Institution (s.58(2)), complete lines 480 and 430 on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and the Gross Revenue and Total Assets as calculated on page 10 in 480 and 430 are both \$3,000,000 or less, your corporation is exempt from Capital Tax for the taxation year, except for a branch of a non-resident corporation. A corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If Investment Allowance is claimed, Total Assets must be

adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Int.B. 3017R).

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital.

Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

**Paid-up Capital of Non-resident:** Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(2)(a) or 2(2)(b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable Income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B. 3010).

**Paid-up Capital**

Paid-up capital stock (Int.B. 3012R and 3015R)	- - - - -	+	350	527,816,668	•
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	±	351	185,933,717	•
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	- - - - -	+	352	12,757,392	•
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+	353	1,289,399,700	•
Bank loans (Int.B. 3013R)	- - - - -	+	354		•
Bankers acceptances (Int.B. 3013R)	- - - - -	+	355		•
Bonds and debentures payable (Int.B. 3013R)	- - - - -	+	356		•
Mortgages payable (Int.B. 3013R)	- - - - -	+	357		•
Lien notes payable (Int.B. 3013R)	- - - - -	+	358		•
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	- - - - -	+	359	2,462,529	•
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	- - - - -	+	360		•
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	- - - - -	+	361	314,410,667	•
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	- - - - -	+	362		•
<b>Subtotal</b>	- - - - -	=	370	2,332,780,673	•
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- - - - -	-	371		•
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	- - - - -	-	372		•
<b>Total Paid-up Capital</b>	- - - - -	=	380	2,332,780,673	•
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	- - - - -	-	381		•
<b>Electrical Generating Corporations Only</b> -- All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	- - - - -	-	382		•
<b>Net Paid-up Capital</b>	- - - - -	=	390	2,332,780,673	•

**Eligible Investments** (Refer to Guide and Int.B. 3015R)

Attach computations and list of corporation names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	- - - - -	+	402		•
Mortgages due from other corporations	- - - - -	+	403		•
Shares in other corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	404		•
Loans and advances to unrelated corporations	- - - - -	+	405		•
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	406		•
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+	407		•
<b>Total Eligible Investments</b>	- - - - -	=	410		•

continued on Page 10

**Total Assets** (Int.B. 3015R)

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Total Assets per balance sheet	- - - - -	+ 420	2,402,649,696 .
Mortgages or other liabilities deducted from assets	- - - - -	+ 421	.
Share of partnership(s)/joint venture(s) total assets (Attach schedule)	- - - - -	+ 422	.
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	- 423	.
<b>Total Assets as adjusted</b>	- - - - -	= 430	2,402,649,696 .
Amounts in 360 and 361 (if deducted from assets)	- - - - -	+ 440	175,641,183 .
Subtract: Amounts in 371, 372 and 381	- - - - -	- 441	.
Subtract: Appraisal surplus if booked	- - - - -	- 442	.
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	± 443	.
<b>Total Assets</b>	- - - - -	= 450	2,578,290,879 .

<b>Investment Allowance</b> ( 410 ÷ 450 ) × 390	- - - - -	Not to exceed 410	= 460 .
<b>Taxable Capital</b> 390 - 460	- - - - -		= 470 2,332,780,673 .

<b>Gross Revenue</b> (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	- - -	480	2,331,008,370 .
<b>Total Assets</b> (as adjusted)	- - - - -	From 430	2,402,649,696 .

**Calculation of Capital Tax for all Corporations except Financial Institutions***Note: This version (2007) of the CT23 may only be used for a taxation year that commenced after December 31, 2004.**Financial Institutions use calculations on page 13.***Important:**

If the corporation is a family farm corporation, family fishing corporation or a credit union that is not a Financial Institution, complete only Section A below.

**OR** If the corporation is **not** a member of an associated group and/or partnership, complete Section B below, then review only the Capital Tax calculations in Section C on page 11, selecting and completing the one specific subsection (e.g. C3) that applies to the corporation.

**OR** If the corporation **is** a member of an associated group and/or partnership, complete Section B below and Section D on page 11, and if applicable, complete Section E or Section F on page 12. Note: if the corporation is a member of a connected partnership, please refer to the CT23 Guide for additional instructions before completing the Capital Tax section.

**SECTION A**

This section applies only if the corporation is a family farm corporation, a family fishing corporation or a credit union that is not a Financial Institution (Int.B. 3018).

Enter NIL in 550 on page 12 and complete the return from that point.

**SECTION B****B1.** Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year					
Days after Dec. 31, 2004 and before Jan. 1, 2006	Total Days				
7,500,000 × 36 ÷ 73	365	= +	501	.	
Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days				
10,000,000 × 37 ÷ 73	365	= +	502	.	
Days after Dec. 31, 2006 and before Jan. 1, 2008	Total Days				
12,500,000 × 38 365 ÷ 73	365	= +	504	12,500,000 .	
Days after Dec. 31, 2007	Total Days				
15,000,000 × 39 ÷ 73	365	= +	505	.	
<b>Taxable Capital Deduction (TCD)</b> 501 + 502 + 504 + 505		=	503	12,500,000 .	

**B2.** This section applies to corporations to calculate the prorated capital tax rate.

Calculation of Capital Tax Rate

Number of Days in Taxation Year					
Days before Jan. 1, 2007	Total Days				
0.3 % × 556 ÷ 73	365	= +	511	%	
Days after Dec. 31, 2006 and before Jan. 1, 2009	Total Days				
0.285 % × 557 365 ÷ 73	365	= +	512	0.2250 %	
<b>Capital Tax Rate</b> 511 + 512	- - - - -	=	516	0.2250 %	

continued on Page 11

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**Capital Tax Calculation** *continued from Page 10***SECTION C**

This section applies if the corporation is **not** a member of an associated group and/or partnership.

**C1.** If  and  on page 10 are both \$3,000,000 or less, enter NIL in  on page 12 and complete the return from that point.

**C2.** If Taxable Capital in  is **equal to or less than the TCD** in , enter NIL in  on page 12 and complete the return from that point.

**C3.** If Taxable Capital in  **exceeds the TCD** in , complete the following calculation and transfer the amount from  to  on page 12, and complete the return from that point.

$$\begin{array}{rcl}
 + & \text{From } \boxed{470} & \text{.} \\
 - & \text{From } \boxed{503} & \text{.} \\
 = & \boxed{471} & \text{.}
 \end{array}
 \times
 \begin{array}{c}
 \text{From } \boxed{30} \\
 \text{Ontario Allocation}
 \end{array}
 \frac{\boxed{100.0000}}{100} \%
 \times
 \begin{array}{c}
 \text{From } \boxed{516} \\
 \text{Capital Tax Rate}
 \end{array}
 0.2250 \%
 \times
 \begin{array}{c}
 \text{Days in taxation year} \\
 \boxed{555} \quad \boxed{365} \\
 365 \quad (366 \text{ if leap year}) \\
 \text{If floating taxation year,} \\
 \text{refer to Guide.}
 \end{array}
 = + \boxed{523} \text{.}$$

Transfer to  on page 12 and complete the return from that point

**SECTION D**

This section applies **ONLY** to a corporation that is a member of an associated group (excluding Financial Institutions and corporations exempt from Capital Tax) and/or partnership. You must check either  or  and complete this section before you can calculate your Capital Tax Calculation under either Section E or Section F.

**D1.** ☐  (X if applicable)

All corporations that you are associated with do **not** have a permanent establishment in Canada.

If Taxable Capital  on page 10 is equal to or less than the TCD  on page 10, enter NIL in  on page 12 and complete the return from that point.

If Taxable Capital  on page 10 exceeds the TCD  on page 10, proceed to **Section E**, enter the TCD amount in  in Section E, and complete Section E and the return from that point.

**D2.** ☒  (X if applicable)

One or more of the corporations that you are associated with **maintains** a permanent establishment in Canada.

You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group **may file an election** under subsection 69(2.1) of the *Corporations Tax Act*, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

D2. Calculation is on next page

*continued on Page 12*



**D2. Calculation** Do not complete this calculation if ss.69(2.1) election is filed

Taxable Capital From 470 on page 10 - - - - - + From 470

*Determine aggregate taxable capital of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership having a permanent establishment in Canada*

Names of associated corporations (excluding Financial Institutions and corporations exempt from Capital Tax) having a permanent establishment in Canada  
(if insufficient space, attach schedule)

Ontario Corporations Tax  
Account No. (MOF)  
(if applicable)

Taxation Year End

Taxable Capital

		+ 531	
		+ 532	
		+ 533	
Aggregate Taxable Capital	470 + 531 + 532 + 533 , etc.	=	540

If 540 above is equal to or less than the TCD 503 on page 10, the corporation's Capital Tax for the taxation year, is NIL.

Enter NIL in 523 in section E below, as applicable.

If 540 above is greater than the TCD 503 on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E below.

From 470                       $\div$  From 540                       $\times$  From 503                       $=$  541                       
*Transfer to 542 in Section F below*

**Ss.69(2.1) Election Filed**

☒ 591 (X if applicable) **Election filed.** Attach a copy of Schedule 591 with this CT23 Return.  
Proceed to **Section F** below.

## SECTION E

This section applies if the corporation is a member of an associated group and/or partnership whose total aggregate Taxable Capital 540 above, exceeds the TCD 503 on page 10.

Complete the following calculation and transfer the amount from  to , and complete the return from that point.

$$\begin{array}{l}
 + \text{ From } \boxed{470} \text{ _____} \bullet \\
 - \text{ } \boxed{542} \text{ _____} \bullet \\
 = \text{ } \boxed{471} \text{ _____} \bullet \times \text{ From } \boxed{30} \text{ } \boxed{100.0000} \% \text{ } \times \text{ From } \boxed{516} \text{ } \underline{0.2250 \%} \text{ } \times \text{ } \boxed{555} \text{ } \frac{365}{365} \text{ } \text{Days in taxation year} \\
 \text{Ontario Allocation} \qquad \qquad \qquad \text{Capital Tax Rate} \qquad \qquad \qquad * \text{ } \text{(366 if leap year)}
 \end{array}
 = + \boxed{523} \text{ _____} \bullet$$

**Total Capital Tax for the taxation year**  
 Transfer to **543** and complete the return from that point

## SECTION F

This section applies if a corporation is a member of an associated group and the associated group has filed a ss.69(2.1) election

+ From	[470]	2,332,780,673.	x		From	[30]	100.0000%	x		From	[516]	0.2250%	- - - - -	= +	[561]	5,248,757.
							Ontario Allocation					Capital Tax Rate				
- Capital tax deduction from	[995]						relating to your corporation's Capital Tax deduction, on Schedule 591	- -							- From [995]	28,126.
															= [562]	5,220,631.
																Total Capital Tax for the taxation year
Capital Tax	- - - - -	[562]	5,220,631.	x			Days in taxation year	[555]	365	- - - - -					= [563]	5,220,631.
							*	365	(366 if leap year)							Transfer to [543] and complete the return from that point

\* If floating taxation year, refer to Guide.

<b>Capital Tax</b>	before application of specified credits	- - - - -	= [ 543 ]	5,220,631 .
	Subtract: Specified Tax Credits applied to reduce capital tax payable ( <i>Refer to Guide</i> )	- - - - -	- [ 546 ]	.
<b>Capital Tax</b>	[ 543 ] - [ 546 ] ( <i>amount cannot be negative</i> )	- - - - -	= [ 550 ]	5,220,631 .

*continued on Page 13*

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**Capital Tax** continued from Page 12**Calculation of Capital Tax for Financial Institutions****1.1 Credit Unions only**For taxation years commencing **after May 4, 1999** enter NIL in **[550]** on page 12, and complete the return from that point.**1.2 Other than Credit Unions**(Retain details of calculations for amounts in boxes **[565]** and **[570]**. Do not submit with this tax return.)

$$\begin{array}{rcl}
 \text{[565]} & \times & \text{[567]} \% \times \text{From [30] } 100.0000 \% \times \frac{\text{Days in taxation year}}{365} = + \text{[569]} \\
 \text{Lesser of adjusted} & & \text{Capital Tax Rate (1)} \\
 \text{Taxable Paid Up Capital} & & \text{(Refer to Guide)} \\
 \text{and Basic Capital Amount} & & \text{Ontario Allocation} \\
 \text{in accordance with} & & * 365 \quad (366 \text{ if leap year}) \\
 \text{Division B.1} & & 
 \end{array}$$

$$\begin{array}{rcl}
 \text{[570]} & \times & \text{[571]} \% \times \text{From [30] } 100.0000 \% \times \frac{\text{Days in taxation year}}{365} = + \text{[574]} \\
 \text{Adjusted Taxable} & & \text{Capital Tax Rate (2)} \\
 \text{Paid Up Capital} & & \text{(Refer to Guide)} \\
 \text{in accordance with} & & \text{Ontario Allocation} \\
 \text{Division B.1 in excess} & & * 365 \quad (366 \text{ if leap year}) \\
 \text{of Basic Capital Amount} & & 
 \end{array}$$

$$\text{Capital Tax for Financial Institutions – other than Credit Unions (before Section 2)} \quad \text{[569]} + \text{[574]} = \text{[575]}$$

\* If floating taxation year, refer to Guide.

**2. Small Business Investment Tax Credit**

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

$$\begin{array}{rcl}
 \text{Allowable Credit for Eligible Investments} & - & \text{[585]} \\
 \text{Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (X)} & \square & \text{Yes}
 \end{array}$$

$$\text{Capital Tax - Financial Institutions} \quad \text{[575]} - \text{[585]} = \text{[586]}$$

Transfer to **[543]** on Page 12

**Premium Tax (s.74.2 & 74.3)** (Refer to Guide)

$$\begin{array}{rcl}
 \text{(1) Uninsured Benefits Arrangements} & - & \text{[587]} \times 2 \% = \text{[588]} \\
 \text{Applies to Ontario-related uninsured benefits arrangements.} & & 
 \end{array}$$

$$\begin{array}{rcl}
 \text{(2) Unlicensed Insurance (enter premium tax payable in [588] and attach a detailed schedule of calculations. If subject to tax under} & & \\
 \text{(1) above, add both taxes together and enter total tax in [588].)} & & \\
 \text{Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with} & & \\
 \text{unlicensed insurers.} & & 
 \end{array}$$

$$\text{Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)} \quad - \text{[589]}$$

$$\text{Premium Tax} \quad \text{[588]} - \text{[589]} = \text{[590]}$$

Transfer to page 17

**Reconcile net income (loss) for federal income tax purposes  
with net income (loss) for Ontario purposes if amounts differ**

**Net Income (loss) for federal income tax purposes, per federal T2 Schedule 1**

+ [600] 130,851,501.  
Transfer to Page 15

**Add:**

Federal capital cost allowance	- - - - -	+ [601]	138,223,100.
Federal cumulative eligible capital deduction	- - - - -	+ [602]	1,072,459.
Ontario taxable capital gain	- - - - -	+ [603]	1,086,271.
Federal non-allowable reserves. Balance beginning of year	- - - - -	+ [604]	135,670,264.
Federal allowable reserves. Balance end of year	- - - - -	+ [605]	1.
Ontario non-allowable reserves. Balance end of year	- - - - -	+ [606]	149,622,651.
Ontario allowable reserves. Balance beginning of year	- - - - -	+ [607]	1.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	- - - - -	+ [608]	.
Federal resource allowance (Refer to Guide)	- - - - -	+ [609]	.
Federal depletion allowance	- - - - -	+ [610]	.
Federal foreign exploration and development expenses	- - - - -	+ [611]	.
Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	- - -	+ [617]	.
Management fees, rents, royalties and similar payments to non-arms' length non-residents ▼			

**Number of Days in Taxation Year**

[612] . x 5 / 12.5 x	Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	[33] 365 ÷ [73] 365 = + [633] .
[612] . x 5 / 14 x	Days after Dec. 31, 2003	Total Days	[34] 365 ÷ [73] 365 = + [634] .

Total add-back amount for Management fees, etc. [633] + [634] = + [613] .

Federal Scientific Research Expenses claimed in year from line [460] of fed. form T661  
excluding any negative amount in [473] from Ont. CT23 Schedule 161 - - - - - + [615] .

Add any negative amount in [473] from Ont. CT23 Schedule 161 - - - - - + [616] .

Federal allowable business investment loss - - - - - + [620] .

Total of other items not allowed by Ontario but allowed federally (Attach schedule) - - - - - + [614] .

**Total of Additions** [601] to [611] + [617] + [613] + [615] + [616] + [620] + [614] - - - = 425,674,747. ▶ [640] 425,674,747.  
Transfer to Page 15

**Deduct:**

Ontario capital cost allowance (excludes amounts deducted under [675] )	- - - - -	+ [650]	138,223,100.
Ontario cumulative eligible capital deduction	- - - - -	+ [651]	1,072,459.
Federal taxable capital gain	- - - - -	+ [652]	1,086,271.
Ontario non-allowable reserves. Balance beginning of year	- - - - -	+ [653]	135,670,264.
Ontario allowable reserves. Balance end of year	- - - - -	+ [654]	1.
Federal non-allowable reserves. Balance end of year	- - - - -	+ [655]	149,622,651.
Federal allowable reserves. Balance beginning of year	- - - - -	+ [656]	1.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	- - - - -	+ [657]	.
Ontario depletion allowance	- - - - -	+ [658]	.
Ontario resource allowance (Refer to Guide)	- - - - -	+ [659]	.
Ontario current cost adjustment (Attach schedule)	- - - - -	+ [661]	.
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	- - - - -	+ [675]	.

**Subtotal of deductions for this page** [650] to [659] + [661] + [675] - - - - - [681] 425,674,747.  
Transfer to Page 15

continued on Page 15

TORONTO HYDRO-ELECTRIC SYSTEM LIMIT

1800235

2007-12-31

DOLLARS ONLY

**Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ***continued from Page 14*

Net Income (loss) for federal income tax purposes, per federal Schedule 1 - - - - - From  $\pm$  600 130,851,501.

Total of Additions on page 14 - - - - - From  $=$  640 425,674,747.

Sub Total of deductions on page 14 - - - - - From  $=$  681 425,674,747.

**Deduct:****Ontario New Technology Tax Incentive (ONTTI) Gross-up***(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)*

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying intellectual property deducted in the current taxation year - - - 662

**ONTTI Gross-up deduction calculation:**

Gross-up of CCA

$$\left[ \begin{array}{l} \text{From } \boxed{662} \\ \times \\ \text{From } \boxed{30} \end{array} \right] \times \frac{100}{100.0000} - \text{From } \boxed{662} = \boxed{663}$$

Ontario Allocation

**Workplace Child Care Tax Incentive (WCCT)***(Applies to eligible expenditures incurred prior to January 1, 2005.)*

Qualifying expenditures:  $\left[ \begin{array}{l} \boxed{665} \\ \times \\ \text{From } \boxed{30} \end{array} \right] \times 30\% \times \frac{100}{100.0000} = \boxed{666}$

Ontario allocation

**Workplace Accessibility Tax Incentive (WATI)***(Applies to eligible expenditures incurred prior to January 1, 2005.)*

Qualifying expenditures:  $\left[ \begin{array}{l} \boxed{667} \\ \times \\ \text{From } \boxed{30} \end{array} \right] \times 100\% \times \frac{100}{100.0000} = \boxed{668}$

Ontario allocation

Number of Employees accommodated 669

**Ontario School Bus Safety Tax Incentive (OSBSTI)***(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)*

Qualifying expenditures:  $\left[ \begin{array}{l} \boxed{670} \\ \times \\ \text{From } \boxed{30} \end{array} \right] \times 30\% \times \frac{100}{100.0000} = \boxed{671}$

Ontario allocation

**Educational Technology Tax Incentive (ETTI)***(Applies to eligible expenditures incurred prior to January 1, 2005.)*

Qualifying expenditures:  $\left[ \begin{array}{l} \boxed{672} \\ \times \\ \text{From } \boxed{30} \end{array} \right] \times 15\% \times \frac{100}{100.0000} = \boxed{673}$

Ontario allocation

Ontario allowable business investment loss - - - - - + 678

Ontario Scientific Research Expenses claimed in year in 477 from Ont. CT23 Schedule 161 + 679

Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003) - - - - - + 677 997,924.

Total of other deductions allowed by Ontario (Attach schedule) - - - - - + 664

**Total of Deductions** 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 426,672,671. 680 426,672,671.

**Net income (loss) for Ontario Purposes** 600 + 640 - 680 = 690 129,853,577.

*Transfer to Page 4*

## Continuity of Losses Carried Forward

DOLLARS ONLY

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
<b>Balance at Beginning of Year</b>	700 (2)	710 (2)	720 (2)	730	740	750
<b>Add:</b>						
Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
<b>Subtotal</b>	703	713	723	733	743	753
<b>Subtract:</b>						
Utilized during the year to reduce taxable income	704 (2)	715 (2) (4)	724 (2)	734 (2) (4)	744 (4)	754 (4)
Expired during the year	705		725	735	745	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17	716 (2) to Page 17	726 (2) to Page 17	736 (2) to Page 17	746	
<b>Subtotal</b>	707	717	727	737	747	757
<b>Balance at End of Year</b>	709 (8)	719	729	739	749	759

## Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 1999-09-30	817 (9)	860 (9)		850	870
801 8th preceding taxation year 2000-09-30	818 (9)	861 (9)		851	871
802 7th preceding taxation year 2001-09-30	819 (9)	862 (9)		852	872
803 6th preceding taxation year 2001-12-31	820	830	840	853	873
804 5th preceding taxation year 2002-12-31	821	831	841	854	874
805 4th preceding taxation year 2003-12-31	822	832	842	855	875
806 3rd preceding taxation year 2004-12-31	823	833	843	856	876
807 2nd preceding taxation year 2005-12-31	824	834	844	857	877
808 1st preceding taxation year 2006-12-31	825	835	845	858	878
809 Current taxation year 2007-12-31	826	836	846	859	879
<b>Total</b>	829	839	849	869	889

## Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

TORONTO HYDRO-ELECTRIC SYSTEM LIMIT

1800235

2007-12-31

DOLLARS ONLY

**Request for Loss Carry-Back (s.80(16))**

**Applies** to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Ministry of Finance**.

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
  - the first day of the taxation year after the loss year,
  - the day on which the corporation's return for the loss year is delivered to the Minister, or
  - the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a **predecessor corporation**, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

**Application of Losses**

			Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss			910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income						
	Predecessor Ontario Corporation's Tax Account No. (MOF)	Taxation Year Ending year month day				
i) 3 <sup>rd</sup> preceding	901	2004-12-31	911	921	931	941
ii) 2 <sup>nd</sup> preceding	902	2005-12-31	912	922	932	942
iii) 1 <sup>st</sup> preceding	903	2006-12-31	913	923	933	943
Total loss to be carried back			From 706	From 716	From 726	From 736
Balance of loss available for carry-forward			919	929	939	949

**Summary**

Income Tax	- - - - - +	From 230 or 320	17,934,209
Corporate Minimum Tax	- - - - +	From 280	
Capital Tax	- - - - - +	From 550	5,220,631
Premium Tax	- - - - - +	From 590	
<b>Total Tax Payable</b>	- - - - - =	950	23,154,840
Subtract: Payments	- - - - - -	960	21,505,487
Capital Gains Refund (s.48)	- - - - - -	965	
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- - - - - -	985	
Specified Tax Credits (Refer to Guide)	- - - - - -	955	
Other, specify	- - - - - -		
<b>Balance</b>	- - - - - =	970	1,649,353
If payment due	- - - - -	Enclosed * 990	1,649,353
If overpayment: Refund (Refer to Guide)	- - - - - =	975	
year month day			
Apply to	- - - - -	980	

(Includes credit interest)

**Certification**

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name (please print)

PANKAJ SARDANA

Title

VICE-PRESIDENT

Full Residence Address

Signature

Date

2008-06-26

**Note:** Section 76 of the *Corporations Tax Act* provides penalties for making false or misleading statements or omissions.

\* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **Minister of Finance** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (Refer to Guide for other payment methods.)

# Attached Schedule with Total

Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)

Title RESERVES NOT DEDUCTED IN COMPUTING INCOME FOR THE YEAR

Description	Amount
POEB	137,843,001 00
ALLOWANCE FOR DOUBTFUL ACCOUNTS	10,295,857 00
INVENTORY OBSOLESCENCE RESERVE	491,872 00
TERMINATION ACCRUAL	991,921 00
NBV/UCC Difference (-ve entered in line 361)	
Opening per 2006 SRED return	125,666,608 00
Dep fixed assets per Schedule 1	137,019,980 00
CCA (exclude FMV bump)	-109,219,738 00
CEC Deduction (exclude FMV bump)	-106,181 00
Transition cost recovery	10,947,761 00
Transition cost recovery interest	1,675,008 00
Book amortization of financing fees	249,311 00
s.20(1)(e)	-1,283,913 00
Principal lease payments	-160,820 00
<b>Total</b>	<b>314,410,667 00</b>



# Schedule A: Information on Ontario Corporations

**MGS**

## Schedule A

(Corporations that are incorporated, continued or amalgamated under the *Ontario Business Corporations Act*)



Page 18 of 20

To submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

### Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MGS)	Date of Incorporation or Amalgamation
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1362834	year month day 1999-06-23

### Director/Officer Information

Full Name and Address for Service					
Last Name		First Name		Middle Name(s)	
WILLIAMS		DAVID			
Street Number and Name				Suite	
33 DELISLE AVE				PH1001	
City/Town/Village		Province/State		Country	
TORONTO		ON		CA	
				Postal/Zip Code	
				M4V 3C7	

<b>Director</b> Are you a Resident Canadian? (Applies to directors of business corporations only)	<b>Officer</b> State the appointment period for each of the following	<b>Other Titles (please specify)</b>
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Chair <input type="checkbox"/> Chief Executive Officer
Date Elected		<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer
year month day		<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer
2006-08-24		<input type="checkbox"/> Chairwoman <input type="checkbox"/> Chief Operating Officer
Date Ceased		<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer
year month day		<input type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller
		<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer
		<input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Other (untitled)
		<input type="checkbox"/> Chief Manager
		<input type="checkbox"/> Executive Director
		<input type="checkbox"/> Managing Director

### Director/Officer Information

Full Name and Address for Service					
Last Name		First Name		Middle Name(s)	
KING		BOB			
Street Number and Name				Suite	
175 SHEARDOWN DRIVE					
City/Town/Village		Province/State		Country	
NOBLETON		ON		CA	
				Postal/Zip Code	
				L0G 1N0	

<b>Director</b> Are you a Resident Canadian? (Applies to directors of business corporations only)	<b>Officer</b> State the appointment period for each of the following	<b>Other Titles (please specify)</b>
<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Chair <input type="checkbox"/> Chief Executive Officer
Date Elected		<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer
year month day		<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer
		<input type="checkbox"/> Chairwoman <input checked="" type="checkbox"/> Chief Operating Officer
Date Ceased		<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer
year month day		<input type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller
		<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer
		<input type="checkbox"/> Assistant Treasurer
		<input type="checkbox"/> Chief Manager
		<input type="checkbox"/> Executive Director
		<input type="checkbox"/> Managing Director

Note: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

# Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the *Ontario Business Corporations Act*)



To submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

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<input type="checkbox"/> Assistant Treasurer																																																																									
<input type="checkbox"/> Chief Manager																																																																									
<input type="checkbox"/> Executive Director																																																																									
<input type="checkbox"/> Managing Director	<input type="checkbox"/> Other (untitled)																																																																								

Note: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

CT23 Schedule 101

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2007-12-31
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**Part 1: Calculation of CMT Base**

**Banks** – Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.

**Life Insurance corporations** – Net income/loss before Special Additional Tax as determined under s.57.1(2)(c) or (d)

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ..... ± 2100 65,621,199.

**Subtract (to the extent reflected in net income/loss):**

Provision for recovery of income taxes / benefit of current income taxes	+	2101	
Provision for deferred income taxes (credits) / benefit of future income taxes	+	2102	
Equity income from corporations	+	2103	
Share of partnership(s)/joint venture(s) income	+	2104	
Dividends received/receivable deductible under fed.s.112	+	2105	18,022.
Dividends received/receivable deductible under fed.s.113	+	2106	
Dividends received/receivable deductible under fed.s.83(2)	+	2107	
Dividends received/receivable deductible under fed.s.138(6)	+	2108	

Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) ..... x 3 ..... + 2109

**Subtotal** ..... = 18,022. ▶ - 2110 18,022.

**Add (to extent reflected in net income/loss):**

Provision for current taxes / cost of current income taxes	+	2111	42,395,274.
Provision for deferred income taxes (debits) / cost of future income taxes	+	2112	
Equity losses from corporations	+	2113	
Share of partnership(s)/joint venture(s) losses	+	2114	
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	+	2115	

**Subtotal** ..... = 42,395,274. ▶ + 2116 42,395,274.

**Add/Subtract:**

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

** Fed.s.85	+	2117		or -	2118	
** Fed.s.85.1	+	2119		or -	2120	
** Fed.s.97	+	2121		or -	2122	

\*\* Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years ..... + 2123 ..... or - 2124

\*\* Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years ..... + 2125 ..... or - 2126

\*\* Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years ..... + 2127 ..... or - 2128

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income ..... - 2150

Capital gains on eligible donations of publicly-listed securities and ecologically sensitive land made after May 1, 2006 (to the extent reflected in net income/loss) ..... - 2155

**Subtotal (Additions)** ..... = ..... ▶ + 2129

**Subtotal (Subtractions)** ..... = ..... ▶ - 2130

\*\* Other adjustments ..... ± 2131

**Subtotal** ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 ..... = 2132 107,998,451.

\*\* Share of partnership(s)/joint venture(s) **adjusted** net income/loss ..... ± 2133

**Adjusted net income (loss)** (if loss, transfer to 2202 in **Part 2: Continuity of CMT Losses Carried Forward.**) ..... = 2134 107,998,451.

Deduct: \* CMT losses: pre-1994 Loss ..... + From 2210

\* CMT losses: other eligible losses ..... + 2211

..... = ..... ▶ - 2135

\* CMT losses applied cannot exceed adjusted net income or increase a loss

\*\* Retain calculations. Do not submit with this schedule.

**CMT Base** ..... = 2136 107,998,451.

Transfer to CMT Base on Page 8 of the CT23 or Page 6 of the CT8

## CT23 Schedule 101

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2007-12-31
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## Part 2: Continuity of CMT Losses Carried Forward

**Balance at Beginning of year** NOTES (1), (2) ..... + 2201 [ ]

**Add:** Current year's losses ..... + 2202 [ ]

Losses from predecessor corporations on  
amalgamation NOTE (3) ..... + 2203 [ ]

Losses from predecessor corporations on wind-up NOTE (3) .... + 2204 [ ]

Amalgamation (X) 2205 ☐ Yes Wind-up (X) 2206 ☐ Yes

**Subtotal** ..... = [ ] + 2207 [ ]

Adjustments (attach schedule) ..... ± 2208 [ ]

**CMT losses available** 2201 + 2207 ± 2208 ..... = 2209 [ ]

**Subtract:** Pre-1994 loss utilized during the year to reduce adjusted  
net income ..... + 2210 [ ]

Other eligible losses utilized during the year to reduce  
adjusted net income NOTE (4) ..... + 2211 [ ]

Losses expired during the year ..... + 2212 [ ]

**Subtotal** ..... = [ ] - 2213 [ ]

**Balances at End of Year** NOTE (5) 2209 - 2213 ..... = 2214 [ ]

## Notes:

- (1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.
- (2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and a 57.5(7))
- (3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))
- (4) CMT losses must be used to the extent of the lesser of the adjusted net income 2134 and CMT losses available 2209.
- (5) Amount in 2214 must equal sum of 2270 + 2290.

## Part 3: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1999-09-30	2260	2280
2241	8th preceding taxation year 2000-09-30	2261	2281
2242	7th preceding taxation year 2001-09-30	2262	2282
2243	6th preceding taxation year 2001-12-31	2263	2283
2244	5th preceding taxation year 2002-12-31	2264	2284
2245	4th preceding taxation year 2003-12-31	2265	2285
2246	3rd preceding taxation year 2004-12-31	2266	2286
2247	2nd preceding taxation year 2005-12-31	2267	2287
2248	1st preceding taxation year 2006-12-31	2268	2288
2249	Current taxation year 2007-12-31	2269	2289
<b>Totals</b>		2270	2290

The sum of amounts 2270 + 2290  
must equal amount in 2214.

## CT23 Schedule 101

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2007-12-31
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## Part 4: Continuity of CMT Credit Carryovers

Balance at Beginning of year NOTE (1) ..... + 2301 [ ]

Add: Current year's CMT Credit ( [280] on page 8 of the CT23  
or [347] on page 6 of the CT8. If negative, enter NIL) + From [280] or [347] [ ]

Gross Special Additional Tax NOTE (2) [312] on page 5 of CT8.

(Life Insurance corporations only.

Others enter NIL.) ..... + From [312] [ ]

Subtract Income Tax

( [190] on page 6 of the CT23 or  
page 4 of the CT8) ..... - From [190] [ ]

Subtotal (If negative, enter NIL) ... = [ ] - 2305 [ ]

Current year's CMT credit (If negative, enter NIL) [280] or [347] - 2305 ... = [ ] + 2310 [ ]

CMT Credit Carryovers from predecessor corporations NOTE (3) ..... + 2325 [ ]

Amalgamation (X) [2315] ☐ Yes Wind-up (X) [2320] ☐ Yes

Subtotal [2301] + [2310] + [2325] ..... = [2330] [ ]

Adjustments (Attach schedule) ..... ± 2332 [ ]

CMT Credit Carryover available [2330] ± 2332 ..... = [2333] [ ]

Transfer to Page 8 of the CT23 or Page 6 of the CT8

Subtract: CMT Credit utilized during the year to reduce income tax

( [310] on page 8 of the CT23 or [351] on page 6 of the CT8.) + From [310] or [351] [ ]

CMT Credit expired during the year ..... + 2334 [ ]

Subtotal ..... = [ ] - 2335 [ ]

Balance at End of Year NOTE (4) [2333] - [2335] ..... = [2336] [ ]

## Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) The CMT credit of life insurance corporations can be restricted (see s.43.1(3)(b)).
- (3) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (4) Amount in [2336] must equal sum of [2370] + [2390].

## Part 5: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year 1999-09-30	[2360]	[2380]
2341	8th preceding taxation year 2000-09-30	[2361]	[2381]
2342	7th preceding taxation year 2001-09-30	[2362]	[2382]
2343	6th preceding taxation year 2001-12-31	[2363]	[2383]
2344	5th preceding taxation year 2002-12-31	[2364]	[2384]
2345	4th preceding taxation year 2003-12-31	[2365]	[2385]
2346	3rd preceding taxation year 2004-12-31	[2366]	[2386]
2347	2nd preceding taxation year 2005-12-31	[2367]	[2387]
2348	1st preceding taxation year 2006-12-31	[2368]	[2388]
2349	Current taxation year 2007-12-31	[2369]	[2389]
Totals		[2370]	[2390]

The sum of amounts [2370] + [2390]  
must equal amount in [2336].

**Corporate Minimum Tax (CMT)**  
**CT23 Schedule 101 – Supporting Schedule**

Corporation's Legal Name <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>	Ontario Corporations Tax Account No. (MOF) <b>1800235</b>	Taxation Year End <b>2007-12-31</b>
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**CMT Losses Carried Forward Workchart**

**(i) Continuity of Pre-1994 CMT Losses**

	Corporation's Pre-1994 Loss	Predecessors' Pre-1994 Loss Amalgamation	Wind-Up
Date of the last tax year end before the corp's 1st tax year commencing after 1993 .....			
Pre-1994 Loss (per schedule) .....			
Less: Claimed in prior taxation years commencing after 1993 .....			
Pre-1994 Loss available for the current year .....			
Less: Deducted in the current year .....			
(max. = adj. net income for the year)			
Expired after 10 years .....			
Pre-1994 Loss Carryforward .....			

**(ii) Continuity of Other Eligible CMT Losses – Filing Corporation**  
**(for losses occurring in tax years commencing after 1993)**

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1998-09-30					
9th Prior Year	1999-09-30					
8th Prior Year	2000-09-30					
7th Prior Year	2001-09-30					
6th Prior Year	2001-12-31					
5th Prior Year	2002-12-31					
4th Prior Year	2003-12-31					
3rd Prior Year	2004-12-31					
2nd Prior Year	2005-12-31					
1st Prior Year	2006-12-31					
<b>Total</b>						

**Predecessor Corporations Only – Amalgamation**

Indicate the amounts of eligible CMT losses from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
2005-12-31						
2006-12-31						
<b>Total</b>						

Corporate Minimum Tax (CMT)  
CT23 Schedule 101 – Supporting Schedule

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

CMT Losses Carried Forward Workchart (continued)

Predecessor Corporations Only – Wind-Up						
Indicate the amounts of eligible CMT losses from predecessor corporations. <b>Do not include</b> these amounts in the 'opening balance' of the Filing Corporation.						
Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
2005-12-31						
2006-12-31						
Total						



**Corporate Minimum Tax (CMT)  
CT23 Schedule 101 – Supporting Schedule**

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**CMT Credit Carryovers Workchart**

**Filing Corporation**

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1998-09-30					
9th Prior Year	1999-09-30					
8th Prior Year	2000-09-30					
7th Prior Year	2001-09-30					
6th Prior Year	2001-12-31					
5th Prior Year	2002-12-31					
4th Prior Year	2003-12-31					
3rd Prior Year	2004-12-31					
2nd Prior Year	2005-12-31					
1st Prior Year	2006-12-31					
<b>Total</b>						

**Predecessor Corporations Only – Amalgamation**

Indicate the amounts of CMT credit carryovers from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
2005-12-31						
2006-12-31						
<b>Total</b>						

**Predecessor Corporations Only – Wind-Up**

Indicate the amounts of CMT credit carryovers from predecessor corporations. **Do not include** these amounts in the 'opening balance' of the Filing Corporation.

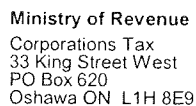
Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
2005-12-31						
2006-12-31						
<b>Total</b>						



## Corporate Minimum Tax - Associated Corporations

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Total Assets	Total Revenue
TORONTO HYDRO CORPORATION	1800236	2007-12-31	+ 2,135,971,741	+ 168,209,552
TORONTO HYDRO ENERGY SERVICES INC.	1800382	2007-12-31	+ 122,330,944	+ 32,695,692
TORONTO HYDRO TELECOM INC.	1800238	2007-12-31	+ 55,032,777	+ 37,613,921
1455948 Ontario Inc.	1800234	2007-12-31	+ 3,485,959	+ 1,231
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
<b>Totals</b>			= 2,316,821,421	= 238,520,396

Transfer to [ 249 ] of the CT23    Transfer to [ 250 ] of the CT23



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

(includes accounts payable to related parties outstanding at the taxation year end for 120 days or more, and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)

CORPORATE TAXPREP - 2008 V.1 Page 1 of 1



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

- For use by a corporation to claim any of the following:
  - Charitable donations;
  - Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
  - Gifts to Canada or a province;
  - Gifts of certified cultural property; or
  - Gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five year carry-forward.
- Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).
- For donations and gifts made after March 22, 2004, subsection 34(1.1) of the *Corporations Tax Act* parallels subsection 110.1(1.2) of the *Income Tax Act* and provides as follows:
  - where a particular corporation has undergone a change of control, for taxation years that end on or after the change of control, no corporation can claim a deduction for a gift made by a particular corporation to a qualified donee before the change of control;
  - if a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the change of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- File one completed copy of this schedule with your CT23.

## Part 1 – Charitable Donations

Charitable Donations at end of preceding taxation year	+		A
<b>Deduct:</b> Donations expired after 5 taxation years	–		B
Charitable donations at beginning of taxation year	=		C
<b>Add:</b> Donations transferred on amalgamation or wind-up of subsidiary	+		D
Total current year charitable donations made	+	29,084	E
<b>Subtotal D + E</b>	=	29,084	F
<b>Deduct:</b> Adjustment for an acquisition of control (for donations made after March 22, 2004)	–		G
Total donations available <b>C + F – G</b>	=	29,084	H
<b>Deduct:</b> Amount applied against taxable income (amount U, Part 2)	–	29,084	U
<b>Charitable donations closing balance</b>	=		I

## Part 2 – Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75%	=	97,390,183	J
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**Note:** For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Ontario taxable capital gains arising in respect of gifts of capital property	+		K
Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA	+		L

**Add the lesser of:**

- The amount of the recapture of capital cost allowance in respect of charitable gifts

M

- The lesser of:**

- Proceeds of dispositions less outlays and expenses

N

- The capital cost

O

The lesser of N and O

P

The lesser of M and P

+

Q

**Subtotal K + L + Q**

=

R

25% X

R

=

S

**Maximum deduction allowable J + S**

=

97,390,183

T

**Claim for charitable donations** (not exceeding the lesser of H from Part 1, T and net income for tax purposes)

29,084

U

Enter in 1 of the CT23

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2007-12-31
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**Part 3 – Gifts to Her Majesty in right of Ontario**

For use by a corporation claiming gifts to Her Majesty in right of Ontario, to Ontario Crown Agencies, or to Ontario Crown Foundations.

Gifts to Ontario Crown Agency or Ontario Crown Foundation at end of the preceding taxation year	..... +	
<b>Deduct:</b> Gifts expired after 5 years	..... -	
Gifts to Ontario Crown Agency or Ontario Crown Foundation at the beginning of the taxation year	..... =	
<b>Add:</b> Gifts transferred on amalgamation or wind-up of a subsidiary	..... +	
Total current year gifts	..... +	
<b>Subtotal</b>	..... =	
<b>Deduct:</b> Adjustment for an acquisition of control (for gifts made after March 22, 2004)	..... -	
Total gifts available	..... =	
<b>Deduct:</b> Amount applied against taxable income <u>2</u> of the CT23	..... -	
<b>Gifts to Ontario Crown Agency or Ontario Crown Foundation closing balance</b>	..... =	

Foundation Name	Date of Donation	Amount \$
<b>Total gifts to Her Majesty in right of Ontario</b>	..... =	

**Part 4 – Maximum Deduction Calculation for Gifts to Her Majesty in Right of Ontario**

Deduction is the lesser of:

1. Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario	.....		129,824,493 <sup>V</sup>
2. <b>Lesser of:</b>			
2a. Ontario Net Income for the taxation year	.....	129,853,577 <sup>W</sup>	
2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation	.....	X	
The lesser of <b>W</b> and <b>X</b>	.....		Y
<b>Maximum deduction allowable</b> the lesser of <b>V</b> and <b>Y</b>	.....		Z

Transfer to 2 of the CT23

**Part 5 – Gifts to Canada or a province other than Ontario**

Gifts to Canada or a province other than Ontario at the end of the preceding year	..... +	
<b>Deduct:</b> Gifts to Canada or a province other than Ontario expired after five taxation years	..... -	
<b>Gifts to Canada or a province other than Ontario at the beginning of the taxation year</b>	..... =	
<b>Add:</b> Gifts to Canada or a province other than Ontario transferred on amalgamation or wind-up of a subsidiary	..... +	
Total current year Gifts to Canada or a province other than Ontario (Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date.)	..... +	
<b>Subtotal</b>	..... =	
<b>Deduct:</b> Adjustment for an acquisition of control (for gifts made after March 22, 2004)	..... -	
Total gifts to Canada or a province other than Ontario available	..... =	
<b>Deduct:</b> Amount applied against taxable income	..... -	
<b>Gifts to Canada or a province other than Ontario closing balance</b>	..... =	

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2007-12-31
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**Part 6 – Gifts of certified cultural property**

Gifts of certified cultural property at the end of the preceding taxation year	.....	+	
<b>Deduct:</b> Gifts of certified cultural property expired after five years	.....	-	
<b>Gifts of certified cultural property at the beginning of the taxation year</b>	.....	=	
<b>Add:</b> Gifts of certified cultural property transferred on amalgamation or wind-up of a subsidiary	.....	+	
Total current year gifts of certified cultural property	.....	+	
<b>Subtotal</b>	.....	=	
<b>Deduct:</b> Adjustment for an acquisition of control (for gifts made after March 22, 2004)	.....	-	
Total gifts of certified cultural property available	.....	=	
<b>Deduct:</b> Amount applied against taxable income	.....	-	
<b>Gifts of certified cultural property closing balance</b>	.....	=	

**Part 7 – Gifts of certified ecologically sensitive land**

Gifts of certified ecologically sensitive land at the end of the preceding taxation year	.....	+	
<b>Deduct:</b> Gifts of certified ecologically sensitive land expired after five years	.....	-	
<b>Gifts of certified ecologically sensitive land at the beginning of the taxation year</b>	.....	=	
<b>Add:</b> Gifts of certified ecologically sensitive land transferred on amalgamation or wind-up of a subsidiary	.....	+	
Total current year gifts of certified ecologically sensitive land	.....	+	
<b>Subtotal</b>	.....	=	
<b>Deduct:</b> Adjustment for an acquisition of control (for gifts made after March 22, 2004)	.....	-	
Total gifts of certified ecologically sensitive land available	.....	=	
<b>Deduct:</b> Amount applied against taxable income	.....	-	
<b>Gifts of certified ecologically sensitive land closing balance</b>	.....	=	

**Part 8 – Analysis of balance by year of origin**

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2006-12-31					
2005-12-31					
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					
<b>Totals</b>					

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

- For a corporation that has disposed of capital property or claimed an allowable business investment loss, or both, in the taxation year.
- This schedule may be used to make a designation under section 34(10) of the *Corporations Tax Act* provided the corporation has made a designation under paragraph 111(4) (e) of the *Income Tax Act* (Canada), if control of the corporation has been acquired by a person or group of persons.

**Part A: Designation under section 34(10) of the *Corporations Tax Act***

Complete part A if there are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e) of the *Income Tax Act* (Canada) or section 34(10) of the *Corporations Tax Act*.

Property	Class #	Date of disposition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Other adjustments	Designated amount	Gain or loss

**Part B: Inter-provincial asset transfers**

Complete part B if there was any disposition shown on the schedule as a result of a federal election under section 85 of the *Income Tax Act* (Canada) that transferred assets to a non-arm's length corporation with a permanent establishment in another Canadian jurisdiction.

Property	Class #	Corporation name of transferee/or	Date of disposition YYYY/MM/DD	Cost of asset in other jurisd.	Name of other jurisdiction	Allocation ratio to other jurisdictions	Ontario elected amount	Gain or loss
						%		
						%		
						%		
						%		

**Part 1 – Shares**

1 Types of capital property			2 Date of acquisition YYYY/MM/DD	3 Date of disposition YYYY/MM/DD	4 Proceeds of disposition	5 Ontario adjusted cost base	6 Outlays and expenses	7 Ontario gain or (loss) (col. 4 less cols. 5 & 6)
No. of shares	Name of corporation	Class of shares						
1 14,080	Sun Life Financia				725,110			725,110
2								
Totals								725,110 <sup>A</sup>



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

1 Types of capital property	2 Date of acquisition YYYY/MM/DD	3 Date of disposition YYYY/MM/DD	4 Proceeds of disposition	5 Ontario adjusted cost base	6 Outlays and expenses	7 Ontario gain or (loss) (col. 4 less cols. 5 & 6)
--------------------------------	---	---	---------------------------------	------------------------------------	------------------------------	---

**Part 2 – Real Estate** (Do not include losses on depreciable property)

	Municipal address	2	3	4	5	6	7
1	105 Orfus Road Toronto ON			478,767			478,767
2	35 Mowat Ave Toronto ON			669,319	179,455		489,864
3	3706 Bathurst St Toronto ON			478,800			478,800
4							
Totals							1,447,431 <sup>B</sup>

**Part 3 – Bonds**

	Face value	Maturity date YYYY/MM/DD	Name of issuer	2	3	4	5	6	7
1									
Totals									C

**Part 4 – Other properties** (Do not include losses on depreciable property)

	Description	2	3	4	5	6	7
1							
Totals							D

**Part 5 – Personal-use property**

	Description of capital property	2	3	4	5	6	7
1							

Note: Losses are not deductible

Net gain or (loss)							E
--------------------	--	--	--	--	--	--	---

**Part 6 – Listed personal property**

	Description	2	3	4	5	6	7
1							

Deduct: Unapplied listed personal property losses from other years

Net gain or (loss)							F
--------------------	--	--	--	--	--	--	---

Note: Net listed personal property losses may only be applied against personal property gains.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Part 7 – Property qualifying for and resulting in an allowable business investment loss**

1 Name of small business corporation	Shares – enter 1 Debt – enter 2	2 Date of acquisition YYYY/MM/DD	3 Date of disposition YYYY/MM/DD	4 Proceeds of disposition	5 Ontario adjusted cost base	6 Outlays and expenses	7 Ontario loss (col. 4 less cols. 5 & 6)
1							
<b>Totals</b>							
Net Loss							<b>G</b>

*Note: Properties listed in Part 7 should not be included in any other Part of Schedule 6.*

Allowable business investment loss ..... **G** x 50 % = **G1**  
 Transfer to **678** of the CT23 or CT8

**Determining capital gains and capital losses**

Total of A to F (Do not include F if it is a loss)	2,172,541
<b>Add:</b> Amount (if any) of capital gain reserve opening balance from Schedule 13	+
Capital gain dividend received in the year	+
Subtotal	= 2,172,541
<b>Deduct:</b> Amount (if any) of capital gain reserve closing balance from Schedule 13	-
<b>Gain or Loss</b> (excluding Allowable Business Investment Losses)	= 2,172,541 <b>H</b>

**Determining taxable capital gains**

Gain or Loss (excluding Allowable Business Investment Losses)	2,172,541 <b>H</b>
<b>Deduct:</b>	
Gain on donations (made to charities other than private foundations) of securities listed on a prescribed stock exchange	
realized prior to May 2, 2006	x 50 % -
realized after May 1, 2006	-
Gain on donation of ecologically sensitive land	
realized prior to May 2, 2006	x 50 % -
realized after May 1, 2006	-
<b>Gains or Loss</b>	2,172,541 <b>I</b>
Include 100% of the losses in box <b>711</b> of the CT23 or CT8	
<b>Taxable capital gains</b>	2,172,541 <b>I</b> x 50 % = 1,086,271 <b>J</b>
Transfer to <b>603</b> of the CT23 or CT8	

Corporation's Legal Name <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>		Ontario Corporations Tax Account No. (MOF) <b>1800235</b>	Taxation Year End <b>2007-12-31</b>
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Is the corporation electing under regulation 1101(5q)?												
1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	Cost of acquisitions during the year (new property must be available for use)  See note 1 below	Net adjustments (show negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)  See note 2 below	Reduced undepreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	1,330,505,148	2,164,452	-1,625,212	101,705	1,330,942,683	1,031,374	1,329,911,309	4	0	0	53,196,452	1,277,746,231
8	37,945,835	7,446,629	162,348	0	45,554,812	3,723,315	41,831,497	20	0	0	8,366,299	37,188,513
10	15,098,964	4,570,350	-384,085	218,132	19,067,097	2,176,109	16,890,988	30	0	0	5,067,296	13,999,801
12	8,403,659	12,866,277	658,418	0	21,928,354	6,433,139	15,495,215	100	0	0	15,495,215	6,433,139
17	7,201,455	1,261,892	1	0	8,463,348	630,946	7,832,402	8	0	0	626,592	7,836,756
2	477,604,232		1	0	477,604,233		477,604,233	6	0	0	28,656,254	448,947,979
	67,540,773	61,540,119	34,509	0	129,115,401	30,770,060	98,345,341	0	0	0		129,115,401
45	2,712,645	1,878,540	3,950	0	4,595,135	939,270	3,655,865	45	0	0	1,645,139	2,949,996
13	22,606		-1	0	22,605		22,605	N/A	0	0	22,605	
See schedule	210,281,383	180,838,572			391,119,955	90,419,286	300,700,669				25,147,248	365,956,321
Totals	2,157,316,700	272,566,831	-1,150,071	319,837	2,428,413,623	136,123,499	2,292,290,124				138,223,100	2,290,174,137

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the *Income Tax Act* (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.

# Ontario Capital Cost Allowance Schedule 8

Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED										Ontario Corporations Tax Account No. (MOF) 1800235		Taxation Year End 2007-12-31
1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
47	209,174,397	169,286,638	-1	0	378,461,034	84,643,319	293,817,715	8	0	0	23,505,417	354,955,617
10.1	19,278			N/A	19,278		19,278	30	N/A	N/A	2,892	
10.1	19,278			N/A	19,278		19,278	30	N/A	N/A	5,783	13,495
13	1,068,430		1	0	1,068,431		1,068,431	N/A	0	0	237,429	831,002
13		10,072,176		0	10,072,176	5,036,088	5,036,088	N/A	0	0	1,007,218	9,064,958
42		85,696		0	85,696	42,848	42,848	12	0	0	5,142	80,554
50		1,394,062		0	1,394,062	697,031	697,031	55	0	0	383,367	1,010,695
<b>Totals</b>	<b>210,281,383</b>	<b>180,838,572</b>			<b>391,119,955</b>	<b>90,419,286</b>	<b>300,700,669</b>				<b>25,147,248</b>	<b>365,956,321</b>

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

**Part 1 – Calculation of current year deduction and carry-forward**

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) = + 15,230,569 **A**

Add: Cost of eligible capital property acquired during the taxation year + 120,366 **B**

Other adjustments + **C**
**B + C** = 120,366 × 3 / 4 = 90,275 **D**

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 × 1 / 2 = - **E**
**D minus E** (if negative, enter zero) = 90,275 + 90,275 **F**

Amount transferred on amalgamation or wind-up of subsidiary + **G**

Subtotal **A + F + G** = 15,320,844 **H**

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year + **I**

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + **J**

Other adjustments + **K**
**I + J + K** = × 3 / 4 = - **L**

Ontario cumulative eligible capital balance **H** minus **L** = 15,320,844 **M**

If **M** is negative, enter zero at line **Q** and proceed to **Part 2**, page 2.

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business . . . . . **N**

From **M** 15,320,844

From **N** -

Current year deduction **M** minus **N** = 15,320,844 × 7 % = + 1,072,459 **O**
**N + O** = 1,072,459 - 1,072,459 **P**

**Note:** The maximum current year deduction is 7%. Any amount up to the maximum deduction of 7% may be claimed.  
For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance **M** minus **P** (if negative, enter zero) = 14,248,385 **Q**

See page 2 - Part 2

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Part 2 – Amount to be included in income arising from disposition***Complete this part only if the amount at line M is negative.*

Amount from line M above. *Show this as a positive amount; not negative.* ..... R

Total cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988 ..... + ..... 1

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA ..... + ..... 2

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 ..... + ..... 3

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 ..... - ..... 4

Deduct line 4 from line 3 (if negative, enter zero) ..... = ..... 5

Total lines 1 + 2 + 5 ..... = ..... 6

Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 1 ..... 7

Amounts at Line Z from Ontario Schedule 10 of previous taxation years ending after February 27, 2000  
(This will be Line T in earlier versions of this schedule.) ..... + ..... 8

Total lines 7 + 8 ..... = ..... 9

Deduct line 9 from line 6 (if negative, enter zero) ..... = ..... S

R minus S (if negative, enter zero) ..... = ..... T

From Line 5 ..... x 1 / 2 ..... = ..... U

T minus U (if negative, enter zero) ..... = ..... V

From V ..... x 2 / 3 ..... = ..... W

Lesser of R and S ..... = + ..... Z

Amount to be included in income W + Z ..... = .....



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

For use by a corporation to provide a continuity of all reserves claimed which are allowed for tax purposes.

### Part 1 – Capital gains reserves

Description of property	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
1					
<b>Totals</b>	<b>A</b>	<b>B</b>			<b>C</b>

The total capital gains reserve at the beginning of the taxation year **A** plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary **B**, should be entered on Schedule 6; and the total capital gains reserve at the end of the taxation year **C**, should also be entered on Schedule 6.

### Part 2 – Other reserves

Description	Ontario balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add	Deduct	Ontario balance at the end of the year \$
Reserve for doubtful debts					
Reserve for undelivered goods and services not rendered					
Reserve for prepaid rent					
Reserve for December 31, 1995 income					
Reserve for refundable containers					
Reserve for unpaid amounts					
Other tax reserves	1				1
<b>Totals</b>	<b>D</b> 1	<b>E</b>			<b>F</b> 1

The amount from **D** plus the amount from **E** should be entered in **607** of the CT23.

The amount from **F** should be entered in **654** of the CT23.

### Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
POEB	122,343,778		15,499,223			137,843,001
AFDA	11,310,387			1,014,530		10,295,857
Inventory Obsolescence	727,887			236,015		491,872
Termination Accrual	1,288,212			296,291		991,921
Reserves from Part 2						
<b>Totals</b>	<b>135,670,264</b>		<b>15,499,223</b>	<b>1,546,836</b>		<b>149,622,651</b>

Enter in box **653** of the CT23

Enter in box **606** of the CT23

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

This schedule is used to calculate Ontario Scientific Research and Experimental Development Expenditures (SR & ED). The rules used in the calculation of Ontario SR & ED follow the federal rules with the exception of the new Ontario measure introduced in the 2001 Ontario Budget and implemented in Bill 127 which received Royal Assent on December 5, 2001.

This schedule must be completed by all corporations performing qualified Ontario SR & ED in a "specified taxation year" or in the taxation year immediately preceding the first specified taxation year of the corporation and filed with the current CT23 or CT8. Other corporations may use this schedule, if they have claimed or are claiming a different SR & ED amount for Ontario than for federal income tax purposes.

- **"Specified Taxation Year" (STY)** is the taxation year of the corporation that begins after February 29, 2000 and ends after December 31, 2000.
- **"Investment Tax Credit Amount" (ITC)** means, in respect of a corporation for a taxation year, an amount deducted by the corporation for a preceding taxation year under subsection 127(5) or (6) of the *Income Tax Act* (Canada) (ITA).
- **"Qualified Ontario SR & ED Expenditure" (QORD)** means,
  - A. A qualified expenditure within the meaning of subsection 12(1) of the *Corporations Tax Act* (CTA) that is made or incurred by a corporation in a STY or in the taxation year immediately preceding the first STY of the corporation, or
  - B. An expenditure made or incurred by a partnership in a fiscal period that ends in a STY of a corporation if,
    - the corporation is member of the partnership at any time in the STY, and
    - the expenditure would be a qualified expenditure within the meaning of subsection 12(1) of the CTA if it were made by a corporation.
- **"Ontario Allocation Factor" (OAF)** has the meaning given to that expression by subsection 12(1) of the CTA.

- If a corporation includes a federal ITC amount in determining the amount of the Ontario pool of deductible SR & ED expenditures for a STY, the following amounts are adjusted by the OAF:
  - Amount of recaptured federal ITC relating to QORD for property disposed of in the preceding taxation year in 442 on page 2.
  - Amount of federal ITC relating to QORD claimed federally in the preceding taxation year(s) in 462 on page 2.
  - Amount of federal ITC relating to QORD allocated from partnerships in the current taxation year in 465 on page 2.
- Federal ITCs earned on shared-use equipment (SUE) reduce the capital cost of the property acquired for federal and Ontario income tax purposes in the taxation year after the taxation year in which the ITC is claimed federally. The amount of the federal ITC that relates to QORD on SUE is added to the SR & ED pool for Ontario purposes in the taxation year after the taxation year in which the ITC is claimed federally.



**Ontario Scientific Research and  
Experimental Development Expenditures  
CT23 Schedule 161**

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Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2007-12-31
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**Ontario Pool of Deductible SR & ED Expenditures for the current taxation year**

Total allowable SR & ED expenditures (capital and current)  
(From line 400 federal T661 (T2 SCH32)) ..... + 400 [ ]

**Less:** Government and non-government assistance  
(From line 430 federal T661 (T2 SCH32)) ..... - 430 [ ]

Preceding year's amount of federal ITC claimed for SR & ED  
(From line 435 federal T661 (T2 SCH32)) ..... - 435 [ 997,924 ]

Sale of SR & ED capital assets and other deductions  
(From line 440 federal T661 (T2 SCH32)) ..... - 440 [ ]

Amount of recaptured federal ITC (From line 453 federal T661 (T2 SCH32))  
relating to QORD for property disposed of in the preceding taxation year 442 [ ]

Gross-up for Ontario allocation factor From 442 [ ] ÷ 100.0000% - - - = - 444 [ ]  
(From 30 of the CT23 or CT8)

**Subtotal:** 400 - 430 - 435 - 440 - 444 ..... = 445 [ -997,924 ]

**Add:** Repayments of government and non-government assistance  
(From line 445 federal T661 (T2 SCH32)) ..... + 446 [ ]

SR & ED expenditure pool transferred on amalgamation or wind-up  
(From line 452 federal T661 (T2 SCH32)) ..... + 452 [ ]

Amount of federal ITC recaptured in the preceding taxation year  
(From line 453 federal T661 (T2 SCH32)) ..... + 453 [ ]

Preceding year's balance in pool of deductible Ontario SR & ED expenditures  
(From 480 of the preceding taxation year) ..... + 460 [ ]

Federal ITC relating to QORD **claimed** federally in the preceding  
taxation year(s) ..... + 462 [ 997,924 ]  
(From 575 on Page 3)

Amount of federal ITC relating to QORD allocated from partnerships  
in the current taxation year ..... + 465 [ ]

Subtotal 462 + 465 ..... = 468 [ 997,924 ]

Gross-up for Ontario allocation factor From 468 [ 997,924 ] ÷ 100.0000% - - - = + 470 [ 997,924 ]  
(From 30 of the CT23 or CT8)

**Subtotal:** 445 + 446 + 452 + 453 + 460 + 470

(If the amount in 473 is negative, enter zero, in 475, 477 and add 473 to 615 of the 2002 CT23 or CT8  
or 616 of the 2003 or later CT23 or CT8. If the amount in 473 is positive, enter the amount in 475 .) = 473 [ ]

**Amount available for deduction** ..... = 475 [ ]

**Deduction claimed in the taxation year for Ontario**

(Enter the SR & ED expenditure pool deduction claimed in the taxation year in 679 of the CT23 or CT8) .... - 477 [ ]

**Ontario current taxation year closing balance**

**in pool of deductible SR & ED expenditures** 475 - 477 ..... = 480 [ ]

(Transfer this amount to 460 as the carry forward amount for the next taxation year.)

**Ontario Scientific Research and  
Experimental Development Expenditures  
CT23 Schedule 161**

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Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
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**Calculation of Preceding Taxation Year Amount and Account Balances - Federal ITC from SR & ED  
Expenditures relating to QORD.**

- This page is used to calculate the amount of the federal ITC that relates to SR & ED performed in Ontario for certain taxation years and is used to increase the amount of the Ontario SR & ED pool on page 2.
- All amounts on this page are based on the preceding taxation year since the amount of the federal ITC that relates to QORD can only be used to increase the Ontario pool for SR & ED in the current taxation year if there was a federal ITC claimed for federal purposes in the preceding taxation year that related to QORD.
- **Do not include amounts** of federal ITCs that relate to QORD that were **allocated from a partnership**. These amounts are added to your SR & ED pool for Ontario in the taxation year that they are allocated from a partnership to a corporation, not in the year after they are claimed federally.

**Opening Balance:**

(Enter amount  from Schedule 161 of the preceding taxation year, if any) . . . . . +

**Add:** Amount of federal ITC earned, relating to QORD  
(QORD portion of line  federal T2 SCH31 for the preceding taxation year) . . . . . +  .  
Amount of federal ITC earned, relating to QORD, transferred on amalgamation or wind-up  
(QORD portion of line  federal T2 SCH31 for the preceding taxation year) . . . . . +  .

**Subtotal:**  +  +  . . . . . =  .

**Deduct:** Amount of federal ITC, relating to QORD, claimed federally  
(QORD portion of line  federal T2 SCH31 for the preceding taxation year) . . . . . +  .  
Amount of federal ITC, relating to QORD, carried back federally to a preceding taxation year(s)  
(QORD portion of line P federal T2 SCH31 for the preceding taxation year) . . . . . +  .

A refund of federal ITC, relating to QORD, claimed federally  
(QORD portion of line  federal T2 SCH31 for the preceding taxation year) . . . . . +  .

Amount of federal ITC, relating to QORD, deemed as a remittance of co-op corporations  
(QORD portion of line  federal T2 SCH31 for the preceding taxation year) . . . . . +  .

**Subtotal:**  +  +  +  . . . . . =  .

(Transfer this amount to  on Page 2)

**Deduct:** Amount of federal ITC, relating to QORD, expired per the ITA after 10 taxation years . . . . .  
(QORD portion of line  federal T2 SCH31 for the preceding taxation year) . . . . . -  .

**Closing Balance:**  -  -  . . . . . =  .

(Transfer this amount to  as the opening balance for the next taxation year.)

**Ontario Scientific Research and  
Experimental Development Expenditures  
CT23 Schedule 161**

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Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Continuity Schedule for Federal ITC relating to SR & ED Expenditures for the Preceding Taxation Year**

- All amounts on this page are based on the preceding taxation year.
- Amounts on this page should tie into Part 12 of federal T2 SCH31 completed for the preceding taxation year.

Yr. of Origin (Oldest yr. first) yyyy mm dd	Opening Balance	Additions	Deductions (other than amounts that were allocated from a partnership)	Deductions (only amounts that were allocated from a partnership)	Closing Balance
1997-09-30					
1998-09-30					
1999-09-30					
2000-09-30					
2001-09-30					
2001-12-31					
2002-12-31					
2003-12-31					
2004-12-31					
2005-12-31					
2006-12-31		997,924	997,924		
<b>Totals</b> (see note 1, 2 and 3)	725	740 997,924	755 997,924	770	785

**Notes:**

1. The amount in 725 should equal the amount of the investment tax credit at the end of the preceding taxation year less line 515 in Part 12 of the federal T2 SCH31 for the preceding taxation year.
2. The amount in 785 should equal the closing balance in line 620 in Part 12 of the federal T2 SCH31 for the preceding taxation year.
3. It is important that the amounts in the deductions columns on this page correctly reflect the year of origin of the federal ITC claimed because only amounts relating to QORD can be used to increase the Ontario SR & ED pool.

**Ontario Scientific Research and  
Experimental Development Expenditures  
CT23 Schedule 161**

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Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
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**Continuity Schedule for the Amount of Federal ITC from SR & ED Expenditures relating to QORD for the Preceding Taxation Year**

- This page is required to record the amount of the ITC that relates to QORD by year of origin.
- All amounts on this page are based on the preceding taxation year.
- **Do not** include amounts of federal ITCs that relate to QORD that were **allocated from a partnership** (see text at the top of page 3).

Yr. of Origin (Oldest yr. first) yyyy mm dd	Opening Balance	Additions	Deductions	Closing Balance
2000-09-30				
2001-09-30				
2001-12-31				
2002-12-31				
2003-12-31				
2004-12-31				
2005-12-31				
2006-12-31		997,924	997,924	
<b>Totals</b> (see note 1 - 6)	825	840 997,924	855 997,924	870

**Notes:**

1. The amount in  should equal  on page 3.
2. The amount in  should equal the total of  and  on page 3.
3. The amount in  should equal  on page 3.
4. The amount in  should equal  on page 3.
5. Any deductions that are recorded in the deduction column on this page must be taken out of the same year of origin as indicated in the deduction column on page 4. These deductions must be related to QORD and must not have been allocated from a partnership.
6. The amount of federal ITC relating to QORD will expire if the federal ITC it relates to expires before it is claimed federally.

### CT23 SCHEDULE 591

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

The following associated group of corporations includes all the corporations in this associated group (excluding financial institutions and corporations exempt from capital tax) having a permanent establishment in Canada and are hereby making an election under subsection 69(2.1) of the *Corporation Tax Act* to allocate the tax effect of the group's taxable capital deduction (TCD) as calculated in section B1 on page 10 of the CT23 for all taxation years which end in the 2007 calendar year, based on each corporation's total assets and Ontario allocation factor from each corporation's last taxation year ending in the 2006 calendar year.

***Applies to taxation years ending in the 2007 calendar year.***

Corporation having a permanent establishment in Canada	Last taxation year ending in 2006 calendar year	Ontario Allocation <b>A</b>	Total Assets <b>T</b>	Net Deduction $A \times TE \times (T+X)$ <b>ND</b>	Allocation of Net Deduction <b>AND</b>
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				<b>995</b>
1800235	2006-12-31	100.0000	2,280,810,920	13,931	28,126

Corporation Name

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

#### Tax Effect (TE) of Taxable Capital Deduction

From CT23, Page 10, Section B:

$$\text{TCD } \boxed{503} \times \frac{\text{Capital Tax Rate } \boxed{516}}{12,500,000} = \text{TE } 28,125$$

Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				<b>995</b>
1800236	2006-12-31	100.0000	2,121,282,891	12,957	

Corporation Name

TORONTO HYDRO CORPORATION

#### Tax Effect (TE) of Taxable Capital Deduction

From CT23, Page 10, Section B:

$$\text{TCD } \boxed{503} \times \frac{\text{Capital Tax Rate } \boxed{516}}{12,500,000} = \text{TE } 28,125$$

Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				<b>995</b>
1800382	2006-12-31	100.0000	146,804,031	897	

Corporation Name

TORONTO HYDRO ENERGY SERVICES INC.

#### Tax Effect (TE) of Taxable Capital Deduction

From CT23, Page 10, Section B:

$$\text{TCD } \boxed{503} \times \frac{\text{Capital Tax Rate } \boxed{516}}{12,500,000} = \text{TE } 28,125$$

Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				<b>995</b>
See Schedule			55,815,404	341	

Corporation Name

#### Tax Effect (TE) of Taxable Capital Deduction

From CT23, Page 10, Section B:

$$\text{TCD } \boxed{503} \times \frac{\text{Capital Tax Rate } \boxed{516}}{12,500,000} = \text{TE }$$

If insufficient space, attach list.

**Total Assets** of Associated Group having permanent establishments in Canada **X** 4,604,713,246 **959**

**Total Net Deductions** of Associated Group having permanent establishments in Canada **TND** 28,126 **994**

**Total Allocated Net Deductions** of Associated Group having permanent establishments in Canada **TAND** 28,126

# 2007 Capital Tax Election of Associated Group Agreement for Allocation of Taxable Capital Deduction (TCD)

## CT23 SCHEDULE 591

Corporation's Legal Name <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>		Ontario Corporations Tax Account No. (MOF) <b>1800235</b>	Taxation Year End <b>2007-12-31</b>	
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Corporation having a permanent establishment in Canada	Last taxation year ending in 2006 calendar year	Ontario Allocation <b>A</b>	Total Assets <b>T</b>	Net Deduction $A \times TE \times (T+X)$ <b>ND</b>	Allocation of Net Deduction <b>AND</b>
Corporation Tax Account Number (if applicable) <b>1800238</b>	YEAR MONTH DAY <b>2006-12-31</b>	<b>100.0000</b>	<b>47,476,114</b>	<b>290</b>	<b>995</b>
Corporation Name <b>TORONTO HYDRO TELECOM INC.</b>					
<b>Tax Effect (TE) of Taxable Capital Deduction</b> From CT23, Page 10, Section B:					
TCD <b>503</b> <u>12,500,000</u> $\times$ <b>Capital Tax Rate</b> <b>516</b> <u>0.225</u> = <b>TE</b> <u>28,125</u>					
Corporation Tax Account Number (if applicable) <b>1800234</b>	YEAR MONTH DAY <b>2006-12-31</b>	<b>100.0000</b>	<b>8,339,290</b>	<b>51</b>	<b>995</b>
Corporation Name <b>1455948 Ontario Inc.</b>					
<b>Tax Effect (TE) of Taxable Capital Deduction</b> From CT23, Page 10, Section B:					
TCD <b>503</b> <u>12,500,000</u> $\times$ <b>Capital Tax Rate</b> <b>516</b> <u>0.225</u> = <b>TE</b> <u>28,125</u>					

**Total Assets** of Associated Group having permanent establishments in Canada    **X**    55,815,404    **959**

**Total Net Deductions** of Associated Group having permanent establishments in Canada    . . .    **TND**    341    **994**

**Total Allocated Net Deductions** of Associated Group having permanent establishments in Canada    . . . . .    **TAND**    \_\_\_\_\_

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Instructions for completing the CETC Claim Form**

- Enter the relevant details for each qualifying work placement, including the amount of tax credit.
- Your total tax credit for the taxation year is equal to the sum of the tax credits for each qualifying work placement.
- Enter the total tax credit claimed on line **192**, page 7 of the CT23 Long, or page 4 of the CT23 Short, or page 4 of the CT8.
  - The maximum amount of credit that can be claimed in respect of each work placement is \$1,000.
- Ensure you have the following documentation (Do not include with the form or tax return.):
  - a letter of certification from the Ontario college, university other post-secondary institution, containing information as specified by the Minister, stating that the student is enrolled in a qualifying education program; or
  - a voucher for leading-edge technology programs, other than an apprenticeship, stating that the educational program meets the definition of a qualifying program in leading-edge technology and that the work performed by that student during the work placement is in a related field.
- The credit is **considered government assistance** and is therefore **to be included in income** in the year the credit is claimed.

**Summary of Co-operative Education Tax Credit Claimed**

Complete a separate entry for each student work placement which ended during the corporation's taxation year. The tax credit is for co-op work placements and leading-edge technology work placements. A work placement is generally considered to be a full-time work assignment for up to 4 months in duration.

Example: If a corporation, with a December 31, 2001 taxation year end, hires an eligible student from September 1, 2001 until April 30, 2002, this would be considered 2 work placements. The first work placement is September 1, 2001 to December 31, 2001 and would be claimed in the 2001 taxation year. The second placement is January 1, 2002 to April 30, 2002 and must be claimed in the 2002 taxation year.

**Qualifying Work Placements**

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates  year   month   day	Eligible Costs of Placement (ECP)	* Credit Claimed (See notes below) (max. \$1,000 per work placement)
Seneca College	██████████	██████████	From 2007-09-04	11,640	1,000
Accounting and Financ	██████████	██████████	To 2007-12-21		
University of Waterloo	██████████	██████████	From 2007-09-04	11,757	1,000
Electrical Engineering	██████████	██████████	To 2007-12-21		
See schedule			From	970,464	79,382
			To		
insufficient space, attach schedule				5774	5798
Totals				993,861	81,382

Transfer to **192** on Page 7 of the CT23 Long  
or Page 4 of the CT23 Short,  
or Page 4 of the CT8

**note:** Enter corporation's salaries & wages paid in the preceding taxation year **A** \$ **600,000**

**A** is \$600,000 or greater use 10%. If A is \$400,000 or less use 15%.

**A** is over \$400,000 but less than \$600,000 use the following formula to calculate the rate:

rate =  $.15 - [.05 \text{ (From } \text{A } 600,000 - \$400,000) \div \$200,000]$

deductible rate used: **10.0000**%. \*Credit claimed equals ECP multiplied by rate.

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Qualifying Work Placements**

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates			Eligible Costs of Placement (ECP)	Credit Claimed (max. \$1,000 per work placement)
			year	month	day		
University of Waterloo Electrical Engineering			From			11,757	1,000
Sheridan College Mechanical Engineering			From			11,831	1,000
Sheridan College Mechanical Engineering			From			12,059	1,000
Centennial College Mechanical Engineering			From			10,324	1,000
Sheridan College Electricmechanical			From			12,059	1,000
University of Waterloo Management			From			10,673	1,000
Georgian College Electrical Eng. Tech. -			From			12,049	1,000
University of Waterloo Applied Sciences, Mact			From			24,156	1,000
Georgian College Electrical Eng. Tech - /			From			11,689	1,000
Sheridan College Electromechanical			From			12,059	1,000
George Brown College B408			From			10,673	1,000



Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Qualifying Work Placements**

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates	Eligible Costs of Placement (ECP)	Credit Claimed (max. \$1,000 per work placement)
			year month day		
Seneca College Computer Programmin			From 2007-09-04	12,242	1,000
			To 2007-12-21		
University of Waterloo Mechatronics Engineer			From 2007-09-04	24,007	1,000
			To 2007-12-21		
Seneca College Human Resources Mar			From 2007-09-04	10,673	1,000
			To 2007-12-21		
Centennial College Mechanical Eng Tech.			From 2007-09-04	10,255	1,000
			To 2007-12-21		
Georgian College Electrical Engineering			From 2007-09-04	11,912	1,000
			To 2007-12-21		
University of Waterloo Math/Bus-Human Res			From 2007-09-04	11,757	1,000
			To 2007-12-21		
Humber College Enterprise Software De			From 2007-09-10	11,162	1,000
			To 2007-12-21		
University of Toronto Management			From 2007-09-04	10,262	1,000
			To 2007-12-21		
University of Waterloo Electrical Engineering			From 2007-09-04	11,886	1,000
			To 2007-12-21		
University of Toronto Management			From 2007-09-04	9,696	970
			To 2007-12-21		
University of Toronto Electrical Engineering			From 2007-09-04	23,355	1,000
			To 2007-12-21		

Corporation's Legal Name <b>TORONTO HYDRO-ELECTRIC SYSTEM LIMITED</b>	Ontario Corporations Tax Account No. (MOF) <b>1800235</b>	Taxation Year End <b>2007-12-31</b>
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**Qualifying Work Placements**

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates			Eligible Costs of Placement (ECP)	Credit Claimed (max. \$1,000 per work placement)
			year	month	day		
Georgian College Electrical Eng. Tech. -			From	2007-09-11		10,542	1,000
			To	2007-12-21			
University of Waterloo Environmental Engineer			From	2007-09-04		11,757	1,000
			To	2007-12-21			
University of Waterloo Mechanical Engineering			From	2007-09-04		12,113	1,000
			To	2007-12-21			
Georgian College Electrical Engineering			From	2007-09-11		11,138	1,000
			To	2007-12-21			
University of Waterloo Combinatorics & Optim			From	2007-09-04		11,757	1,000
			To	2007-12-21			
Centennial College Mechanical Engineering			From	2007-09-04		11,686	1,000
			To	2007-12-21			
University of Waterloo Electrical Engineering			From	2007-09-04		11,757	1,000
			To	2007-12-21			
University of Waterloo Mathematics			From	2007-09-04		8,877	888
			To	2007-12-21			
University of Waterloo System Design Engineer			From	2007-09-04		11,912	1,000
			To	2007-12-21			
Brock University BA Political Science			From	2007-09-05		9,997	1,000
			To	2007-12-21			
University of Waterloo Chemical Engineering			From	2007-09-04		11,757	1,000
			To	2007-12-21			

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Qualifying Work Placements**

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates			Eligible Costs of Placement (ECP)	Credit Claimed (max. \$1,000 per work placement)
			year	month	day		
Seneca College Corporate Communicat			From			10,673	1,000
			2007-09-04				
			To				
			2007-12-21				
Centennial College Mechanical Engineering			From			11,562	1,000
			2007-04-30				
			To				
			2007-08-31				
Centennial College Mechanical Engineering			From			13,394	1,000
			2007-04-30				
			To				
			2007-08-31				
Humber College Architectural Technolo			From			13,431	1,000
			2007-04-30				
			To				
			2007-08-31				
Seneca College Computer Programing			From			13,673	1,000
			2007-04-30				
			To				
			2007-08-31				
University of Toronto Industrial Engineering			From			11,906	1,000
			2007-04-30				
			To				
			2007-08-17				
Humber College Architectural Technolo			From			13,395	1,000
			2007-04-30				
			To				
			2007-08-31				
Centennial College Mechanical Engineering			From			6,223	622
			2007-04-30				
			To				
			2007-08-31				
University of Toronto Electrical Engineering			From			11,677	1,000
			2007-05-14				
			To				
			2007-08-31				
University of Toronto Management			From			12,429	1,000
			2007-04-30				
			To				
			2007-09-05				
Humber College Architectural Technolo			From			13,431	1,000
			2007-04-30				
			To				
			2007-08-31				

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

## Qualifying Work Placements

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates			Eligible Costs of Placement (ECP)	Credit Claimed (max. \$1,000 per work placement)
			year	month	day		
Centennial College Mechanical Engineering			From			11,587	1,000
			2007-04-30				
			To				
			2007-08-31				
York University Computer Engineering			From			12,262	1,000
			2007-04-30				
			To				
			2007-08-17				
University of Waterloo Computer Science			From			15,306	1,000
			2007-04-30				
			To				
			2007-09-05				
University of Waterloo Mathematics			From			10,518	1,000
			2007-04-30				
			To				
			2007-08-31				
McMaster University Engineer 2 EE0			From			13,727	1,000
			2007-04-30				
			To				
			2007-08-31				
Seneca College Accounting and Finance			From			10,135	1,000
			2007-01-02				
			To				
			2007-05-01				
Sheridan College Mechanical Engineering			From			12,398	1,000
			2007-01-02				
			To				
			2007-04-27				
Seneca College Computer Engineering			From			12,398	1,000
			2007-01-02				
			To				
			2007-04-27				
Sheridan College Mechanical Engineering			From			12,392	1,000
			2007-01-02				
			To				
			2007-04-27				
Sheridan College Electric/mechanical			From			12,392	1,000
			2007-01-02				
			To				
			2007-04-27				
Georgian College Electrical Eng Tech - A			From			12,020	1,000
			2007-01-02				
			To				
			2007-04-27				

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

## Qualifying Work Placements

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates			Eligible Costs of Placement (ECP)	Credit Claimed (max. \$1,000 per work placement)
			year	month	day		
Sheridan College Electromechanical			From	2007-01-02		12,392	1,000
			To	2007-04-27			
Seneca College Computer Programmin			From	2007-01-02		12,574	1,000
			To	2007-04-27			
Centennial College Mechanical Engineering			From	2007-01-02		11,859	1,000
			To	2007-04-27			
Georgian College Electrical Eng Tech - A			From	2007-01-08		11,822	1,000
			To	2007-04-27			
University of Toronto Management			From	2007-01-02		10,779	1,000
			To	2007-04-27			
University of Waterloo Chemical Engineering			From	2007-01-02		12,398	1,000
			To	2007-04-27			
University of Waterloo Electrical Engineering			From	2007-01-02		12,250	1,000
			To	2007-04-27			
Centennial College Mechanical Engineering			From	2007-01-02		12,133	1,000
			To	2007-04-27			
Georgian College Electrical Engineering			From	2007-01-02		12,244	1,000
			To	2007-04-27			
University of Toronto Management			From	2007-01-02		11,348	1,000
			To	2007-04-27			
University of Toronto Management			From	2007-01-02		12,398	1,000
			To	2007-04-30			







Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2007-12-31
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**Qualifying Work Placements**

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates			Eligible Costs of Placement (ECP)	Credit Claimed (max. \$1,000 per work placement)
			year	month	day		
University of Waterloo  Chemical Engineering			From	2007-01-02		13,054	1,000
			To	2007-04-27			
University of Waterloo  Mechatronics Engineer			From	2007-01-02		12,445	1,000
			To	2007-04-27			
Georgian College  Electrical Engineering			From	2007-01-02		11,329	1,000
			To	2007-04-27			
Humber College  Public relations			From	2007-01-02		11,348	1,000
			To	2007-04-27			
University of Waterloo  Environmental Engineer			From	2007-01-02		10,468	1,000
			To	2007-04-27			
University of Waterloo  Mathematics			From	2007-01-02		11,348	1,000
			To	2007-04-27			
York University  Computer Engineering			From	2007-01-02		12,595	1,000
			To	2007-04-27			
Centennial College  Mechanical Engineering			From	2007-01-08		12,711	1,000
			To	2007-05-04			
University of Waterloo  System Design Engineer			From	2007-01-02		12,244	1,000
			To	2007-04-27			
Centennial College  Mechanical Engineering			From	2007-01-02		10,896	1,000
			To	2007-04-27			
University of Waterloo  Electrical Engineering			From	2007-01-02		12,101	1,000
			To	2007-04-27			

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Qualifying Work Placements**

Name of University/ College and Education Program	Name of Student	Social Insurance No. of Student	Work Placement Start and End Dates			Eligible Costs of Placement (ECP)	Credit Claimed (max. \$1,000 per work placement)
			year	month	day		
Georgian College  Electrical Engineering			From	2007-01-02		11,952	1,000
			To	2007-04-27			
University of Toronto  Management			From	2007-05-27		9,457	946
			To	2007-08-31			
Humber College  Public Relations Postgr			From	2007-05-27		9,561	956
			To	2007-08-31			
			From				
			To				
Totals						970,464	79,382

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

### Instructions for completing the ATTC Claim Form

- Enter the relevant details for each eligible apprentice, including the amount of tax credit.
- Your total tax credit for the taxation year is equal to the sum of the tax credits for each eligible apprentice.
- Enter the total tax credit claimed on line **203**, page 7 of the CT23 Long, or page 4 of the CT23 Short, or page 4 of the CT8.
- Enter the total number of apprentices hired on line **202**, page 7 of the CT23 Long, or page 4 of the CT23 Short, or page 4 of the CT8.
- Corporations are eligible for a 25% (30% in the case of corporations with payroll not exceeding \$400,000) refundable tax credit on wages and salaries paid or payable for services performed after May 18, 2004 by an eligible apprentice during the first 36 months of an apprenticeship.
- The maximum amount of credit that can be claimed in respect of each eligible apprentice is \$5,000 per year to a maximum of \$15,000 over the first 36 months of the apprenticeship. The maximum annual tax credit of \$5,000 is pro-rated for the number of days the apprentice was employed during the taxation year.
- The credit is considered government assistance and is therefore to be included in income in the year the credit is claimed.

### Summary of Apprenticeship Training Tax Credit Claimed

Complete a separate entry for each eligible apprentice that is in a qualifying skilled trade and hired before January 1, 2008. This credit applies to **salaries and wages paid after May 18, 2004 and before January 1, 2011** to eligible apprentices during the first 36 months of an apprenticeship.

Example: A taxpayer, with a December 31, 2004 taxation year end, hires an otherwise eligible apprentice on June 1, 2004 at a salary of \$3,500 per month. The taxpayer's salaries and wages in the preceding taxation year were \$700,000. The credit claimed is the lesser of **(1)** 25% of salaries paid to the apprentice during the period of employment ( $25\% \times \$3,500 \times 7 = \$6,125$ ), and **(2)** \$5,000 multiplied by the number of days the apprentice was employed during the taxation year, divided by the total number of days in the calendar year ( $\$5,000 \times 214/366 = \$2,923$ ). Hence, the credit claimed in the 2004 taxation year is \$2,923.

### Eligible Apprenticeship

Trade Code	Description of Apprenticeship Program	Apprentice Name and Social Insurance No. (SIN)	Registration Date of Apprenticeship Contract or Training Agreement year month day	Contract or Agreement No.	Employment Period year month day	Eligible Expenditures (EE)	* Credit Claimed (see notes below)
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21067	From 2006-03-29 To 2007-12-31	70,548	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21608	From 2006-03-29 To 2007-12-31	63,961	5,000
	See schedule					2,068,534	147,315
Totals						5874 2,203,043	5898 157,315

insufficient space, attach schedule

Corporation's salaries & wages paid in the preceding taxation year **A** \$ 600,000

If **A** is \$600,000 or greater use 25%.

If **A** is \$400,000 or less use 30%.

If **A** is over \$400,000 but less than \$600,000 use the following formula to calculate the specified percentage:

$$\text{Specified percentage} = .30 - [ .05 ( \text{From } \mathbf{A} \text{ } 600,000 - \$400,000 ) \div \$200,000 ]$$

Specified percentage used 25.0000 %

Credit claimed equals lesser of:

(1) EE multiplied by the specified percentage, and

(2) \$5,000 x number of days the apprentice was employed in the taxation year  
365 (366 if leap year)

Total Number of Apprentices = 5896 59

Transfer to **202** on Page 7 of the CT23 Long or Page 4 of the CT23 Short, or Page 4 of the CT8



Corporation's Legal Name TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Ontario Corporations Tax Account No. (MOF) 1800235	Taxation Year End 2007-12-31
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## Eligible Apprenticeship

Trade Code	Description of Apprenticeship Program	Apprentice Name and Social insurance No. (SIN)	Registration Date of Apprenticeship Contract or Training Agreement year month day	Contract or Agreement No.	Employment Period year month day	Eligible Expenditures (EE)	* Credit Claimed (see notes below)
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21609	From 2006-03-29 To 2007-12-31	73,390	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21610	From 2006-03-29 To 2007-12-31	76,417	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21611	From 2006-03-29 To 2007-12-31	78,985	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21612	From 2006-03-29 To 2007-12-31	82,562	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21613	From 2006-03-29 To 2007-12-31	69,376	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21614	From 2006-03-29 To 2007-12-31	56,004	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21615	From 2006-03-29 To 2007-12-31	67,583	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21616	From 2006-03-29 To 2007-12-31	79,449	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21618	From 2006-03-29 To 2007-12-31	74,635	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21617	From 2006-03-29 To 2007-12-31	73,991	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21619	From 2006-03-29 To 2007-12-31	76,521	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D18139	From 2006-03-29 To 2007-12-31	74,836	5,000
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2006-03-29	D21620	From 2006-03-29 To 2007-12-31	84,739	5,000

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

## Eligible Apprenticeship

Trade Code	Description of Apprenticeship Program	Apprentice Name and Social insurance No. (SIN)	Registration Date of Apprenticeship Contract or Training Agreement year month day	Contract or Agreement No.	Employment Period year month day	Eligible Expenditures (EE)	* Credit Claimed (see notes below)
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-05-13	A82357	From 2004-05-19 To 2007-05-13	32,882	1,822
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14781	From 2004-06-30 To 2007-06-30	37,527	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14782	From 2004-06-30 To 2007-06-30	39,436	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14783	From 2004-06-30 To 2007-06-30	43,031	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14784	From 2004-06-30 To 2007-06-30	43,392	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14785	From 2004-06-30 To 2007-06-30	40,204	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14786	From 2004-06-30 To 2007-06-30	40,151	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14787	From 2004-06-30 To 2007-06-30	41,199	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14788	From 2004-06-30 To 2007-06-30	43,304	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2004-06-30	D14789	From 2004-06-30 To 2007-06-30	11,776	2,479
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6065	From 2007-05-24 To 2007-12-31	38,449	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6069	From 2007-05-24 To 2007-06-11	3,113	260
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6061	From 2007-05-24 To 2007-12-31	36,689	3,041

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

## Eligible Apprenticeship

Trade Code	Description of Apprenticeship Program	Apprentice Name and Social Insurance No. (SIN)	Registration Date of Apprenticeship Contract or Training Agreement year month day	Contract or Agreement No.	Employment Period year month day	Eligible Expenditures (EE)	* Credit Claimed (see notes below)
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6074	From 2007-05-24 To 2007-12-31	40,977	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6073	From 2007-05-24 To 2007-12-31	39,313	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6066	From 2007-05-24 To 2007-12-31	39,457	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6067	From 2007-05-24 To 2007-12-31	41,260	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6059	From 2007-05-24 To 2007-12-31	40,890	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6072	From 2007-05-24 To 2007-12-31	39,598	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6071	From 2007-05-24 To 2007-12-31	36,776	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6070	From 2007-05-24 To 2007-12-31	38,085	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6064	From 2007-05-24 To 2007-12-31	36,905	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6062	From 2007-05-24 To 2007-12-31	41,475	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6060	From 2007-05-24 To 2007-12-31	47,491	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6068	From 2007-05-24 To 2007-12-31	36,042	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6063	From 2007-05-24 To 2007-12-31	35,346	3,041

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

## Eligible Apprenticeship

Trade Code	Description of Apprenticeship Program	Apprentice Name and Social Insurance No. (SIN)	Registration Date of Apprenticeship Contract or Training Agreement year month day	Contract or Agreement No.	Employment Period year month day	Eligible Expenditures (EE)	* Credit Claimed (see notes below)
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-05-24	PA6075	From 2007-05-24 To 2007-12-31	37,053	3,041
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2128	From 2007-11-21 To 2007-12-31	5,939	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2189	From 2007-11-21 To 2007-12-31	5,939	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2199	From 2007-11-21 To 2007-12-31	5,939	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2196	From 2007-11-21 To 2007-12-31	5,876	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2192	From 2007-11-21 To 2007-12-31	5,941	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2187	From 2007-11-21 To 2007-12-31	5,972	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2183	From 2007-11-21 To 2007-12-31	5,842	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2186	From 2007-11-21 To 2007-12-31	5,842	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2198	From 2007-11-21 To 2007-12-31	5,939	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2197	From 2007-11-21 To 2007-12-31	6,048	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2190	From 2007-11-21 To 2007-12-31	5,939	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2194	From 2007-11-21 To 2007-12-31	6,058	562

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	1800235	2007-12-31

**Eligible Apprenticeship**

Trade Code	Description of Apprenticeship Program	Apprentice Name and Social insurance No. (SIN)	Registration Date of Apprenticeship Contract or Training Agreement year month day	Contract or Agreement No.	Employment Period year month day	Eligible Expenditures (EE)	* Credit Claimed (see notes below)
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2200	From 2007-11-21 To 2007-12-31	6,050	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2195	From 2007-11-21 To 2007-12-31	5,842	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2193	From 2007-11-21 To 2007-12-10	3,159	274
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2185	From 2007-11-21 To 2007-12-31	5,949	562
434a	Lineworker	Name [REDACTED] SIN [REDACTED]	2007-11-21	PB2184	From 2007-11-21 To 2007-12-31	5,951	562
<b>Totals</b>						2,068,534	147,315

2008-06-26 22:48

Canada Revenue  
AgencyAgence du revenu  
du Canada

## T2 CORPORATION INCOME TAX RETURN

200

055 Do not use this area

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the federal *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's tax year.

For more information see [www.cra.gc.ca](http://www.cra.gc.ca) or the *T2 Corporation - Income Tax Guide* (T4012).

Toronto Hydro-Electric System Limited  
EB-2009-0139, Exhibit R1, Tab 9  
Schedule 33, Appendix B  
Filed: 2009 Nov 30  
(94 pages)

## Identification

Business Number (BN) 001 89671 8327 RC0001

## Corporation's name

002 TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

Has the corporation changed its name since the last time you filed your T2 return? 003 1 Yes ☐ 2 No ☒If yes, do you have a copy of the articles of amendment? (Do not submit) 004 1 Yes ☐ 2 No ☐

## Address of head office

Has this address changed since the last time you filed your T2 return? 010 1 Yes ☐ 2 No ☒

(If yes, complete lines 011 to 018)

011 14 CARLTON ST.

012 City Province, territory, or state  
015 TORONTO 016 ON017 Country (other than Canada) 018 Postal code/Zip code  
M5B 1K5

## Mailing address (if different from head office address)

Has this address changed since the last time you filed your T2 return? 020 1 Yes ☐ 2 No ☒

(If yes, complete lines 021 to 028)

021 c/o  
022  
023025 City Province, territory, or state  
026027 Country (other than Canada) 028 Postal code/Zip code  
M5B 1K5

## Location of books and records

Has the location of books and records changed since the last time you filed your T2 return? 030 1 Yes ☐ 2 No ☒

(If yes, complete lines 031 to 038)

031 14 CARLTON ST.

032 City Province, territory, or state  
035 TORONTO 036 ON037 Country (other than Canada) 038 Postal code/Zip code  
M5B 1K5

## 040 Type of corporation at the end of the tax year

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

If the type of corporation changed during the tax year, provide the effective date of the change.

043  
YYYY MM DD

## To which tax year does this return apply?

Tax year start Tax year-end  
060 2007-01-01 061 2007-12-31  
YYYY MM DD YYYY MM DDHas there been an acquisition of control to which subsection 249(4) applies since the previous tax year? 063 1 Yes ☐ 2 No ☒If yes, provide the date control was acquired 065  
YYYY MM DDIs the date on line 061 a deemed tax year-end in accordance with subsection 249(3.1)? 066 1 Yes ☐ 2 No ☒Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒Is this the first year of filing after:  
Incorporation? 070 1 Yes ☐ 2 No ☒  
Amalgamation? 071 1 Yes ☐ 2 No ☒

If yes, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes ☐ 2 No ☒

If yes, complete and attach Schedule 24.

Is this the final tax year before amalgamation? 076 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒Is the corporation a resident of Canada? 080 1 Yes ☒ 2 No ☐ If no, give the country of residence on line 081 and complete and attach Schedule 97.081  
Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes ☐ 2 No ☒

If yes, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

- 085 1 ☐ Exempt under paragraph 149(1)(e) or (l)  
2 ☐ Exempt under paragraph 149(1)(j)  
3 ☐ Exempt under paragraph 149(1)(t)  
4 ☐ Exempt under other paragraphs of section 149

Do not use this area

091 092 093 094 095 096  
100

Canada

## Attachments

**Financial statement information:** Use GIF1 schedules 100, 125, and 141.

**Schedules** — Answer the following questions. For each Yes response, **attach** to the T2 return the schedule that applies.

Yes Schedule

Is the corporation related to any other corporations?	<b>150</b>	<input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	<b>160</b>	<input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<b>161</b>	<input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	<b>151</b>	<input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	<b>162</b>	<input type="checkbox"/>	11
If you answered <b>yes</b> to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<b>163</b>	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<b>164</b>	<input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<b>165</b>	<input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<b>166</b>	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<b>167</b>	<input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	<b>168</b>	<input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	<b>169</b>	<input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	<b>170</b>	<input checked="" type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	<b>171</b>	<input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<b>173</b>	<input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<b>172</b>	<input type="checkbox"/>	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<b>201</b>	<input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	<b>202</b>	<input checked="" type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<b>203</b>	<input checked="" type="checkbox"/>	3
Is the corporation claiming any type of losses?	<b>204</b>	<input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<b>205</b>	<input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<b>206</b>	<input checked="" type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	<b>207</b>	<input checked="" type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	<b>208</b>	<input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	<b>210</b>	<input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	<b>212</b>	<input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	<b>213</b>	<input checked="" type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	<b>216</b>	<input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<b>217</b>	<input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	<b>218</b>	<input type="checkbox"/>	18
Was the corporation carrying on business in Canada as a non-resident corporation?	<b>220</b>	<input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<b>221</b>	<input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	<b>227</b>	<input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	<b>231</b>	<input checked="" type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<b>232</b>	<input checked="" type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<b>233</b>	<input checked="" type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<b>234</b>	<input checked="" type="checkbox"/>	
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	<b>236</b>	<input type="checkbox"/>	36
Is the corporation claiming a surtax credit?	<b>237</b>	<input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<b>238</b>	<input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	<b>242</b>	<input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<b>243</b>	<input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<b>244</b>	<input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	<b>249</b>	<input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<b>250</b>	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	<b>253</b>	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	<b>254</b>	<input type="checkbox"/>	T1177

## Attachments – continued from page 2

Yes Schedule

Is the corporation subject to Part XIII.1 tax?	<b>255</b>	<input type="checkbox"/>	92 *
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<b>256</b>	<input type="checkbox"/>	T 1134-A
Did the corporation have any controlled foreign affiliates?	<b>258</b>	<input type="checkbox"/>	T 1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<b>259</b>	<input type="checkbox"/>	T 1135
Did the corporation transfer or loan property to a non-resident trust?	<b>260</b>	<input type="checkbox"/>	T 1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<b>261</b>	<input type="checkbox"/>	T 1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<b>262</b>	<input type="checkbox"/>	T 1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<b>263</b>	<input type="checkbox"/>	T 1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<b>264</b>	<input type="checkbox"/>	T 1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<b>265</b>	<input checked="" type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<b>266</b>	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<b>267</b>	<input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	<b>268</b>	<input checked="" type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	<b>269</b>	<input type="checkbox"/>	54

\* We do not print this schedule.

## Additional information

Is the corporation inactive?	<b>280</b>	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter <b>yes</b> for first-time filers)	<b>281</b>	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if <b>yes</b> was entered at line 281)	<b>282</b>		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	<b>283</b>	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	<b>284</b>	ELECTRICITY DISTRIB.	<b>285</b> 100.000 %
	<b>286</b>		<b>287</b> %
	<b>288</b>		<b>289</b> %
Did the corporation immigrate to Canada during the tax year?	<b>291</b>	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	<b>292</b>	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>

## Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	<b>300</b>	130,851,501	A
<b>Deduct:</b> Charitable donations from Schedule 2	<b>311</b>	29,084	
Gifts to Canada, a province, or a territory from Schedule 2	<b>312</b>		
Cultural gifts from Schedule 2	<b>313</b>		
Ecological gifts from Schedule 2	<b>314</b>		
Gifts of medicine from Schedule 2	<b>315</b>		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	<b>320</b>	18,022	
Part VI.1 tax deduction *	<b>325</b>		
Non-capital losses of previous tax years from Schedule 4	<b>331</b>		
Net capital losses of previous tax years from Schedule 4	<b>332</b>		
Restricted farm losses of previous tax years from Schedule 4	<b>333</b>		
Farm losses of previous tax years from Schedule 4	<b>334</b>		
Limited partnership losses of previous tax years from Schedule 4	<b>335</b>		
Taxable capital gains or taxable dividends allocated from a central credit union	<b>340</b>		
Prospector's and grubstaker's shares	<b>350</b>		
Subtotal		47,106	B
Subtotal (amount A minus amount B) (if negative, enter "0")		130,804,395	C
<b>Add:</b> Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	<b>355</b>		D
<b>Taxable income</b> (amount C plus amount D)	<b>360</b>	130,804,395	
Income exempt under paragraph 149(1)(t)	<b>370</b>		
<b>Taxable income</b> for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		130,804,395	Z

\* This amount is equal to 3 times the Part VI.1 tax payable at line 724.



## Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	129,747,208	A
Taxable income from line 360, <b>minus</b> 10/3 of the amount on line 632*, <b>minus</b> 3 times the amount on line 636**, and <b>minus</b> any amount that, because of federal law, is exempt from Part I tax	405	130,804,395	B

### Calculation of the business limit:

For all CCPCs, calculate the amount at line 4 below.

300,000	x	Number of days in the tax year in 2005 and in 2006	=	1
		Number of days in the tax year	365	
400,000	x	Number of days in the tax year after 2006	365	= 400,000 2
		Number of days in the tax year	365	
Add amounts at lines 1 and 2				400,000 4

Business limit (see notes 1 and 2 below) 410 400,000 C

- Notes:**
- For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.
  - For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

### Business limit reduction:

Amount C	400,000	x	415 ***	202,500	D	=	7,200,000	E
				11,250				
Reduced business limit (amount C <b>minus</b> amount E) (if negative, enter "0")								425 F

### Small business deduction

Amount A, B, C, or F whichever is the least	x	Number of days in the tax year before January 1, 2008	365	x	16 %	=	5
		Number of days in the tax year	365				
Amount A, B, C, or F whichever is the least	x	Number of days in the tax year after December 31, 2007 and before January 1, 2009		x	17 %	=	6
		Number of days in the tax year	365				
Amount A, B, C, or F whichever is the least	x	Number of days in the tax year after December 31, 2008		x	17 %	=	7
		Number of days in the tax year	365				
Total of amounts 5, 6, and 7 – enter on line 9							430
							G

\* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

\*\* Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporate tax reductions under section 123.4.

### \*\*\* Large corporations

- If the corporation is not associated with any corporations in both the current and the previous tax years, the amount to be entered at line 415 is: (Total taxable capital employed in Canada for the **prior year** minus \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered at line 415 is: (Total taxable capital employed in Canada for the **current year** minus \$10,000,000) x 0.225%
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

## Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]										435	H
Amount H	x	Number of days in the tax year in 2005				x	3 %	=	I		
		Number of days in the tax year				365					
Amount H	x	Number of days in the tax year in 2006				x	5 %	=	J		
		Number of days in the tax year				365					
Amount H	x	Number of days in the tax year in 2007				365	x	7 %	=	K	
		Number of days in the tax year				365					
Resource deduction – total of amounts I, J and K										438	L
Enter amount L on line 10.											

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**General tax reduction for Canadian-controlled private corporations****Canadian-controlled private corporations throughout the tax year**

Taxable income from line 360									130,804,395	A
Amount Z1 from Part 9 of Schedule 27										B
Amount QQ from Part 13 of Schedule 27										C
Taxable resource income from line 435										D
Amount used to calculate the credit union deduction (from Schedule 17)										E
Amount from line 400, 405, 410, or 425, whichever is the least										F
Aggregate investment income from line 440								1,086,271		G
Total of amounts B, C, D, E, F, and G								1,086,271	1,086,271	H
Amount A minus amount H (if negative, enter "0")									129,718,124	I
Amount I	129,718,124	x	Number of days in the tax year before January 1, 2008	365	x	7 %	=	9,080,269		J
			Number of days in the tax year	365						
Amount I	129,718,124	x	Number of days in the tax year after December 31, 2007 and before January 1, 2009		x	8.5 %	=			K
			Number of days in the tax year	365						
Amount I	129,718,124	x	Number of days in the tax year after December 31, 2008 and before January 1, 2010		x	9 %	=			K1
			Number of days in the tax year	365						
Amount I	129,718,124	x	Number of days in the tax year after December 31, 2009 and before January 1, 2011		x	10 %	=			K2
			Number of days in the tax year	365						
<b>General tax reduction for Canadian-controlled private corporations</b> – total of amounts J, K, K1, and K2									9,080,269	L

Enter amount L on line 638.

**General tax reduction**

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation, and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from line 360 (for tax years starting after May 1, 2006, amount Z)										M
Amount Z1 from Part 9 of Schedule 27										N
Amount QQ from Part 13 of Schedule 27										O
Taxable resource income from line 435										P
Amount used to calculate the credit union deduction (from Schedule 17)										Q
Total of amounts N, O, P, and Q										R
Amount M minus amount R (if negative, enter "0")										S
Amount S		x	Number of days in the tax year before January 1, 2008	365	x	7 %	=			T
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2007 and before January 1, 2009		x	8.5 %	=			U
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2008 and before January 1, 2010		x	9 %	=			U1
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2009 and before January 1, 2011		x	10 %	=			U2
			Number of days in the tax year	365						
<b>General tax reduction</b> – total of amounts T, U, U1, and U2										V

Enter amount V on line 639.

## Refundable portion of Part I tax

### Canadian-controlled private corporations throughout the tax year

Aggregate investment income ..... **440** 1,086,271 × 26 2 / 3 % = ..... 289,672 A  
(from Schedule 7)

Foreign non-business income tax credit from line 632 .....

#### Deduct:

Foreign investment income ..... **445** × 9 1 / 3 % = .....  
(from Schedule 7) (if negative, enter "0") ..... B

Amount A minus amount B (if negative, enter "0") ..... 289,672 C

Taxable income from line 360 ..... 130,804,395

#### Deduct:

Amount from line 400, 405, 410, or 425, whichever is the least .....

Foreign non-business

income tax credit

from line 632 ..... × 25 / 9 = .....

Foreign business

income tax credit

from line 636 ..... × 3 = .....

130,804,395

× 26 2 / 3 % = 34,881,172 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780) ..... 29,010,254

Deduct: Corporate surtax from line 600 ..... 1,465,009

Net amount ..... 27,545,245 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least ..... **450** 289,672 F

## Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year ..... **460** 160,858

Deduct: Dividend refund for the previous tax year ..... **465** 160,858

#### Add the total of:

Refundable portion of Part I tax from line 450 above ..... 289,672

Total Part IV tax payable from Schedule 3 ..... 6,007

Net refundable dividend tax on hand transferred from a predecessor corporation on

amalgamation, or from a wound-up subsidiary corporation ..... **480**

295,679

295,679 H

Refundable dividend tax on hand at the end of the tax year – Amount G plus amount H ..... **485** 295,679

## Dividend refund

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

Taxable dividends paid in the tax year from line 460 of Schedule 3 ..... 25,000,000 × 1 / 3 ..... 8,333,333 I

Refundable dividend tax on hand at the end of the tax year from line 485 above ..... 295,679 J

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784) ..... 295,679

**Part I tax**Base amount of Part I tax – taxable income (line 360 or amount Z, whichever applies) multiplied by 38.00 % ..... **550** 49,705,670 A**Corporate surtax calculation**

Base amount from line A above ..... 49,705,670 1

**Deduct:**

10 % of taxable income (line 360 or amount Z, whichever applies) ..... 13,080,440 2

Investment corporation deduction from line 620 below ..... 3

Federal logging tax credit from line 640 below ..... 4

Federal qualifying environmental trust tax credit from line 648 below ..... 5

For a mutual fund corporation or an investment corporation throughout the tax year, enter amount a, b, or c below on line 6, whichever is the least:

28.00 % of taxable income from line 360 ..... a

28.00 % of taxed capital gains ..... b

Part I tax otherwise payable ..... c

(line A plus lines C and D minus line F)

Total of lines 2 to 6 ..... 13,080,440 7

Net amount (line 1 minus line 7) ..... 36,625,230 8

**Corporate surtax\***Line 8 36,625,230 × Number of days in the tax year before January 1, 2008 365 × 4 % = **600** 1,465,009 B  
Number of days in the tax year 365

\* The corporate surtax is zero effective January 1, 2008.

Recapture of investment tax credit from Schedule 31 ..... **602** C**Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income**  
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 ..... 1,086,271 i

Taxable income from line 360 ..... 130,804,395

**Deduct:**

Amount from line 400, 405, 410, or 425, whichever is the least ..... 130,804,395

Net amount ..... 130,804,395 ii

Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount i or ii ..... **604** 72,418 D

Subtotal (add lines A, B, C, and D) ..... 51,243,097 E

**Deduct:**

Small business deduction from line 430 ..... 9

Federal tax abatement ..... **608** 13,080,440Manufacturing and processing profits deduction from Schedule 27 ..... **616**Investment corporation deduction ..... **620**(taxed capital gains **624** )Additional deduction – credit unions from Schedule 17 ..... **628**Federal foreign non-business income tax credit from Schedule 21 ..... **632**Federal foreign business income tax credit from Schedule 21 ..... **636**

Resource deduction from line 438 ..... 10

General tax reduction for CCPCs from amount L ..... **638** 9,080,269General tax reduction from amount V ..... **639**Federal logging tax credit from Schedule 21 ..... **640**Federal political contribution tax credit ..... **644**Federal political contributions **646**Federal qualifying environmental trust tax credit ..... **648**Investment tax credit from Schedule 31 ..... **652** 72,134

Subtotal ..... 22,232,843 F

Part I tax payable – Line E minus line F ..... 29,010,254 G

Enter amount G on line 700.

## Summary of tax and credits

### Federal tax

Part I tax payable	700	29,010,254
Part I.3 tax payable from Schedule 33, 34, or 35	704	
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	6,007
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	

Total federal tax 29,016,261

### Add provincial or territorial tax:

Provincial or territorial jurisdiction 750 Ontario

(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Québec, Ontario, and Alberta) 760

Provincial tax on large corporations (New Brunswick and Nova Scotia) 765

Total tax payable 770 29,016,261 A

### Deduct other credits:

Investment tax credit refund from Schedule 31 780

Dividend refund 784 295,679

Federal capital gains refund from Schedule 18 788

Federal qualifying environmental trust tax credit refund 792

Canadian film or video production tax credit refund (Form T1131) 796

Film or video production services tax credit refund (Form T1177) 797

Tax withheld at source 800

Total payments on which tax has been withheld 801

Provincial and territorial capital gains refund from Schedule 18 808

Provincial and territorial refundable tax credits from Schedule 5 812

Tax instalments paid 840 28,720,582

Total credits 890 29,016,261 B

Refund code 894 Overpayment

Balance (line A minus line B)



### Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information

910 Branch number

914 Institution number

918 Account number

If the result is negative, you have an **overpayment**.  
If the result is positive, you have a **balance unpaid**.  
Enter the amount on whichever line applies.  
Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid

Enclosed payment 898

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒

### Certification

I, 950 SARDANA

951 PANKAJ

954 VICE-PRESIDENT

Last name in block letters

First name in block letters

Position, office, or rank

I am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2008-06-26

Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956

Telephone number

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

957 1 Yes ☐ 2 No ☒

958 BARRY PARKER

Name in block letters

959 (416) 542-2895

Telephone number

### Language of correspondence – Langue de correspondance

990 Indicate your language of correspondence by entering 1 for English or 2 for French.  
Indiquez votre langue de correspondance en inscrivant 1 pour anglais ou 2 pour français.

1 English / Anglais ☒ 2 Français / French ☐

Name of corporation contact BARRY PARKER  
Telephone number (416) 542-2895

Transfer				
Account number	Taxation year end	Amount	Effective interest date	Description
From:				
To:				
From:				
To:				
From:				
To:				
From:				
To:				
From:				
To:				

Canada Revenue  
AgencyAgence du revenu  
du Canada

## NET INCOME (LOSS) FOR INCOME TAX PURPOSES

## SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the *T2 Corporation Income Tax Guide*.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.

Net income (loss) after taxes and extraordinary items per financial statements ..... 65,621,199 A

**Add:**

Provision for income taxes – current	101	42,395,274	
Interest and penalties on taxes	103	32,467	
Amortization of tangible assets	104	137,019,980	
Charitable donations and gifts from Schedule 2	112	29,084	
Taxable capital gains from Schedule 6	113	1,086,271	
Non-deductible club dues and fees	120	233,247	
Non-deductible meals and entertainment expenses	121	347,785	
Non-deductible automobile expenses	122	48,405	
Tax reserves deducted in prior year from Schedule 13	125	1	
Reserves from financial statements – balance at the end of the year	126	149,622,651	
Subtotal of additions		330,815,165	330,815,165

**Other additions:**

Recapture of SR&ED expenditures – Form T661 ..... 231 997,924

**Miscellaneous other additions:**

600 See attached	290	56,332,582	
603.2 Ontario Specified Tax Credits		238,697	
Total	293	238,697	
Subtotal of other additions	199	57,569,203	57,569,203
<b>Total additions</b>	<b>500</b>	<b>388,384,368</b>	<b>388,384,368</b>

**Deduct:**

Gain on disposal of assets per financial statements	401	2,247,523	
Capital cost allowance from Schedule 8	403	138,223,100	
Cumulative eligible capital deduction from Schedule 10	405	1,072,459	
Tax reserves claimed in current year from Schedule 13	413	1	
Reserves from financial statements – balance at the beginning of the year	414	135,670,264	
Subtotal of deductions		277,213,347	277,213,347

**Other deductions:****Miscellaneous other deductions:**

700 See attached	390	45,940,719	
Total	394		
Subtotal of other deductions	499	45,940,719	45,940,719
<b>Total deductions</b>	<b>510</b>	<b>323,154,066</b>	<b>323,154,066</b>

**Net income (loss) for income tax purposes – enter on line 300 of the T2 return** ..... **130,851,501**

\* For reference purposes only

## Toronto Hydro Electric System Limited

Taxation year ended: December 31, 2007  
C.R.A. Bus#: 896718327 RC0001  
MOF A/C#: 1800235

### Election under subsection 13(7.4)

The company hereby elects under subsection 13(7.4) of the Income Tax Act to reduce the capital cost of depreciable property of class 13 and class 47 acquired in the taxation year by a total amount of \$32,370,554 received in the taxation year in respect of that property that would otherwise be included in income under paragraph 12(1)(x).

  
\_\_\_\_\_  
Authorized Signing Officer



# Attached Schedule with Total

Line 401 – Gain on disposal of assets per financial statements

Title     Line 401 – Gain on disposal of assets per financial statements

Description	Amount
Deduct book gain on sale of assets	1,698,413 00
Deduct book gain on sale of Sunlife shares	549,110 00
Total	2,247,523 00

# Attached Schedule with Total

Line 290 – Amount for line 600

Title     Line 290 – Amount for line 600

Explanatory note

Other additions to Schedule 1

Description	Amount	
Transition cost recovery	10,947,761	00
Transition cost interest recovery	1,675,008	00
Debt financing fees amortized for accounting	249,311	00
Reversal of 2006 Smart Meter interest revenue deduction now approved by OEB	421,589	00
ARO accretion expense - not deductible for tax purposes	395,436	00
Deferred revenue - 12(1)(a) add back	2,462,529	00
2006 Smart Meter OPEX already deducted in 2006 S(1);deducted in 2007 acctg	523,349	00
Fixed asset capital contributions under 12(1)(x)	29,163,198	00
Lease inducements received - 12(1)(x)	3,207,356	00
Reversal of Bad Debt deduction for tax purposes on GST recovered	42,364	00
Reversal of 2006 Summer Challenge S(1) deduction	740,318	00
2006 Federal Apprenticeship Tax Credit not included in 2007 acctg income	64,000	00
Reversal of PILS Regulatory variance deducted for accounting	5,355,363	00
Carrying charges recorded in deferred variance not approved by OEB	1,085,000	00
<b>Total</b>	<b>56,332,582</b>	<b>00</b>

Line 390 – Amount for line 700

Title Line 390 – Amount for line 700

Explanatory note

Other deductions to Schedule 1

Description	Amount
13(7.4) election regarding contributed capital	29,163,198 00
Debt financing under 20(1)(e)	1,283,913 00
Principal lease payments	160,820 00
ARO cash payments	84,988 00
Deferred revenue - 20(1)(m) deduction	2,462,529 00
Smart Meter revenue taxed in 2006; included in 2007 accounting revenue	2,966,383 00
AFUDC income that is not taxable	3,444,358 00
Lease inducements amortization recorded as revenue in 2007 accounting	485,211 00
SRED ITC taxed in 2006; recorded in accounting income in 2007	480,248 00
13(7.4) election regarding lease inducements	3,207,356 00
2005 CO-OP/Apprentice ITC, taxed in 2005 return; recorded for acctg in 2007	109,836 00
2006 CO-OP/Apprentice ITC, taxed in 2006 return; recorded for acctg in 2007	174,041 00
Increase in income re: 2006 dumb meters; already taxed in 2006	168,332 00
Writedown of dumb meters inventory	249,506 00
2007 LRAM/SSM	1,500,000 00
<b>Total</b>	<b>45,940,719 00</b>



## CHARITABLE DONATIONS AND GIFTS

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

- For use by corporations to claim any of the following:
  - charitable donations;
  - gifts to Canada, a province, or a territory;
  - gifts of certified cultural property;
  - gifts of certified ecologically sensitive land; or
  - additional deduction for gifts of medicine.
- The donations and gifts are eligible for a five-year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the *Income Tax Act*.
- For donations and gifts made after March 22, 2004, subsection 110.1(1.2) of the *Income Tax Act* provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- Under proposed changes, the eligible amount of a charitable gift is the amount by which the fair market value of the gift exceeds the amount of an advantage, if any, for the gift.
- Under proposed changes, a gift of medicine made after March 18, 2007, to qualifying organizations for activities outside of Canada, may be eligible for an additional deduction if the gift is an eligible medical gift. This additional deduction is calculated in Part 6.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation – Income Tax Guide*.

## Part 1 – Charitable donations

Charity/Recipient	Amount (\$100 or more only)
Ontario Forestry Association	10,000
Special Olympics	100
Heart and Stroke Foundation of Ontario	4,914
Baycrest	500
Toronto District School Board	1,500
Scouts Canada	100
reBoot Canada	11,400
Burlington Teen Tour Band Boosters Inc	500
Subtotal	29,014
Add: Total donations of less than \$100 each	70
Total donations in current tax year	29,084

	Federal	Quebec	Alberta
Charitable donations at the end of the previous tax year			
<b>Deduct:</b> Charitable donations expired after five tax years	239		
Charitable donations at the beginning of the tax year	240		
<b>Add:</b>			
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250		
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1)	210	29,084	
Subtotal (line 250 plus line 210)	29,084	29,084	29,084
<b>Deduct:</b> Adjustment for an acquisition of control (for donations made after March 22, 2004)	255		
Total charitable donations available	29,084	A 29,084	29,084
<b>Deduct:</b> Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	260	29,084	29,084
Charitable donations closing balance	280		

**Amounts carried forward – Charitable donations**

Year of origin:		Federal	Quebec	Alberta
1 <sup>st</sup> prior year	2006			
2 <sup>nd</sup> prior year	2005			
3 <sup>rd</sup> prior year	2004			
4 <sup>th</sup> prior year	2003			
5 <sup>th</sup> prior year	2002			
6 <sup>th</sup> prior year *	2001			
<b>Total (to line A)</b>				

\* These donations expired in the current year.

**Part 2 – Calculation of the maximum allowable deduction for charitable donations**

Net income for tax purposes* multiplied by 75 %		98,138,626	B
Taxable capital gains arising in respect of gifts of capital property included in Part 1 **	<b>225</b>	C	
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01)	<b>227</b>	D	
The amount of the recapture of capital cost allowance in respect of charitable gifts	<b>230</b>		
Proceeds of disposition, less outlays and expenses **	E		
Capital cost **	F		
Amount E or F, whichever is less	<b>235</b>		
Amount on line 230 or 235, whichever is less		G	
Subtotal (add amounts C, D, and G)		H	
Amount H multiplied by 25 %		I	
Subtotal (amount B plus amount I)		98,138,626	J
<b>Maximum allowable deduction for charitable donations</b> (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)		29,084	K

\* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.  
\*\* This amount must be prorated by the following calculation: eligible amount of the gift **divided by** the proceeds of disposition of the gift.

**Part 3 – Gifts to Canada, a province, or a territory**

Gifts to Canada, a province, or a territory at the end of the previous tax year			
<b>Deduct:</b> Gifts to Canada, a province, or a territory expired after five tax years	<b>339</b>		
Gifts to Canada, a province, or a territory at the beginning of the tax year	<b>340</b>		
<b>Add:</b> Gifts to Canada, a province, or a territory transferred on an amalgamation or the windup of a subsidiary	<b>350</b>		
Total current-year gifts made to Canada, a province, or a territory *	<b>310</b>		
Subtotal (line 350 plus line 310)			
<b>Deduct:</b> Adjustment for an acquisition of control (for gifts made after March 22, 2004)	<b>355</b>		
Total gifts to Canada, a province, or a territory available			
<b>Deduct:</b> Amount applied against taxable income (enter this amount on line 312 of the T2 return).	<b>360</b>		
Gifts to Canada, a province, or a territory closing balance	<b>380</b>		

\* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.

**Part 4 – Gifts of certified cultural property**

	Federal	Quebec	Alberta
Gifts of certified cultural property at the end of the previous tax year			
<b>Deduct:</b> Gifts of certified cultural property expired after five tax years	<b>439</b>		
Gifts of certified cultural property at the beginning of the tax year	<b>440</b>		
<b>Add:</b> Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary	<b>450</b>		
Total current-year gifts of certified cultural property	<b>410</b>		
Subtotal (line 450 plus line 410)			
<b>Deduct:</b> Adjustment for an acquisition of control (for gifts made after March 22, 2004)	<b>455</b>		
Total gifts of certified cultural property available			
<b>Deduct:</b> Amount applied against taxable income (enter this amount on line 313 of the T2 return)	<b>460</b>		
Gifts of certified cultural property closing balance	<b>480</b>		

**Amount carried forward – Gifts of certified cultural property**

Year of origin:	Federal	Quebec	Alberta
1 <sup>st</sup> prior year	2006		
2 <sup>nd</sup> prior year	2005		
3 <sup>rd</sup> prior year	2004		
4 <sup>th</sup> prior year	2003		
5 <sup>th</sup> prior year	2002		
6 <sup>th</sup> prior year *	2001		
<b>Total</b>			

\* These donations expired in the current year.

**Part 5 – Gifts of certified ecologically sensitive land**

	Federal	Quebec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			
<b>Deduct:</b> Gifts of certified ecologically sensitive land expired after five tax years	<b>539</b>		
Gifts of certified ecologically sensitive land at the beginning of the tax year	<b>540</b>		
<b>Add:</b> Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary	<b>550</b>		
Total current-year gifts of certified ecologically sensitive land	<b>510</b>		
Subtotal (line 550 plus line 510)			
<b>Deduct:</b> Adjustment for an acquisition of control (for gifts made after March 22, 2004)	<b>555</b>		
Total gifts of certified ecologically sensitive land available			
<b>Deduct:</b> Amount applied against taxable income (enter this amount on line 314 of the T2 return)	<b>560</b>		
Gifts of certified ecologically sensitive land closing balance	<b>580</b>		

**Amounts carried forward – Gifts of certified ecologically sensitive land**

Year of origin:	Federal	Quebec	Alberta
1 <sup>st</sup> prior year	2006		
2 <sup>nd</sup> prior year	2005		
3 <sup>rd</sup> prior year	2004		
4 <sup>th</sup> prior year	2003		
5 <sup>th</sup> prior year	2002		
6 <sup>th</sup> prior year *	2001		
<b>Total</b>			

\* These donations expired in the current year.

**Part 6 – Additional deduction for gifts of medicine**

	Federal	Quebec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year .....	_____	_____	_____
<b>Deduct:</b> Additional deduction for gifts of medicine expired after five tax years .....	<b>639</b> _____	_____	_____
Additional deduction for gifts of medicine at the beginning of the tax year .....	<b>640</b> _____	_____	_____
<b>Add:</b> Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary ...	<b>650</b> _____	_____	_____
Additional deduction for gifts of medicine for the current year:			
Proceeds of disposition .....	<b>602</b> _____	1 _____	1 _____
Cost of gifts of medicine .....	<b>601</b> _____	2 _____	2 _____
Subtotal (line 1 minus line 2) .....	3 _____	3 _____	3 _____
Line 3 multiplied by 50 % .....	4 _____	4 _____	4 _____
Eligible amount of gifts .....	<b>600</b> _____	5 _____	5 _____
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p><b>Federal</b></p> <p>A _____ x <math>\left( \frac{B}{C} \right)</math> =</p> <p><b>Quebec</b></p> <p>A _____ x <math>\left( \frac{B}{C} \right)</math> =</p> <p><b>Alberta</b></p> <p>A _____ x <math>\left( \frac{B}{C} \right)</math> =</p> </div> <div style="width: 30%;"> <p>Additional deduction for gifts of medicine for the current year</p> <p>Additional deduction for gifts of medicine for the current year</p> <p>Additional deduction for gifts of medicine for the current year</p> </div> <div style="width: 35%;"> <p style="text-align: right;"><b>610</b> _____</p> <p>_____</p> <p>_____</p> </div> </div>			
<p>where:</p> <p><b>A</b> is the lesser of line 2 and line 4</p> <p><b>B</b> is the eligible amount of gifts (line 600)</p> <p><b>C</b> is the proceeds of disposition (line 602)</p>			
Subtotal (line 650 plus line 610) .....	_____	_____	_____
<b>Deduct:</b> Adjustment for an acquisition of control .....	<b>655</b> _____	_____	_____
Total additional deduction for gifts of medicine available .....	_____	_____	_____
<b>Deduct:</b> Amount applied against taxable income (enter this amount on line 315 of the T2 return) ....	<b>660</b> _____	_____	_____
Additional deduction for gifts of medicine closing balance ...	<b>680</b> _____	_____	_____

**Amounts carried forward – Additional deduction for gifts of medicine**

		Federal	Quebec	Alberta
<b>Year of origin:</b>				
1 <sup>st</sup> prior year .....	2006	_____	_____	_____
2 <sup>nd</sup> prior year .....	2005	_____	_____	_____
3 <sup>rd</sup> prior year .....	2004	_____	_____	_____
4 <sup>th</sup> prior year .....	2003	_____	_____	_____
5 <sup>th</sup> prior year .....	2002	_____	_____	_____
6 <sup>th</sup> prior year * .....	2001	_____	_____	_____
<b>Total</b> .....		_____	_____	_____

\* These donations expired in the current year.

Page 1 of 2



## Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1) ..... 6,007

**Deduct:**

Part IV.I tax payable on dividends subject to Part IV tax ..... **320** .....

Subtotal ..... 6,007

**Deduct:**

Current-year non-capital loss claimed to reduce Part IV tax ..... **330** .....

Non-capital losses from previous years claimed to reduce Part IV tax ..... **335** .....

Current-year farm loss claimed to reduce Part IV tax ..... **340** .....

Farm losses from previous years claimed to reduce Part IV tax ..... **345** .....

Total losses applied against Part IV tax ..... x 1 / 3 = .....

Part IV tax payable (enter amount on line 712 of the T2 return) ..... **360** ..... 6,007

## Part 3 – Taxable dividends paid in the taxation year for purposes of a dividend refund

A	B	C	D
Name of connected recipient corporation	Business Number	Taxation year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD	Taxable dividends paid to connected corporations
<b>400</b>	<b>410</b>	<b>420</b>	<b>430</b>
1 Toronto Hydro Corporation	89676 0725 RC0001	2007-12-31	25,000,000
2			

### Note

If your corporation's taxation year end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total ..... 25,000,000

Total taxable dividends paid in the taxation year to other than connected corporations ..... **450** .....

Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450) ..... **460** ..... 25,000,000

## Part 4 – Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of a dividend refund (from above) ..... **460** ..... 25,000,000

Other dividends paid in the taxation year (total of 510 to 540) ..... .....

Total dividends paid in the taxation year ..... **500** ..... 25,000,000

### Deduct:

Dividends paid out of capital dividend account ..... **510** .....

Capital gains dividends ..... **520** .....

Dividends paid on shares described in subsection 129(1.2) ..... **530** .....

Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year ..... **540** .....

Subtotal ..... ▶ .....

Total taxable dividends paid in the taxation year for purposes of a dividend refund ..... 25,000,000



## SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

- For use by corporations that have disposed of capital property or claimed an allowable business investment loss, or both, in the tax year.
- Use this schedule to make a designation under paragraph 111(4)(e) of the federal *Income Tax Act*, if the control of the corporation has been acquired by a person or group of persons.

For more information, see the section called "Schedule 6, Summary of Dispositions of Capital Property" in the *T2 Corporation – Income Tax Guide*.

Designation under paragraph 111(4)(e) of the *Income Tax Act*

Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)?

**050** 1 Yes ☐ 2 No ☒ If Yes, attach a statement specifying which properties are subject to such a designation.

## Part 1 – Shares

No. of shares	Name of corporation	Class of shares	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (column 120 less cols. 130 and 140)	Foreign source
<b>100</b>	<b>105</b>	<b>106</b>	<b>110</b>	<b>120</b>	<b>130</b>	<b>140</b>	<b>150</b>	
1 14,080	Sun Life Financial Inc			725,110			725,110	
2								
Totals				725,110			725,110	

Total adjustment under subsection 112(3) of the ITA to all losses identified in Part 1 ..... **160**

Actual gain or loss from the disposition of shares (total of line 150 plus line 160) ..... 725,110 A

## Part 2 – Real estate – Do not include losses on depreciable property

Municipal address 1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code		Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (column 220 less cols. 230 and 240)	Foreign source
<b>200</b>		<b>210</b>	<b>220</b>	<b>230</b>	<b>240</b>	<b>250</b>	
1	105 Orfus Road		478,767			478,767	
	Toronto						
	ON						
2	35 Mowat Ave		669,319	179,455		489,864	
	Toronto						
	ON						
3	3706 Bathurst St		478,800			478,800	
	Toronto						
	ON						
4							
Totals			1,626,886	179,455		1,447,431	B

**Part 3 – Bonds**

Face value	Maturity date	Name of issuer	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (column 320 less cols. 330 and 340)	Foreign source
<b>300</b>	<b>305</b>	<b>307</b>	<b>310</b>	<b>320</b>	<b>330</b>	<b>340</b>	<b>350</b>	
1								
Totals								C

**Part 4 – Other properties – Do not include losses on depreciable property**

Description	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (column 420 less cols. 430 and 440)	Foreign source
<b>400</b>	<b>410</b>	<b>420</b>	<b>430</b>	<b>440</b>	<b>450</b>	
1						
Totals						D

**Part 5 – Personal-use property (Do not include listed personal property)**

Description	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain only (column 520 less cols. 530 and 540)	Foreign source
<b>500</b>	<b>510</b>	<b>520</b>	<b>530</b>	<b>540</b>	<b>550</b>	
1						
Totals						E

Note: Losses are not deductible

**Part 6 – Listed personal property**

Description	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (column 620 less cols. 630 and 640)	Foreign source
<b>600</b>	<b>610</b>	<b>620</b>	<b>630</b>	<b>640</b>	<b>650</b>	
1						
Totals						

Note: Net listed personal property losses may only be applied against listed personal property gains

Subtract: Unapplied listed personal property losses from other years **655**

Amount from line 655 is from line 530 in Part 5 of Schedule 4

Net gains (or losses)

F

**Part 7 – Determining allowable business investment losses****Property qualifying for and resulting in an allowable business investment loss**

Name of small business corporation	Shares, enter 1; debt, enter 2	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	(Loss)(column 920 less cols. 930 and 940)	Foreign source
<b>900</b>	<b>905</b>	<b>910</b>	<b>920</b>	<b>930</b>	<b>940</b>	<b>950</b>	
1							
Totals							G

Note: Properties listed in Part 7 should not be included in any other parts of Schedule 6

Allowable business investment losses ..... Amount G \_\_\_\_\_ x 50 % = \_\_\_\_\_ H  
Enter amount H on line 406 of Schedule 1**Part 8 – Determining capital gains or losses**

Total of amounts A to F (do not include F if the amount is a loss)	2,172,541	I
Add:		Foreign source
Capital gains dividend received in the year	<b>875</b>	J <input type="checkbox"/>
Capital gains reserve opening balance (from Schedule 13)	<b>880</b>	K
Subtotal (add amounts I, J, and K)	2,172,541	L
Deduct: Capital gains reserve closing balance (from Schedule 13)	<b>885</b>	M
Capital gains or losses (amount L minus amount M)	<b>890</b>	2,172,541

# Part 9 – Determining taxable capital gains and total capital losses

Capital gains or losses (amount from line 890 above) ..... 2,172,541 N

**Deduct** the following gains that are included in the amount N:

Gain on donation of a share, debt obligation, or right listed on  
a designated stock exchange and other amounts under  
paragraph 38(a.1) of the *Income Tax Act*

realized prior to May 2, 2006 ..... x 50 % = ..... O

realized after May 1, 2006 ..... P

Subtotal: O plus P **895**

Gain on donation of ecologically sensitive land .....

realized prior to May 2, 2006 ..... x 50 % = ..... Q

realized after May 1, 2006 ..... R

Subtotal: Q plus R **896**

**Exempt** portion of the gain on the donation of securities arising from the exchange  
of a partnership interest under paragraph 38(a.3) as proposed in federal Bill C-50 .....

R-2

**Total: line 895 plus line 896 plus R-2**

Amount N minus amount S ..... 2,172,541 T

**Total capital losses:** If amount T is a loss, enter it on line 210 of Schedule 4

**Taxable capital gains:** If amount T is a gain, enter it on this line and multiply ..... 2,172,541 x 50 % = 1,086,271 U

Enter amount U on line 113 of Schedule 1

Foreign  
source

☐

Foreign  
source

☐

Foreign  
source

☐

Foreign  
source

☐

Foreign  
source

☐

## CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

- This schedule is for the use of Canadian-controlled private corporations to calculate:
  - aggregate investment income and foreign investment income for the purpose of determining the refundable portion of Part I tax, as defined in subsection 129(4) of the *Income Tax Act*;
  - specified partnership income for members of one or more partnership(s); and
  - income from an active business carried on in Canada for the small business deduction.
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part 1 Tax" in the *T2 Corporation – Income Tax Guide*.

## Part 1 and Part 2 – Aggregate and foreign investment income calculation

		Canadian investment income	Foreign investment income	Aggregate investment income	
Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13		1,086,271	<b>001</b>	<b>002</b> 1,086,271	A1
Reserve's eligible portion (addition/deduction)					A2
Eligible portion of taxable capital gains included in the income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts A1 and A2)		1,086,271		1,086,271	A
	Eligible portion of allowable capital losses for the year (including allowable business investment losses)		<b>009</b>	<b>012</b>	B
	Net capital losses of other years claimed on line 332 on the T2 return			<b>022</b>	C
Total of amounts B and C					D
Amount A minus amount D (if negative, enter "0")		1,086,271		1,086,271	E
Total income from property (in box 32 include income from a specified investment business carried on in Canada other than income from a source outside Canada)					
	Taxable dividends	18,022		18,022	
	Other property income				
Total income from property		18,022	<b>019</b>	<b>032</b> 18,022	F
	Exempt income		<b>029</b>	<b>042</b>	G
	Amounts received from NISA Fund No. 2 (AGRI) that were included in computing the corporation's income for the year			<b>052</b>	H
	Taxable dividends deductible (total of Column F on Schedule 3)	18,022	<b>049</b>	<b>062</b> 18,022	I
	Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)		<b>059</b>	<b>072</b>	J
Total of amounts G, H, I, and J		18,022		18,022	K
Amount F minus amount K					L
Total of amount E plus amount L		1,086,271		1,086,271	M
Total losses from property (in box 82 include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)			<b>069</b>	<b>082</b>	N
Amount M minus amount N (if negative, enter "0")		1,086,271	<b>079</b> L	<b>092</b> O 1,086,271	

**Note:** The aggregate investment income is the aggregate world source income.

Enter amount L, foreign investment income, on line 445 of the T2 return.

Enter amount O, aggregate investment income, on line 440 of the T2 return.

Net taxable dividends	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3	18,022		18,022
<b>Less:</b> Expenses related to such dividends			
Total expenses			
Net taxable dividends	18,022		18,022

### Part 3 – Specified partnership income

A		B	C		
Partnership name		Total income (loss) of partnership from an active business	Corporation's share of amount in column B		
200		300	310		
D	E	F	G	H	I
Adjustments [add prior-year reserves under subsection 34.2(5), and deduct expenses incurred to earn partnership income, including any reserve under subsection 34.2(4)]	Corporation's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C ÷ column B) × [business limit* × (column F ÷ 365)] (if column C is negative, enter "0")**	Column E minus column G (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330		340
Total 350		Total 385		360	

Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) – enter as a positive amount 370

Specified partnership loss of the corporation for the year – enter as a positive amount (total of all negative amounts in column E) 380

Total of lines 370 and 380 J

Amount at line 385 or line J, whichever is less 390

**Specified partnership income** (line 360 plus line 390) 400

\* Use one of the following business limits to calculate column G, whichever applies:

- \$250,000 if the corporation's tax year ends in 2004;
- \$300,000 if the corporation's tax year ends in 2005 or 2006; or
- \$400,000 if the corporation's tax year ends after 2006.

\*\* When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income.

### Part 4 – Determination of partnership income

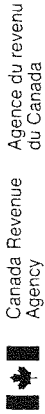
Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses – from line 350 above (if the net amount is negative, enter "0" on line O)	K
<b>Add:</b> Specified partnership loss (from line 380 above)	L
Subtotal	M
<b>Deduct:</b> Specified partnership income (from line 400 above)	N
<b>Partnership income</b> (enter on line S below) 450	O

**Part 5 – Income from active business carried on in Canada**

Net income for income tax purposes from line 300 of the T2 return			130,851,501	P
<b>Deduct:</b> Foreign business income after deducting related expenses*	<b>500</b>			
Taxable capital gains <b>minus</b> allowable capital loss – amount A <b>minus</b> amount B* (page 1)**		1,086,271		
Net property income = amount F <b>minus</b> amount G, H, and N* (page 1)		18,022	Q	
Personal services business income after deducting related expenses*	<b>520</b>			
		1,104,293		
			1,104,293	
		Net amount	129,747,208	R
<b>Deduct:</b> Partnership income (line 450 above)				S
<b>Income from active business carried on in Canada</b> (enter on line 400 of the T2 return – if negative, enter "0")			129,747,208	T

\* If negative, **add** instead of **subtracting**.

\*\*This amount may only be negative to the extent of any allowable business investment losses.



Canada Revenue  
Agency

SCHEDULE 8

## CAPITAL COST ALLOWANCE (CCA)

Name of corporation		Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED		89671 8327 RC0001	2007-12-31

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under regulation 1101(5q)?

**101** 1 Yes ☐ 2 No ☒

1 Class number	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (column 7 multiplied by column 8; or a lower amount) (line 403 of Schedule 1)***	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
<b>200</b>		<b>201</b>	<b>203</b>	<b>205</b>	<b>207</b>	<b>211</b>		<b>212</b>	<b>213</b>	<b>215</b>	<b>217</b>	<b>220</b>
1		1,330,505,148	2,164,452	-1,625,212	101,705	1,031,374	1,329,911,309	4	0	0	53,196,452	1,277,746,231
2		37,945,835	7,446,629	162,348	0	3,723,315	41,831,497	20	0	0	8,366,299	37,188,513
3		15,098,964	4,570,350	-384,085	218,132	2,176,109	16,890,988	30	0	0	5,067,296	13,999,801
4		8,403,659	12,866,277	658,418	0	6,433,139	15,495,215	100	0	0	15,495,215	6,433,139
5		7,201,455	1,261,892	1	0	630,946	7,832,402	8	0	0	626,592	7,836,756
6		477,604,232		1	0		477,604,233	6	0	0	28,656,254	448,947,979
7	CWIP	67,540,773	61,540,119	34,509	0	30,770,060	98,345,341	0	0	0		129,115,401
8	computer hardware	2,712,645	1,878,540	3,950	0	939,270	3,655,865	45	0	0	1,645,139	2,949,996
9		22,606		-1	0		22,605	N/A	0	0	22,605	
10	ELECTRICITY DISTRIBUTION EC	209,174,397	169,286,638	-1	0	84,643,319	293,817,715	8	0	0	23,505,417	354,955,617
11	VOLVO	19,278			N/A		19,278	30	N/A	N/A	2,892	
12	TOYOTA	19,278			N/A		19,278	30	N/A	N/A	5,783	13,495
13	2006 Additions	1,068,430		1	0		1,068,431	N/A	0	0	237,429	831,002
14	2007 additions		10,072,176		0	5,036,088	5,036,088	N/A	0	0	1,007,218	9,064,958
15	Fibre		85,696		0	42,848	42,848	12	0	0	5,142	80,554
50	Computers acquired after March		1,394,062		0	697,031	697,031	55	0	0	383,367	1,010,695
Total		2,157,316,700	272,566,831	-1,150,071	319,837	136,123,499	2,292,290,124				138,223,100	2,290,174,137



- \* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

\*\* Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

\*\*\* The net cost of acquisitions is the cost of acquisitions (column 3) plus or minus certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

\*\*\*\* If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

T2 SCH 8 (06)

Canada



## RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

This schedule is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporations(s)

	Name	Country of residence (if other than Canada)	Business Number (Canadian corporation only) (see note 1)	Relationship code (see note 2)	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of preferred shares owned	Book value of capital stock
	<b>100</b>	<b>200</b>	<b>300</b>	<b>400</b>	<b>500</b>	<b>550</b>	<b>600</b>	<b>650</b>	<b>700</b>
1.	TORONTO HYDRO CORPORATION		89676 0725 RC0001	1					
2.	TORONTO HYDRO ENERGY SERVIC		89674 7128 RC0003	3					
3.	TORONTO HYDRO TELECOM INC.		86363 8961 RC0001	3					
4.	1455948 Ontario Inc.		88651 7614 RC0001	3					

Note 1: Enter "NR" if a corporation is not registered.

Note 2: Enter the code number of the relationship that applies from the following order: 1 – Parent 2 – Subsidiary 3 – Associated 4 – Related, but not associated.



## CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

## Part 1 – Calculation of current year deduction and carry-forward

<b>Cumulative eligible capital - Balance at the end of the preceding taxation year</b> (if negative, enter "0")	<b>200</b>	15,230,569	A
<b>Add:</b> Cost of eligible capital property acquired during the taxation year	<b>222</b>	120,366	
Other adjustments	<b>226</b>		
Subtotal (line 222 plus line 226)		120,366	
		$\times 3 / 4 =$	90,275 B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	<b>228</b>	$\times 1 / 2 =$	C
		90,275	
amount B minus amount C (if negative, enter "0")			90,275 D
Amount transferred on amalgamation or wind-up of subsidiary	<b>224</b>		E
Subtotal (add amounts A, D, and E)	<b>230</b>	15,320,844	F
<b>Deduct:</b> Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	<b>242</b>		G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	<b>244</b>		H
Other adjustments	<b>246</b>		I
(add amounts G,H, and I)		$\times 3 / 4 =$	<b>248</b> J
<b>Cumulative eligible capital balance</b> (amount F minus amount J)			15,320,844 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)			
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	<b>249</b>		
amount K		15,320,844	
less amount from line 249			
<b>Current year deduction</b>		15,320,844 $\times 7.00 \% =$	<b>250</b> 1,072,459 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		1,072,459	1,072,459 L
<b>Cumulative eligible capital – Closing balance</b> (amount K minus amount L) (if negative, enter "0")	<b>300</b>		14,248,385 M

\* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

**Part 2 – Amount to be included in income arising from disposition**

(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)	_____	N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	<b>400</b> _____	1
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	<b>401</b> _____	2
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	<b>402</b> _____	3
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	<b>408</b> _____	4
Line 3 minus line 4 (if negative, enter "0")	_____	5
Total of lines 1, 2 and 5	_____	6
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400	_____	7
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000	_____	8
Subtotal (line 7 plus line 8)	<b>409</b> _____	9
Line 6 minus line 9 (if negative, enter "0")	_____	O
Line N minus line O (if negative, enter "0")	_____	P
Line 5 _____ × 1 / 2 =	_____	Q
Line P minus line Q (if negative, enter "0")	_____	R
Amount R _____ × 2 / 3 =	_____	S
Amount N or amount O, whichever is less	_____	T
<b>Amount to be included in income</b> (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	<b>410</b> _____	



## CONTINUITY OF RESERVES

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal *Income Tax Act*.
- File one completed copy of this schedule with the corporation's *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

## Part 1 – Capital gains reserves

Description of property	Balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add \$	Deduct \$	Balance at the end of the year \$
001	002	003			004
1					
	008	009			010
Totals					

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

**Part 2 – Other reserves**

Description	Balance at the beginning of the year \$	Transfer on amalgamation or wind-up of subsidiary \$	Add \$	Deduct \$	Balance at the end of the year \$
Reserve for doubtful debts <input type="checkbox"/>	<b>110</b>	<b>115</b>			<b>120</b>
Reserve for undelivered goods and services not rendered <input type="checkbox"/>	<b>130</b>	<b>135</b>			<b>140</b>
Reserve for prepaid rent <input type="checkbox"/>	<b>150</b>	<b>155</b>			<b>160</b>
Reserve for December 31, 1995 income <input type="checkbox"/>	<b>170</b>	<b>175</b>			<b>180</b>
Reserve for refundable containers <input type="checkbox"/>	<b>190</b>	<b>195</b>			<b>200</b>
Reserve for unpaid amounts <input type="checkbox"/>	<b>210</b>	<b>215</b>			<b>220</b>
Insurance corporation policy reserves <input type="checkbox"/>					
Bank reserves <input type="checkbox"/>					
Other tax reserves <input type="checkbox"/>	<b>230</b>	<b>235</b>			<b>240</b>
	1				1
<b>Totals</b>	<b>270</b>	<b>275</b>			<b>280</b>
	1				1

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.  
The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

# Continuity of financial statement reserves (not deductible)

## Financial statement reserves (not deductible)

Financial statement reserves (not deductible)						
	Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
1	POEB	122,343,778		15,499,223		137,843,001
2	AFDA	11,310,387			1,014,530	10,295,857
3	Inventory Obsolescence	727,887			236,015	491,872
4	Termination Accrual	1,288,212			296,291	991,921
	Reserves from Part 2 of Schedule 13					
	Totals	135,670,264		15,499,223	1,546,836	149,622,651

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.  
The total closing balance should be entered on line 126 of Schedule 1 as an addition.



## AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

**Column 1:** Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* (ITA) not to be associated for purposes of the small business deduction.

**Column 2:** Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

**Column 3:** Enter the association code that applies to each corporation:

- 1 - Associated for purposes of allocating the business limit (unless code 5 applies)
- 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 - Non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 - Associated non-CCPC
- 5 - Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"

**Column 4:** Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

**Column 5:** Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

**Column 6:** Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2004	\$225,001 to \$250,000
2005	\$250,001 to \$300,000
2006	maximum \$300,000
2007	\$300,001 to \$400,000

If the calendar year to which this agreement applies is after 2007, ensure that the total at line A does not exceed \$400,000.

### Allocating the business limit

Date filed (do not use this area) ..... **025** Year Month Day

Enter the calendar year to which the agreement applies ..... **050** Year 2007

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? ..... **075** 1 Yes ☐ 2 No ☒

	1 Names of associated corporations	2 Business Number of associated corporations	3 Asso- ciation code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	<b>100</b>	<b>200</b>	<b>300</b>		<b>350</b>	<b>400</b>
1	TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	1	400,000	100.0000	400,000
2	TORONTO HYDRO CORPORATION	89676 0725 RC0001	1	400,000		
3	TORONTO HYDRO ENERGY SERVICES INC.	89674 7128 RC0003	1	400,000		
4	TORONTO HYDRO TELECOM INC.	86363 8961 RC0001	1	400,000		
5	1455948 Ontario Inc.	88651 7614 RC0001	1	400,000		
	<b>Total</b>				<b>100.0000</b>	<b>400,000</b> A



### Business limit reduction under subsection 125(5.1) of the ITA

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group\*\* of corporations in the current tax year, the amount at line 415 of the T2 return is equal to  $0.225\% \times (A - \$10,000,000)$  where, "A" is the total of taxable capital employed in Canada\*\*\* of each corporation in the associated group for its last tax year ending in the preceding calendar year.

\*Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

\*\* The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

\*\*\* "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.



## PAYMENTS TO NON-RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

- A corporation that makes payments or credits amounts to non-residents under subsections 202(1) and 105(1) of the *Income Tax Regulations* has to file the applicable information return.
- The corporation has to complete the information below for all amounts paid or credited to non-residents that are listed in Note 1. If the total amount paid or credited is less than \$100, you do not have to complete the information for that payee.

	Name (list each payee separately) <b>100</b>	Address <b>200</b>	Payment code (see note 1) <b>300</b>	Amount \$ <b>400</b>
1	DOBLE ENGINEERING COMPANY	85 WALNUT STREET WATERTOWN MA US 02472	02	1,442
2	HANNON ELECTRIC COMPANY	1605 WAYNESBURG DRIVE SE CANTON OH US 44707	09	438
3	EMETER CORPORATION	1 TWIN DOLPHIN DRIVE REDWOOD CITY CA US 94065	09	42,184
4	SKILLPATH SEMINARS	PO BOX 997 MISSION KS US 662010997	09	170
5	BLOOMBERG L.P.	731 LEXINGTON AVENUE NEW YORK NY US 10022	02	1,012
6	HYPERION SOLUTIONS CORPORATION	5450 GREAT AMERICA PARKWAY SANTA CLARA CA US 95054	09	3,505
7	RIGHTANSWERS, INCORPORATED	67 WALNUT AVENUE SUITE 210 CLARK NJ US 07066	09	2,103
8	SCHWEITZER ENGINEERING LAB, INC	2350 NE HOPKINS COURT PULLMAN WA US 991635603	09	6,286
9	POWER STANDARDS LAB, INC.	1201 MARINA VILLAGE PARKWAY #101 ALAMEDA CA US 94501	09	598

	Name (list each payee separately) <b>100</b>	Address <b>200</b>	Payment code (see note 1) <b>300</b>	Amount \$ <b>400</b>										
10	BLAKE MANAGEMENT INC	1818 COUNTRY CREEK CT	09	313										
		MAGNOLIA												
		TX US 77354												
<p>Note 1: Enter the applicable payment code in column 300:</p> <table><tbody><tr><td>1 – Royalties</td><td>6 – Interest</td></tr><tr><td>2 – Rents</td><td>7 – Dividends</td></tr><tr><td>3 – Management fees/commissions</td><td>8 – Film payments: – motion picture film, or</td></tr><tr><td>4 – Technical assistance fees</td><td>– a film or video tape for use in connection with television</td></tr><tr><td>5 – Research and development fees</td><td>9 – Other services</td></tr></tbody></table>					1 – Royalties	6 – Interest	2 – Rents	7 – Dividends	3 – Management fees/commissions	8 – Film payments: – motion picture film, or	4 – Technical assistance fees	– a film or video tape for use in connection with television	5 – Research and development fees	9 – Other services
1 – Royalties	6 – Interest													
2 – Rents	7 – Dividends													
3 – Management fees/commissions	8 – Film payments: – motion picture film, or													
4 – Technical assistance fees	– a film or video tape for use in connection with television													
5 – Research and development fees	9 – Other services													

T2 SCH 29 (99)

Canada



## INVESTMENT TAX CREDIT – CORPORATIONS

### General information

1. For use by a corporation that during a tax year:
  - earned an investment tax credit (ITC);
  - is claiming a deduction against its Part I tax payable;
  - is claiming a refund of credit earned during the current tax year;
  - is claiming a carryforward of credit from previous tax years;
  - is transferring a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*;
  - is requesting a credit carryback; or
  - is subject to a recapture of ITC.
2. References to parts, sections, and subsections on this schedule are from the federal *Income Tax Act* and the federal *Income Tax Regulations*. References to interpretation bulletins and information circulars are to the latest versions.
3. The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward for credits earned in tax years that end after 1997 and a ten-year carryforward for credits earned in tax years that end before 1998. The apprenticeship job creation tax credit can only be carried back to tax years that end after May 1, 2006.
4. Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal *Income Tax Regulations*, that earn the ITC are:
  - qualified property (Parts 4 to 7);
  - qualified expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). Complete and file Form T661, *Claim for Scientific Research and Experimental Development (SR&ED) Carried out in Canada*;
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
5. Attach a completed copy of this schedule with the *T2 Corporation Income Tax Return*.
6. For more information on ITCs, see the section called "Investment Tax Credit" in the *T2 Corporation – Income Tax Guide*, Information Circular IC 78-4, *Investment Tax Credit Rates*, and its related Special Release. Also, see Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures*.
7. For information on SR&ED, see Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures*; Information Circular 86-4, *Scientific Research and Experimental Development*; Pamphlet T4052, *An Introduction to the Scientific Research and Experimental Development Program*; and Guide T4088, *Claiming Scientific Research and Experimental Development – Guide to Form T661*.

### Detailed information

1. For the purpose of this schedule, "investment" means:  
The capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
2. An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
3. Property acquired has to be "available for use" before a claim for an ITC can be made.
4. Qualified expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which the expenditures or capital costs were incurred.
5. Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 of the Act is not applicable for the agreement to share any income or loss. For more information, see Interpretation Bulletin IT-151. Special rules apply to specified and limited partners.
6. For SR&ED expenditures made after February 22, 2005, the expression "in Canada" includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone. For SR&ED expenditures made before February 23, 2005, the expression "in Canada" generally includes the 12 nautical mile territorial sea.

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

**Part 1 – Investments, expenditures and percentages**

	Specified percentage
<b>Investments</b>	
Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region	10 %
<b>Expenditures</b>	
If you are a Canadian-controlled private corporation (CCPC) throughout the tax year, this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
<b>Note:</b> If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate.	
If you are a corporation that is not a CCPC throughout the current tax year that incurred qualified expenditures for SR&ED in any area in Canada after 1995	20 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures:	
• in 2004	7 %
• after 2004	10 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment after May 1, 2006	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

**Part 2 – Determination of a qualifying corporation**

Is the corporation a qualifying corporation? **101** 1 Yes ☐ 2 No ☒

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC throughout the current tax year and the taxable income (before any loss carrybacks) for its previous tax year cannot be more than its business limit for that previous year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than the total of their business limits for that last year.

**Note:** A CCPC calculating a refundable ITC for tax years ending before March 23, 2004, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1). For tax years ending after March 22, 2004, the association rule remains the same except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund.

Some CCPCs that are not qualifying corporations may also earn a 100% refund on their share of any ITCs earned at the 35% rate on qualified current expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified capital expenditures eligible for the 35% credit rate. They are only eligible for the 40% refund.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

- one or more persons exempt from Part I tax under section 149;
- Her Majesty in right of a province, a Canadian municipality, or any other public authority; or
- any combination of persons referred to in a) or b) above.

**Part 3 – Corporations in the farming industry**

Complete this area if the corporation is making SR&ED contributions

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? **102** 1 Yes ☐ 2 No ☒

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see the *Guide to the General Index of Financial Information (GIFI) for Corporations*. Enter contributions on line 350 of Part 8.

## QUALIFIED PROPERTY

### Part 4 – Eligible investments for qualified property from the current tax year

CCA* class number	Description of investment	Date available for use	Location used (province)	Amount of investment
105	110	115	120	125

\*CCA: capital cost allowance

Total investment – enter in formula on line 240 in Part 5

### Part 5 – Calculation of current-year credit and account balances – ITC from investments in qualified property

ITC at the end of the previous tax year .....

**Deduct:**

Credit deemed as a remittance of co-op corporations ..... **210**

Credit expired\* ..... **215**

Subtotal ..... **220**

ITC at the beginning of the tax year ..... **220**

**Add:**

Credit transferred on amalgamation or wind-up of subsidiary ..... **230**

ITC from repayment of assistance ..... **235**

Total current-year credit: total of column 125 ..... x 10 % = **240**

Credit allocated from a partnership ..... **250**

Subtotal ..... **250**

Total credit available .....

**Deduct:**

Credit deducted from Part I tax (enter on line B1 in Part 30) ..... **260**

Credit carried back to the previous year(s) (from Part 6) ..... A

Credit transferred to offset Part VII tax liability ..... **280**

Subtotal ..... **280**

Credit balance before refund ..... B

**Deduct:**

Refund of credit claimed on investments from qualified property (from Part 7) ..... **310**

ITC closing balance of investments from qualified property ..... **320**

\* The credit expires after 20 tax years if it was earned in a tax year ending after 1997 and 10 tax years if it was earned in a tax year ending before 1998.

### Part 6 – Request for carryback of credit from investments in qualified property

	Year	Month	Day		
1st previous tax year				Credit to be applied	<b>901</b>
2nd previous tax year				Credit to be applied	<b>902</b>
3rd previous tax year				Credit to be applied	<b>903</b>
Total (enter on line A in Part 5)					

### Part 7 – Calculation of refund for qualifying corporations on investments from qualified property

Current-year ITCs (total of lines 240 and 250 in Part 5) ..... C

Credit balance before refund (amount B from Part 5) ..... D

Refund ( 40 % of amount C or D, whichever is less) ..... E

Enter amount E or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

## SR&ED

### Part 8 – Qualified expenditures for SR&ED

Current expenditures (including contributions to agricultural organizations for SR&ED)*	350	
Capital expenditures	360	
Repayments made in the year (from line 560 on Form T661)	370	
<b>Total</b> (this must equal the amount from line 570 on Form T661)*	<b>380</b>	

\* Do not file form T661 if you are only claiming contributions made to agricultural organizations for SR&ED.

### Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if the corporation is a CCPC throughout the current tax year.

**Note:** A CCPC that calculates SR&ED expenditure limit for tax years ending before March 23, 2004, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1). This also applies for tax years ending after March 22, 2004, except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes ☐ 2 No ☒

Complete lines 390 and 395 if you answered **no** to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49).

a) Enter your taxable income for the previous tax year* (prior to any loss carry-backs applied)	390	147,794,981
b) Enter your reduced business limit** for the current tax year* (this amount cannot be more than the amount at line 4 on page 4 of the T2 return)	395	

\* If either of the tax years referred to at line 390 or 395 is less than 51 weeks, multiply the taxable income or the business limit by the following result: 365 divided by the number of days in these tax years. For details on the expression "Reduced business limit," see line 652 of the *T2 Corporation – Income Tax Guide*.

\*\* If the corporation is claiming only a portion of the business limit from line 4 on page 4 of the T2 return because of its association with other corporations, calculate your reduced business limit as if the corporation was not associated in the current tax year. Enter the result at line 395.

### Part 10 – Calculation of SR&ED expenditure limit for a CCPC throughout the current tax year

For stand-alone corporations:

Calculation of the \$2,000,000 SR&ED expenditure limit					\$	<u>5,000,000</u> *
Subtract: line 390 from Part 9 or \$400,000*, whichever is more		147,794,981	x 10	=		<u>1,477,949,810</u>
Excess (if negative, enter "0")						<u>F</u>
Line F	x	Line 395		=		G1
		Line 4 on page 4 of the T2 return	400,000			
Line G1	x	Number of days before February 26, 2008	365	=		G2
		Number of days in the tax year	365			
Calculation of the \$3,000,000 SR&ED expenditure limit					\$	<u>7,000,000</u>
Subtract: line 390 from Part 9 or \$400,000, whichever is more*		147,794,981	x 10	=		<u>1,477,949,810</u>
Excess (if negative, enter "0")						<u>G3</u>
		Taxable capital used in Canada for previous tax year				
Line G3	x	40,000,000 – (	20,000,000 –	10,000,000 )	=	G4
		40,000,000				
Line G4	x	Number of days after February 25, 2008		=		G5
		Number of days in the tax year	365			

SR&ED expenditure limit – Add lines G2 and G5 **\*\*G**

For associated corporations:

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 **400** **\*\*H**

Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Line G or H x Number of days in the tax year 365 = **I**

Your SR&ED expenditure limit for the year (enter the amount from line G, H, or I, whichever applies) **410**

\* If your tax year immediately follows a tax year that ended before 2007, the references to \$6,000,000 and \$400,000 should be \$5,000,000 and \$300,000 respectively.

\*\* Amount G or H cannot be more than \$3,000,000 (\$2,000,000 for a tax year that ended before February 26, 2008).

## Part 11 – Calculation of investment tax credits on SR&ED expenditures

Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)\*

420		x	35 %	=	J
Line 350 minus line 410 (if negative, enter "0")	430	x	20 %	=	K
Line 410 minus line 350 (if negative, enter "0")		L			

Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above\*

440		x	35 %	=	M
Line 360 minus line L (if negative, enter "0")	450	x	20 %	=	N

**Repayments** (amount from line 370 in Part 8)

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount.	460	x	35 %	=	
Enter the amount of the repayment on the line that corresponds to the appropriate rate.	470	x	30 %	=	
	480	x	20 %	=	
<b>Total</b>					O

**Current-year SR&ED ITC** (total of lines J, K, M, N, and O; enter on line 540 in Part 12)

\* For corporations that are not CCPCs throughout the year, enter "0" on lines J and M.

## Part 12 – Calculation of current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year

**Deduct:**

Credit deemed as a remittance of co-op corporations	510	
Credit expired*	515	
<b>Subtotal</b>		520

ITC at the beginning of the tax year

**Add:**

Credit transferred on amalgamation or wind-up of subsidiary	530	
Total current-year credit	540	
Credit allocated from a partnership	550	
<b>Subtotal</b>		

**Total credit available**

**Deduct:**

Credit deducted from Part I tax (enter on line B2 in Part 30)	560	
Credit carried back to the previous year(s) (from Part 13)		P
Credit transferred to offset Part VII tax liability	580	
<b>Subtotal</b>		

**Credit balance before refund**

**Deduct:**

Refund of credit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies)	610	
---	-----	--

**ITC closing balance on SR&ED**

\* The credit expires after 20 tax years if it was earned in a tax year ending after 1997 and 10 tax years if it was earned in a tax year ending before 1998.

## Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day	
1st previous tax year				Credit to be applied 911
2nd previous tax year				Credit to be applied 912
3rd previous tax year				Credit to be applied 913
<b>Total</b> (enter on line P in Part 12)				



Name of corporation  TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	Business Number  89671 8327 RC0001	Tax year-end Year Month Day 2007-12-31
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**Part 14 – Calculation of refund of ITC for qualifying corporations – SR&ED**

Complete this part only if you are a qualifying corporation as determined at line 101.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? ..... **650** 1 Yes ☐ 2 No ☒

Credit balance before refund (amount Q from Part 12) ..... R

Current-year ITC (lines 540 plus 550 from Part 12 **minus** line O from Part 11) ..... S

Refundable credits (amount R or S, whichever is less)\* ..... T

Amount J from Part 11 ..... U

**Subtract:** Amount T or U, whichever is less ..... V

Net amount (if negative, enter "0") ..... W

Amount W ..... x 40 % ..... X

**Add:** Amount V ..... Y**Refund of ITC** (amounts X **plus** Y – enter this, or a lesser amount, on line 610 in Part 12) ..... Z

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

\* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount must be multiplied by 40%.  
Claim this, or a lesser amount, as your refund of ITC on line Z.

**Part 15 – Calculation of refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED**

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined in Part 2.

Credit balance before refund (amount Q from Part 12) ..... AA

Amount J from Part 11 ..... BB

**Subtract:** Amount AA or BB, whichever is less ..... CC

Net amount (if negative, enter "0") ..... DD

Amount M from Part 11 ..... EE

Amount DD or EE, whichever is less ..... x 40 % ..... FF

**Add :** Amount CC above ..... GG**Refund of ITC** (amounts FF **plus** GG) ..... HH

Enter HH, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

## RECAPTURE – SR&ED

### Part 16 – Calculating the recapture of ITC for corporations and corporate partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997, or in any of the 10 previous tax years, if the credit was earned in a tax year ending before 1998;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

#### Note

The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

#### Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case)	Amount from column 700 or 710, whichever is less
700	710	
1.		

**Subtotal** (enter this amount on line LL in Part 17) II

#### Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil at line JJ in Part 16.

A	B	C
Rate percentage that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement	Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition	Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.)
720	730	740

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

## Part 16 – Calculating the recapture of ITC for corporations and corporate partnerships – SR&ED (continued)

Calculation 2 (continued) – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line JJ below.

D Amount determined by the formula (A x B) - C	E ITC earned by the transferee for the qualified expenditures that were transferred	F Amount from column D or E, whichever is less
	750	

Subtotal (enter this amount on line MM in Part 17) JJ

### Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12 on page 5. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line KK below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line NN in Part 17) 760 KK

## Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC for calculation 1 from line II in Part 16	LL
Recaptured ITC for calculation 2 from line JJ in Part 16 above	MM
Recaptured ITC for calculation 3 from line KK in Part 16 above	NN
<b>Total recapture of SR&amp;ED investment tax credit</b> – Add lines LL, MM and NN	OO
Enter amount OO at line A1 in Part 29.	

89671 8327 RC0001

Name of corporation

TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

Business Number

89671 8327 RC0001

Tax year-end  
Year Month Day  
2007-12-31**Part 19 – Calculation of current-year credit and account balances – ITC from pre-production mining expenditures**

ITC at the end of the previous tax year .....

**Deduct:**

Credit deemed as a remittance of co-op corporations .....

**841**

Credit expired\* .....

**845**

Subtotal

**850**

ITC at the beginning of the tax year .....

**Add:**

Credit transferred on amalgamation or wind-up of subsidiary .....

**860**Expenditures from line YY, Part 18,  
incurred in 2003 .....**865**

x

5 %

=

ZZ

Expenditures from line YY, Part 18,  
incurred in 2004 .....**867**

x

7 %

=

AAA

Expenditures from line YY, Part 18,  
incurred after 2004 .....**870**

x

10 %

=

BBB

Total current-year credit (add amounts ZZ, AAA, and BBB) .....

**880**

Total credit available .....

**Deduct:**

Credit deducted from Part I tax (enter on line B3 in Part 30) .....

**885**

Credit carried back to the previous year(s) (from Part 20) .....

CCC

Subtotal

**890**

ITC closing balance from pre-production mining expenditures .....

\* The credit expires after 20 tax years if it was earned in a tax year ending after 1997 and 10 tax years if it was earned in a tax year ending before 1998.

**Part 20 – Request for carryback of credit from pre-production mining expenditures**

1st previous tax year

2nd previous tax year

3rd previous tax year

Year	Month	Day

Credit to be applied

**921**

Credit to be applied

**922**

Credit to be applied

**923**

Total (enter on line CCC in Part 19)

## APPRENTICESHIP JOB CREATION

**- Part 21 – Calculation of total current-year credit – ITC from apprenticeship job creation expenditures**

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.)

. . . . . **611** 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice. Also enter the name of the eligible trade, the eligible salary and wages\* payable for employment after May 1, 2006, and 10% of this amount. Then enter the lesser of 10% of eligible salary and wages or \$2,000.

	A Contract number (SIN or name of apprentice)  <b>601</b>	B Name of eligible trade  <b>602</b>	C Eligible salary and wages*  <b>603</b>	D Column C x 10 %  <b>604</b>	E Lesser of column D or \$ 2,000  <b>605</b>
1.	D21607	POWER LINEWORKER	70,548	7,055	2,000
2.	D21608	POWER LINEWORKER	63,961	6,396	2,000
3.	D21609	POWER LINEWORKER	73,390	7,339	2,000
4.	D21610	POWER LINEWORKER	76,417	7,642	2,000
5.	D21611	POWER LINEWORKER	78,985	7,899	2,000
6.	D21612	POWER LINEWORKER	82,562	8,256	2,000
7.	D21613	POWER LINEWORKER	69,376	6,938	2,000
8.	D21614	POWER LINEWORKER	56,004	5,600	2,000
9.	D21615	POWER LINEWORKER	67,583	6,758	2,000
10.	D21616	POWER LINEWORKER	79,449	7,945	2,000
11.	D21618	POWER LINEWORKER	74,635	7,464	2,000
12.	D21617	POWER LINEWORKER	73,991	7,399	2,000
13.	D21619	POWER LINEWORKER	76,521	7,652	2,000
14.	D18139	POWER LINEWORKER	74,836	7,484	2,000
15.	D21620	POWER LINEWORKER	84,739	8,474	2,000
16.	PA6065	POWER LINEWORKER	38,449	3,845	2,000
17.	PA6069	POWER LINEWORKER	3,113	311	311
18.	PA6061	POWER LINEWORKER	36,689	3,669	2,000
19.	PA6074	POWER LINEWORKER	40,977	4,098	2,000
20.	PA6073	POWER LINEWORKER	39,313	3,931	2,000
21.	PA6066	POWER LINEWORKER	39,457	3,946	2,000
22.	PA6067	POWER LINEWORKER	41,260	4,126	2,000
23.	PA6059	POWER LINEWORKER	40,890	4,089	2,000
24.	PA6072	POWER LINEWORKER	39,598	3,960	2,000
25.	PA6071	POWER LINEWORKER	36,776	3,678	2,000
26.	PA6070	POWER LINEWORKER	38,085	3,809	2,000
27.	PA6064	POWER LINEWORKER	36,905	3,691	2,000
28.	PA6062	POWER LINEWORKER	41,475	4,148	2,000
29.	PA6060	POWER LINEWORKER	47,491	4,749	2,000
30.	PA6068	POWER LINEWORKER	36,042	3,604	2,000
31.	PA6063	POWER LINEWORKER	35,346	3,535	2,000
32.	PA6075	POWER LINEWORKER	37,053	3,705	2,000
33.	PB2188	POWER LINEWORKER	5,939	594	594
34.	PB2189	POWER LINEWORKER	5,939	594	594
35.	PB2199	POWER LINEWORKER	5,939	594	594
36.	PB2196	POWER LINEWORKER	5,876	588	588
37.	PB2192	POWER LINEWORKER	5,941	594	594
38.	PB2187	POWER LINEWORKER	5,972	597	597
39.	PB2183	POWER LINEWORKER	5,842	584	584
40.	PB2186	POWER LINEWORKER	5,842	584	584
41.	PB2198	POWER LINEWORKER	5,939	594	594
42.	PB2197	POWER LINEWORKER	6,048	605	605
43.	PB2190	POWER LINEWORKER	5,939	594	594
44.	PB2194	POWER LINEWORKER	6,058	606	606

	A Contract number (SIN or name of apprentice)  <b>601</b>	B Name of eligible trade  <b>602</b>	C Eligible salary and wages*  <b>603</b>	D Column C x 10 %  <b>604</b>	E Lesser of column D or \$ 2,000  <b>605</b>
45.	PB2200	POWER LINEWORKER	6,050	605	605
46.	PB2195	POWER LINEWORKER	5,842	584	584
47.	PB2193	POWER LINEWORKER	3,159	316	316
48.	PB2185	POWER LINEWORKER	5,949	595	595
49.	PB2184	POWER LINEWORKER	5,951	595	595
Total current-year credit (enter at line 640)					72,134

\* Net of any other government or non-government assistance received or to be received.

## Part 22 – Calculation of current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year .....

**Deduct:**

Credit deemed as a remittance of co-op corporations ..... **612**

Credit expired after 20 tax years ..... **615**

Subtotal ..... **625**

ITC at the beginning of the tax year ..... **625**

**Add:**

Credit transferred on amalgamation or wind-up of subsidiary ..... **630**

ITC from repayment of assistance ..... **635**

Total current-year credit (total of column 605) ..... **640** 72,134

Credit allocated from a partnership ..... **655**

Subtotal ..... 72,134 **690**

Total credit available ..... 72,134

**Deduct:**

Credit deducted from Part I tax (enter on line B4 in Part 30) ..... **660** 72,134

Credit carried back to the previous year(s) (from Part 23) ..... DDD

Subtotal ..... 72,134 **690**

ITC closing balance from apprenticeship job creation expenditures ..... **690**

## Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

Carryback of this credit is restricted to tax years ending after May 1, 2006.

	Year	Month	Day		
1st previous tax year				.....	Credit to be applied <b>931</b>
2nd previous tax year				.....	Credit to be applied <b>932</b>
3rd previous tax year				.....	Credit to be applied <b>933</b>
Total (enter on line DDD in Part 22)					

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

## CHILD CARE SPACES

### Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred after March 18, 2007, to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation is not a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

#### Cost of depreciable property from the current tax year

CCA* class number	Description of investment	Date available for use	Amount of investment
665	675	685	695
1.			

\*CCA: capital cost allowance

Cost of depreciable property from the current tax year **715**  EEE

Add: Specified child care start-up expenditures from the current tax year **705**  FFF

Total gross eligible expenditures for child care spaces (line 715 plus line 705)  GGG

Deduct: Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line GGG **725**  HHH

Excess (amount GGG minus amount HHH) (if negative, enter "0")  III

Add: Repayments of government and non-government assistance **735**  JJJ

Total eligible expenditures for child care spaces (amount III plus amount JJJ) **745**



### Part 25 – Calculation of current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred after March 18, 2007, to a maximum of \$10,000 per child care space created in a licensed child care facility.

Eligible expenditures (line 745) ..... x 25 % = ..... KKK

Number of child care spaces ..... **755** ..... x \$ 10,000 = ..... LLL

ITC from child care spaces expenditures (amount KKK or LLL, whichever is less) ..... MMM

### Part 26 – Calculation of current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year .....

**Deduct:**

Credit deemed as a remittance of co-op corporations ..... **765** .....

Credit expired after 20 tax years ..... **770** .....

Subtotal ..... ► .....

ITC at the beginning of the tax year ..... **775** .....

**Add:**

Credit transferred on amalgamation or wind-up of subsidiary ..... **777** .....

Total current-year credit (amount MMM above) ..... **780** .....

Credit allocated from a partnership ..... **782** .....

Subtotal ..... ► .....

Total credit available .....

**Deduct:**

Credit deducted from Part I tax (enter on line B5 in Part 30) ..... **785** .....

Credit carried back to the previous year(s) (from Part 27) ..... NNN .....

Subtotal ..... ► .....

ITC closing balance from child care spaces expenditures ..... **790** .....

### Part 27 – Request for carryback of credit from child care space expenditures

	Year	Month	Day		
1st previous tax year	2006	12	31	.....	Credit to be applied <b>941</b> .....
2nd previous tax year	2005	12	31	.....	Credit to be applied <b>942</b> .....
3rd previous tax year	2004	12	31	.....	Credit to be applied <b>943</b> .....
				Total (enter on line NNN in Part 26)	.....

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

## RECAPTURE – CHILD CARE SPACES

### Part 28 – Calculating the recapture of ITC for corporations and corporate partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a))

ZZZ

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC

795

25% of either the proceeds of disposition (if sold in an arm's length transaction)

or the fair market value (in any other case) of the property

797

Amount from line 795 or line 797, whichever is less

000

#### Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26 on page 13. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line PPP below.

Corporate partner's share of the excess of ITC 799

PPP

**Total recapture of child care spaces investment tax credit** – Add lines ZZZ, 000, and PPP

Enter amount QQQ on line A2 in Part 29.

QQQ

### Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC from line 00 in Part 17 on page 8

A1

Recaptured child care spaces ITC from line QQQ in Part 28 above

A2

**Total recapture of investment tax credit** – Add lines A1 and A2

Enter amount A3 on line 602 on page 7 of the T2 return.

A3

### Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)

B1

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)

B2

ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)

B3

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)

72,134

B4

ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)

B5

**Total ITC deducted from Part I tax** (add lines B1, B2, B3, B4, and B5)

72,134

B6

Enter amount B6 at line 652 on page 7 of the T2 return.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97

Current year

	Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
	72,134	72,134			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2001-09-30				
2000-09-30				
1999-09-30				
1998-09-30				*
1997-09-30				
1996-09-30				
1995-09-30				
1994-09-30				
1993-09-30				
1992-09-30				
1991-09-30				
1990-09-30				
1989-09-30				
1988-09-30				*
Total				

B+C+D+G

Total ITC utilized

72,134

\* The ITC end of year includes the amount of ITC expired from the 10<sup>th</sup> preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20<sup>th</sup> preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Provide only one number per shareholder						
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)		Business Number	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100		200	300	350	400	500
1	TORONTO HYDRO CORPORATION	89676 0725 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

## GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

On: 2007-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsections referred to in this schedule are from the *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

### Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

#### 2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? ☐ Yes ☒ No
  2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006?  
Enter the date and go directly to question 4 2006-12-31
  3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? ☒ Yes ☐ No
- If the answer to question 3 is yes, complete Part 5.

#### Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? ☒ Yes ☐ No
  5. Corporations that become a CCPC or a DIC ☐ Yes ☒ No
- If the answer to question 5 is yes, complete Part 4.

#### Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation ☐ Yes ☒ No  
If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? ☐ Yes ☐ No  
If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? ☐ Yes ☐ No  
If the answer to question 8 is yes, complete Part 3.

#### Winding-up

9. Corporations that wound-up a subsidiary ☐ Yes ☒ No  
If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? ☐ Yes ☐ No  
If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? ☐ Yes ☐ No  
If the answer to question 11 is yes, complete Part 3.

**Part 1 – Calculation of general rate income pool (GRIP)**

If the corporation's tax year includes January 1, 2006, complete "Part 5 – GRIP addition for 2006" and then line 050. Otherwise, complete line 100.

GRIP addition for 2006 (the greater of amount QQ from Part 5 or "0")	050		A
GRIP at the end of the previous tax year	100	141,007,197	B
Taxable income for the year (DICs enter "0")*	110	130,804,395	C
Income for the credit union deduction* (amount E in Part 3 of Schedule 17)	120		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less*	130		
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income*	140	1,086,271	
Subtotal (add lines 120, 130, and 140)		1,086,271	D
Income taxable at the general corporate rate (line C minus line D)	150	129,718,124	
After-tax income (line 150 multiplied by 68 %)	190	88,208,324	E
Eligible dividends received in the tax year	200	18,022	
Dividends deductible under section 113 received in the tax year	210		
Subtotal (add lines 200 and 210)		18,022	F
GRIP addition:			
Becoming a CCPC (line PP from Part 4)	220		
Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4)	230		
Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4)	240		
Subtotal (add lines 220, 230, and 240)	290		G
Subtotal (add lines A or B (as applicable), E, F, and G)		229,233,543	H
Eligible dividends paid in the previous tax year	300		
Excessive eligible dividend designations made in the previous tax year	310		
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.			
Subtotal (line 300 minus line 310)			I
GRIP before adjustment for specified future tax consequences (line H minus line I) (amount can be negative)	490	229,233,543	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount Y from Part 2)	560		
GRIP at the end of the year (line 490 minus line 560)	590	229,233,543	
Enter this amount on line 160 on Schedule 55.			

\* Note: For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

**Part 2 – GRIP adjustment for specified future tax consequences to previous tax years**

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560 of page 1 or leave it blank.

First previous tax year 2006-12-31

Taxable income before specified future tax consequences from the current tax year	147,794,981	J1
Enter the following amounts before specified future tax consequences from the current tax year:		
Income for the credit union deduction (amount E in Part 3 of Schedule 17)		K1
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less		L1
Aggregate investment income (line 440 of the T2 return)	583,769	M1
Subtotal (add lines K1, L1, and M1)	583,769	O1
Subtotal (line J1 minus line O1) (if negative, enter "0")	147,211,212	P1

**Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)**

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences ..... Q1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction

(amount E in Part 3 of Schedule 17) . . . . . R1

Amount on line 400, 405, 410, or 425

of the T2 return, whichever is less . . . . . S1

Aggregate investment income

(line 440 of the T2 return) . . . . . T1

Subtotal (add lines R1, S1, and T1) ..... V1

Subtotal (line Q1 minus line V1) (if negative, enter "0") ..... W1

Subtotal (line P1 minus line W1) (if negative, enter "0") ..... X1

**GRIP adjustment for specified future tax consequences to first previous tax year (line X1 multiplied by 68 %) . . . 500**

**Second previous tax year 2005-12-31**

Taxable income before specified future tax consequences from

the current tax year ..... J2

Enter the following amounts before specified future tax

consequences from the current tax year:

Income for the credit union deduction

(amount E in Part 3 of Schedule 17) . . . . . K2

Amount on line 400, 405, 410, or 425

of the T2 return, whichever is less . . . . . L2

Aggregate investment income

(line 440 of the T2 return) . . . . . M2

Accelerated tax reduction (line 637 of

T2 return)\* multiplied by 100/7 . . . . . N2

Subtotal (add lines K2, L2, M2, and N2) ..... O2

Subtotal (line J2 minus line O2) (if negative, enter "0") ..... P2

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences ..... Q2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction

(amount E in Part 3 of Schedule 17) . . . . . R2

Amount on line 400, 405, 410, or 425

of the T2 return, whichever is less . . . . . S2

Aggregate investment income

(line 440 of the T2 return) . . . . . T2

Accelerated tax reduction (line 637 of

T2 return)\* multiplied by 100/7 . . . . . U2

Subtotal (add lines R2, S2, T2, and U2) ..... V2

Subtotal (line Q2 minus line V2) (if negative, enter "0") ..... W2

Subtotal (line P2 minus line W2) (if negative, enter "0") ..... X2

**GRIP adjustment for specified future tax consequences to second previous tax year (line X2 multiplied by 68 %) 520**

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2004-12-31

Taxable income before specified future tax consequences from the current tax year J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less L3

Aggregate investment income (line 440 of the T2 return) M3

Accelerated tax reduction (line 637 of T2 return)\* multiplied by 100/7 N3

Subtotal (add lines K3, L3, M3, and N3) O3

Subtotal (line J3 minus line O3) (if negative, enter "0") P3

Future tax consequences that occur for the current year

Amount carried back from the current year to a prior year

Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences Q3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) R3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less S3

Aggregate investment income (line 440 of the T2 return) T3

Accelerated tax reduction (line 637 of T2 return)\* multiplied by 100/7 U3

Subtotal (add lines R3, S3, T3, and U3) V3

Subtotal (line Q3 minus line V3) (if negative, enter "0") W3

Subtotal (line P3 minus line W3) (if negative, enter "0") X3

GRIP adjustment for specified future tax consequences to third previous tax year (line X3 multiplied by 68 %) 540

Total GRIP adjustment for specified future tax consequences to previous tax years:

(add lines 500, 520, and 540) (if negative, enter "0") Y

Enter amount Y on line 560.

\*Note: The accelerated tax reduction was available for 2001 to 2004 tax years.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or DIC in its last tax year)

nb. 1 Post amalgamation Post wind-up

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year AA

Eligible dividends paid by the corporation in its last tax year BB

Excessive eligible dividend designations made by the corporation in its last tax year CC

Subtotal (line BB minus line CC) DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or DIC in its last tax year)

(line AA minus line DD) EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.







## PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2007-12-31

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool Calculation (LRIP)*; whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- Parts, subsections, and paragraphs mentioned in this schedule refer to the *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

### Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year <b>not included</b> in Schedule 3		
Taxable dividends paid in the tax year <b>included</b> in Schedule 3	25,000,000	
Total taxable dividends paid in the tax year	<b>100</b> 25,000,000	
Total eligible dividends paid in the tax year		<b>150</b>
GRIP at the end of the year (line 590 on Schedule 53) (if negative, enter "0")		<b>160</b> 229,233,543
Excessive eligible dividend designation (line 150 minus line 160)		A
<b>Part III.1 tax on excessive eligible dividend designations – CCPC or DIC</b> (line A multiplied by 20%)	x 20 %	<b>190</b>
Enter the amount from line 190 at line 710 of the T2 return.		

### Part 2 – Other corporations

Taxable dividends paid in the tax year <b>not included</b> in Schedule 3		
Taxable dividends paid in the tax year <b>included</b> in Schedule 3		
Total taxable dividends paid in the tax year	<b>200</b>	
Total excessive eligible dividend designations in the tax year (line A of Schedule 54)		B
<b>Part III.1 tax on excessive eligible dividend designations – Other corporations</b> (line B multiplied by 20%)	x 20 %	<b>290</b>
Enter the amount from line 290 at line 710 of the T2 return.		

Financial Statements

**Toronto Hydro-Electric System Limited**

DECEMBER 31, 2007



Financial Statements

**Toronto Hydro-Electric System Limited**

DECEMBER 31, 2007

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## AUDITORS' REPORT

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To the Shareholder of  
**Toronto Hydro-Electric System Limited**

We have audited the balance sheet of **Toronto Hydro-Electric System Limited** ["LDC"] as at December 31, 2007 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of LDC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of LDC as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,  
February 20, 2008.

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants

# Toronto Hydro-Electric System Limited

## BALANCE SHEET

[in thousands of dollars]

As at December 31	2007 \$	2006 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	144,646	157,391
Accounts receivable, net of allowance for doubtful accounts	169,170	191,841
Unbilled revenue	258,935	226,297
Inventories	26,860	22,458
Prepaid expenses	1,269	970
<b>Total current assets</b>	<b>600,880</b>	<b>598,957</b>
Property, plant and equipment, net [note 5]	1,720,890	1,566,718
Intangible assets, net [note 6]	61,842	46,658
Regulatory assets [note 7]	18,553	66,528
Other assets [note 8]	484	1,950
<b>Total assets</b>	<b>2,402,649</b>	<b>2,280,811</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	264,024	242,894
Current portion of other liabilities [note 9]	18,648	16,637
Deferred revenue	298	4,647
Current portion of promissory note payable to related party [notes 10 and 18]	-	245,058
<b>Total current liabilities</b>	<b>282,970</b>	<b>509,236</b>
<b>Long-term liabilities</b>		
Long-term note payable to related party [notes 10 and 18]	425,058	180,000
Long-term promissory note payable to related party [notes 10 and 18]	735,173	735,173
Post-employment benefits [note 11]	137,843	122,344
Regulatory liabilities [note 7]	59,151	11,840
Other liabilities [note 12]	4,555	2,611
Asset retirement obligations [note 13]	7,523	7,581
Customers' advance deposits	23,867	25,944
<b>Total long-term liabilities</b>	<b>1,393,170</b>	<b>1,085,493</b>
<b>Total liabilities</b>	<b>1,676,140</b>	<b>1,594,729</b>
Commitments and contingencies [notes 19 and 20]		
<b>Shareholder's equity</b>		
Share capital [note 17]	527,817	527,817
Retained earnings	185,935	145,508
Contributed surplus	12,757	12,757
<b>Total shareholder's equity</b>	<b>726,509</b>	<b>686,082</b>
<b>Total liabilities and shareholder's equity</b>	<b>2,402,649</b>	<b>2,280,811</b>

The accompanying notes are an integral part of the financial statements.

# Toronto Hydro-Electric System Limited

## STATEMENT OF INCOME

[in thousands of dollars]

Year ended December 31	2007 \$	2006 \$
<b>Revenues</b>		
Sale of electricity	2,283,615	2,242,993
Other income	37,554	21,476
	<b>2,321,169</b>	<b>2,264,469</b>
<b>Costs</b>		
Purchased power	1,841,121	1,784,144
Operating expenses	172,722	169,064
Depreciation and amortization	137,020	124,560
	<b>2,150,863</b>	<b>2,077,768</b>
<b>Income before interest, other and provision for payments in lieu of corporate taxes</b>	<b>170,306</b>	<b>186,701</b>
Interest income	8,141	11,225
Interest expense		
Long-term notes	(73,187)	(74,024)
Other interest	1,058	(2,513)
Other	1,698	598
<b>Income before provision for payments in lieu of corporate taxes</b>	<b>108,016</b>	<b>121,987</b>
Provision for payments in lieu of corporate taxes [note 16]	42,395	46,001
<b>Net income</b>	<b>65,621</b>	<b>75,986</b>

## STATEMENT OF RETAINED EARNINGS

[in thousands of dollars]

Year ended December 31	2007 \$	2006 \$
<b>Retained earnings, beginning of year</b>	<b>145,508</b>	<b>117,322</b>
Net income	65,621	75,986
Related party transfer of assets [note 18]	(194)	-
Dividends [note 17]	(25,000)	(47,800)
<b>Retained earnings, end of year</b>	<b>185,935</b>	<b>145,508</b>

The accompanying notes are an integral part of the financial statements.

# Toronto Hydro-Electric System Limited

<b>STATEMENT OF CASH FLOWS</b>		
<b>[in thousands of dollars]</b>		
<b>Year ended December 31</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Net income	65,621	75,986
Adjustments for non-cash items		
Depreciation and amortization	137,020	124,560
Net change in other assets and liabilities	3,499	(2,997)
Post-employment benefits	15,499	7,768
Gain on disposals of property, plant and equipment	(1,698)	(598)
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	22,671	(49,390)
Decrease (increase) in unbilled revenue	(32,638)	55,478
Increase in inventories	(4,402)	(4,269)
Increase in prepaid expenses	(299)	(812)
Increase (decrease) in accounts payable and accrued liabilities	21,130	(131,744)
Decrease in deferred revenue	(4,349)	(14,990)
Increase (decrease) in current portion of other liabilities	997	(34)
<b>Net cash provided by operating activities</b>	<b>223,051</b>	<b>58,958</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(250,873)	(150,952)
Purchase of intangible assets	(24,713)	(16,733)
Net change in regulatory assets and liabilities	64,081	(4,233)
Proceeds on disposal of property, plant and equipment	1,845	6,738
<b>Net cash used in investing activities</b>	<b>(209,660)</b>	<b>(165,180)</b>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in customers' advance deposits	(802)	1,835
Repayment of capital lease liability	(334)	(1,182)
Dividends paid <i>[note 17]</i>	(25,000)	(47,800)
<b>Net cash used in financing activities</b>	<b>(26,136)</b>	<b>(47,147)</b>
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(12,745)</b>	<b>(153,369)</b>
Cash and cash equivalents, beginning of year	157,391	310,760
<b>Cash and cash equivalents, end of year</b>	<b>144,646</b>	<b>157,391</b>
<b>Supplementary cash flow information</b>		
Total interest paid	72,811	75,166
Payments in lieu of corporate taxes	54,940	87,401

The accompanying notes are an integral part of the financial statements.



## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 1. INCORPORATION

On June 23, 1999, Toronto Hydro-Electric System Limited ["LDC"] was incorporated under the Business Corporations Act (Ontario). LDC is a wholly-owned subsidiary of Toronto Hydro Corporation Inc. ["the Corporation"]. The incorporation was required in accordance with the provincial government's Electricity Act, 1998.

Under the terms of By-law No. 374-1999 of the City of Toronto made under section 145 of the Electricity Act, 1998 and in accordance with continuity of interest accounting, the former Toronto Hydro-Electric Commission and the City of Toronto [the "City"] transferred, at book value, their assets and liabilities [effective July 1, 1999] and employees [effective January 1, 2000] associated with electricity distribution to LDC in consideration for the issuance of equity securities of LDC and long-term notes payable to the City.

The equity securities of LDC were subsequently transferred by the City to the Corporation in consideration for the issuance of equity securities of the Corporation to the City.

The book value of the assets transferred at July 1, 1999 was \$1,548,048,000.

LDC distributes electricity to customers located in the City and it is subject to rate regulation. LDC is also engaged in the delivery of "conservation and demand management" ["CDM"] programs.

#### 2. REGULATION

In April 1999, the government of Ontario initiated a restructuring of Ontario's electricity industry. The restructuring was intended, among other things, to facilitate competition in the generation and sale of electricity, to protect the interests of consumers with respect to prices and the reliability and quality of electricity service and to promote economic efficiency in the generation, transmission and distribution of electricity.

The Ontario Energy Board [the "OEB"] has regulatory oversight of electricity matters in the Province of Ontario. The *Ontario Energy Board Act, 1998* sets out the OEB's authority to issue a distribution licence which must be obtained by owners or operators of a distribution system in Ontario. The OEB prescribes licence requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, separation of accounts for separate businesses and filing process requirements for rate-setting purposes.

The OEB's authority and responsibilities include the power to approve and fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that electricity distribution companies fulfill obligations to connect and service customers.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

LDC is required to charge its customers for the following amounts (all of which, other than the distribution rate, represent a pass through of amounts payable to third parties):

- [i] *Electricity Price and Related Rebates.* The electricity price and related rebates represent a pass through of the commodity cost of electricity.
- [ii] *Distribution Rate.* The distribution rate is designed to recover the costs incurred by LDC in delivering electricity to customers and the OEB-allowed rate of return. Distribution rates are regulated by the OEB and typically comprise a fixed charge and a usage-based (consumption) charge.

The volume of electricity consumed by LDC's customers during any period is governed by events largely outside LDC's control (principally sustained periods of hot or cold weather which increase the consumption of electricity and sustained periods of moderate weather which decrease the consumption of electricity).

- [iii] *Retail Transmission Rate.* The retail transmission rate represents a pass through of wholesale costs incurred by distributors in respect of the transmission of electricity from generating stations to local areas. Retail transmission rates are regulated by the OEB.
- [iv] *Wholesale Market Service Charge.* The wholesale market service charge represents a pass through of various wholesale market support costs. Retail rates for the recovery of wholesale market service charges are regulated by the OEB.

### 3. ELECTRICITY DISTRIBUTION RATES

In connection with the restructuring of Ontario's electricity industry in 1999, the OEB had authorized electricity distributors to adjust their distribution rates to incorporate a market-based rate of return of 9.88% on the deemed debt to equity structure of LDC of 65:35. The adjustment was being phased in over three adjustment periods to lessen the rate impact on customers. Effective on each of December 1, 2000 and March 1, 2002, the OEB authorized LDC to increase its distribution rates to allow for the recovery of additional annual revenue of \$39,800,000.

In March 2005, LDC received approval from the OEB to increase distribution rates to recover \$39,800,000, representing the third and final adjustments necessary to achieve a market-based rate of return of 9.88%. The rate increase was effective as of April 1, 2005 and subjected the LDC to a financial commitment to invest \$39,800,000 in CDM activities by September 2007.

In April 2006, the OEB approved a decrease in the distribution rates of LDC for the period May 1, 2006 to April 30, 2007 representing a revenue reduction of approximately \$57,956,000, including the new regulatory treatment for revenues relating to smart meters [note 7]. The methodology used by the OEB to establish the distribution rates was based on, among other things, a rate base of \$1,861,000,000, a deemed debt to equity structure of 65:35 and an allowed return on deemed equity of 9%. The OEB also allowed for the recovery of regulatory assets related to prior years' pension costs and OEB fees and reduced the allowable interest rate recoverable on related party debt including the outstanding promissory note between LDC and the Corporation from 6.8% to 5% per annum.

## Toronto Hydro-Electric System Limited

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In December 2006, the OEB announced the establishment of a multi-year electricity distribution rate-setting plan for Local Distribution Companies for the years 2007 to 2010. To streamline the process for approving distribution rates and charges, the OEB issued guidelines along with an Incentive Regulation Model to be used to calculate 2007 rate adjustments. The guidelines effectively adjusted Base Distribution Rates for inflation less a productivity factor.

On April 12, 2007, the OEB approved an increase in LDC's distribution rates for the period May 1, 2007 to April 30, 2008 representing an estimated revenue increase of approximately \$1,900,000.

On August 2, 2007, LDC filed a rate application with the OEB seeking approval of separate and successive revenue requirements and corresponding rates for the rate years commencing May 1, 2008, 2009 and 2010. The rate application was amended by LDC on December 21, 2007. The requested base distribution revenue requirements for these rate years are \$490,500,000, \$532,500,000 and \$564,300,000, respectively. The OEB's decision on LDC's application is expected in April 2008.

The continuing restructuring of Ontario's electricity industry and other regulatory developments, including current and possible future consultations between the OEB and interested stakeholders, may affect the distribution rates and other permitted recoveries.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of LDC have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"], including accounting principles prescribed by the OEB in the handbook "Accounting Procedures Handbook for Electric Distribution Utilities" ["AP Handbook"], and reflect the significant accounting policies summarized below.

##### *a) Regulation*

The following regulatory treatments have resulted in accounting treatments which differ from Canadian GAAP for enterprises operating in an unregulated environment:

##### *Regulatory Assets and Liabilities*

In accordance with Canadian Institute of Chartered Accountants ["CICA"] Accounting Guideline 19 "Disclosures by Entities Subject to Rate Regulation" ["AcG-19"], certain costs and variance account balances deemed to be "regulatory assets" or "regulatory liabilities" are reflected separately on LDC's balance sheet until the manner and timing of disposition is determined by the OEB [note 7].

## Toronto Hydro-Electric System Limited

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#### *Payments in lieu of corporate taxes*

LDC is exempt from tax under the *Income Tax Act (Canada)* ["ITA"] and the *Corporations Tax Act (Ontario)*, if not less than 90% of its capital is owned by the Corporation, a Municipal Electricity Utility ["MEU"], and not more than 10% of its income is derived from activities carried on outside the municipal geographical boundaries of the City.

LDC is a MEU for purposes of the Payments In Lieu of Corporate Taxes ["PILs"] regime contained in the Electricity Act, 1998. The Electricity Act, 1998 provides that a MEU that is exempt from tax under the ITA and the *Corporations Tax Act (Ontario)* is required to make, for each taxation year, a PILs, to the Ontario Electricity Financial Corporation in an amount equal to the tax that it would be liable to pay under the ITA and the *Corporations Tax Act (Ontario)* if it were not exempt from tax.

The PILs regime came into effect on October 1, 2001, at which time LDC was deemed to have commenced a new taxation year for purposes of determining the respective liabilities for PILs. Accordingly, LDC was deemed to have disposed of its assets at their then fair market value and to have re-acquired such assets at the same amount. The differences between the financial statement carrying value and tax basis of assets and liabilities were accounted for by LDC under the taxes payable method of accounting applied in accordance with recommendations of the CICA and the OEB.

Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the regulated business at that time.

The OEB's Electricity Distribution Rate Handbooks, issued in March 2000 and May 2005, provides for the recovery of PILs by LDC through annual distribution rate adjustments as permitted by the OEB. The OEB-approved distribution rate for PILs recoveries is based on estimated consumption volumes. The difference between actual billings that relate to the recovery of PILs and the OEB-approved PILs amount up to April 30, 2006, is tracked by LDC as a variance amount in accordance with OEB guidelines for regulatory assets and with criteria set out in the AP Handbook. Commencing May 1, 2006, any differences that result from a legislative or regulatory change to the tax rates or rules assumed in the 2006 electricity distribution rate application is tracked by LDC as a variance amount.

#### *Contributions in aid of construction*

Capital contributions received from outside sources are used to finance additions to property, plant and equipment of LDC. According to the AP Handbook, capital contributions received are treated as a "credit" to property, plant and equipment. The amount is subsequently amortized by a charge to accumulated amortization and a credit to amortization expense at an equivalent rate to that used for the depreciation of the related property, plant and equipment.

## Toronto Hydro-Electric System Limited

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#### *Allowance for funds used during construction*

Commencing January 1, 2007, LDC prospectively adopted Article 410 of the AP Handbook, which provides for the inclusion of an Allowance for Funds Used During Construction ["AFUDC"] when capitalizing construction-in-progress assets, until such time as the asset is substantially complete. A concurrent credit of the same amount is made to the interest expense account when the allowance is capitalized. The interest rate for capitalization as prescribed by the OEB, for the period from January 1 to June 30, 2007, is 4.72%, and from July 1, 2007 to December 31, 2007, is 5.18%, and is applied to the balance of the construction-in-progress assets on a simple interest basis. AFUDC is included in property, plant and equipment and construction-in-process for financial reporting purposes, charged to operations through depreciation over the service life of the related assets and recovered through future revenue.

#### *Spare transformers*

Spare transformers are items that are expected to substitute for original distribution plant transformers when these original plant assets are being repaired and are held and dedicated for the specific purpose of backing up plant in service as opposed to assets available for other uses. According to the criteria set out in the AP Handbook, spare transformers are treated as capital assets [note 5] which would be recorded as inventory under Canadian GAAP for unregulated businesses.

#### *b) Cash and cash equivalents*

Cash and cash equivalents include cash in bank accounts and short-term investments, with terms to maturity of 90 days or less from their date of acquisition.

#### *c) Inventories*

Inventories consist primarily of maintenance and construction materials and are stated at the lower of cost and replacement cost, with cost determined on an average cost basis net of the provision for obsolescence.

#### *d) Property, plant and equipment and depreciation*

Property, plant and equipment are stated at cost and are removed from the accounts at the end of their estimated average service lives, except in those instances where specific identification allows their removal at retirement or disposition. Gains or losses at retirement or disposition of such assets are credited or charged to "Other" in the statement of income.

## Toronto Hydro-Electric System Limited

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In the event that facts and circumstances indicate that property, plant and equipment may be impaired, an evaluation of recoverability is performed. For purposes of such an evaluation, the estimated future undiscounted cash flows associated with the asset are compared to the carrying amount of the asset to determine if a write-down is required. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Depreciation is provided on a straight-line basis over the estimated service lives at the following annual rates:

Buildings	1.7% to 10.0%
Stations	2.9% to 5.0%
Distribution lines	2.5% to 4.0%
Transformers	3.3% to 4.0%
Meters	2.9% to 4.0%
Other capital assets	6.7% to 12.5%
Communications	10% to 20.0%
Computer hardware	20.0% to 25.0%
Rolling stock	12.5% to 33.3%
Equipment and tools	10.0%

Construction in progress includes assets not currently in use which are not depreciated.

#### *e) Intangible assets*

Intangible assets, which lack physical substance, are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives at the following annual rates:

Land rights	2.0%
Computer software	14.0% to 33.0%
Capital contributions	4.0%

Software in development includes assets not currently in use which are not amortized.

#### *f) Workplace Safety and Insurance Act*

LDC is a Schedule 1 employer for workers' compensation under the Workplace Safety and Insurance Act ["WSIA"]. As a Schedule 1 employer, LDC is required to pay annual premiums into an insurance fund established under the WSIA and recognizes expenses based on funding requirements.

## Toronto Hydro-Electric System Limited

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#### ***g) Revenue recognition***

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

In March 2005, LDC received approval from the OEB to increase distribution rates to recover \$39,800,000. The rate increase was effective as of April 1, 2005 and was subject to a financial commitment by LDC to spend \$39,800,000 in CDM activities by September 2007. The revenue of \$39,800,000 was billed to customers over a period of 11-months commencing April 1, 2005. At each reporting date, on a life-to-date basis, to the extent the earned customer revenue exceeds the CDM activity spending, the difference is recorded in the balance sheet as "Deferred revenue".

In May 2007, LDC entered into CDM agreements with the Ontario Power Authority ["OPA"] for the period from 2007 to 2010. The revenues and costs associated with these programs are accounted for using the net basis of accounting, while any performance fees are recognized as the related CDM programs are delivered.

Revenues from Lost Revenue Adjustment Mechanism ["LRAM"] and Shared Savings Mechanism ["SSM"] are recognized as related CDM programs are delivered.

Other income, which includes revenues from electricity distribution related services, is recognized as the services are rendered.

#### ***h) Financial instruments***

Effective January 1, 2007, LDC adopted the CICA Handbook Sections 3855 - "Financial Instruments - Recognition and Measurement", 3861 - "Financial Instruments - Disclosure and Presentation", 3865 - "Hedges", 1530 - "Comprehensive Income" and the revised CICA Handbook Section 3251 - "Equity" [the "Handbook Sections"]. As provided under the standards, the comparative financial statements have not been restated. These new Handbook Sections have lead to changes in the accounting for financial instruments and hedging transactions. All relevant changes are outlined below.

##### ***Financial Instruments - Recognition and Measurement - Section 3855***

This Section establishes the standards for the recognition and measurement of financial assets and financial liabilities. At inception, all financial instruments which meet the definition of a financial asset or financial liability are to be recorded at fair value, unless fair value cannot be reliably determined. Depending on the nature of the financial instrument, revenues, expenses, gains and losses would be reported in either net income or other comprehensive income. Subsequent measurement of each financial instrument will depend on the balance sheet classification elected by LDC. As of January 1, 2007, LDC has elected the following balance sheet classifications with respect to its financial assets and financial liabilities:

- Cash is classified as "Assets Held-for-Trading" and is measured at fair value.
- Cash equivalents, comprising short-term investments, are classified as "Held-to-Maturity Investments" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value.

## Toronto Hydro-Electric System Limited

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- Accounts receivable are classified as “Loans and Receivables” and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities and long-term debt are classified as “Other Financial Liabilities” and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

#### *Comprehensive Income – Section 1530*

This Section describes the recognition and disclosure requirements with respect to comprehensive income. Comprehensive income consists of net income and other comprehensive income. Other comprehensive income represents the changes in the fair value of a financial instrument which have not been included in net income.

As LDC had no adjustments to other comprehensive income during the year-ended December 31, 2007, the adoption of this standard does not have an impact on the December 31, 2007 financial statements.

#### *Hedges – Section 3865*

This Section establishes standards regarding the use of hedge accounting, in particular, the criteria to be met for the application of hedge accounting and the methods of executing various hedging strategies. As LDC has not entered into any hedging transactions as at December 31, 2007, the adoption of this standard does not have an impact on the December 31, 2007 financial statements.

#### *i) Employee future benefits*

##### *Pension plan*

LDC provides a pension plan for its full-time employees through Ontario Municipal Employees Retirement System [“OMERS”]. OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees’ contributory earnings. LDC recognizes the expense related to this plan as contributions are made.

##### *Employee future benefits other than pension*

Employee future benefits other than pension provided by LDC include medical and life insurance benefits, accumulated sick leave credits and voluntary exit incentive program liability. These plans provide benefits to employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render services on an accrual basis.



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The accrued benefit obligations and current service cost are calculated using the projected benefit method prorated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation is amortized into expense on a straight-line basis over the average remaining service period of active employees to full eligibility. The effects of a curtailment gain or loss are recognized in income in the year of the event giving rise to the curtailment. The effects of a settlement gain or loss are recognized in the period in which a settlement occurs.

#### *j) Customers' advance deposits*

Customers' advance deposits are cash collections from customers to guarantee the payment of energy bills. The customers' advance deposits liability includes interest credited to the customers' deposit accounts, with the debit charged to interest expense. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

#### *k) Asset retirement obligations*

LDC recognizes a liability for the future environmental remediation of certain properties and for future removal and handling costs for contamination in distribution equipment and in storage. Initially, the liability is measured at present value and the amount of the liability is added to the carrying amount of the related asset. In subsequent periods, the asset is depreciated and the liability is adjusted quarterly for the discount applied upon initial recognition of the liability ["accretion expense"] and for changes in the underlying assumptions. The liability is recognized when the asset retirement obligations ["ARO"] is incurred and when the fair value is determined.

Effective June 30, 2006, LDC adopted Emerging Issues Committee Abstract EIC-159 "Conditional Asset Retirement Obligations" ["EIC-159"]. EIC-159 requires an entity to recognize a liability for the fair value of an ARO even though the timing or method of settlement is conditional on future events. LDC has identified conditional AROs and recognized the related liability in 2006.

#### *l) Use of estimates*

The preparation of LDC's financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

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#### 5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consist of the following:

	2007			2006		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Land	4,078	—	4,078	4,088	—	4,088
Buildings	142,608	47,145	95,463	140,803	44,009	96,794
Stations	202,394	106,143	96,251	191,833	99,988	91,845
Distribution lines	2,108,576	1,096,082	1,012,494	2,005,432	1,017,605	987,827
Transformers	514,921	282,415	232,506	493,878	264,308	229,570
Meters	196,175	88,485	107,690	131,886	80,032	51,854
Other capital assets	62,060	32,692	29,368	43,506	29,829	13,677
Communications	24,598	21,731	2,867	23,327	20,801	2,526
Computer hardware	42,554	37,246	5,308	39,266	35,037	4,229
Rolling stock	56,234	42,209	14,025	57,237	44,243	12,994
Equipment and tools	34,548	25,026	9,522	33,168	23,488	9,680
Construction in progress	111,318	—	111,318	61,634	—	61,634
	<b>3,500,064</b>	<b>1,779,174</b>	<b>1,720,890</b>	<b>3,226,058</b>	<b>1,659,340</b>	<b>1,566,718</b>

At December 31, 2007, spare transformers with carrying amounts of \$6,758,000 [2006 - \$5,486,000], are included in "Property, plant and equipment, net" [note 4[a] "Spare transformers"]. In the absence of rate regulation, inventory would have been \$6,758,000 higher [2006 - \$5,486,000].

For the year ended December 31, 2007, AFUDC in the amount of \$3,444,000 [2006 - \$nil] was capitalized to property, plant and equipment and credited to interest expense. In the absence of rate regulation, property, plant and equipment would have been \$3,444,000 lower [2006 - \$nil] and interest expense would have been \$3,444,000 higher [2006 - \$nil].

At December 31, 2007, net book value of stranded meters related to the deployment of smart meters amounting to \$28,034,000 [2006 - \$12,185,000] is included in "property, plant and equipment, net". In the absence of rate regulation, property, plant and equipment would have been \$28,034,000 lower [2006 - \$12,185,000] and loss on disposal of property, plant and equipment would have been \$15,849,000 higher [2006 - \$12,185,000].

## Toronto Hydro-Electric System Limited

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#### 6. INTANGIBLE ASSETS, NET

Intangible assets consist of the following:

	2007			2006		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Land rights	10,350	2,227	8,123	10,101	2,013	8,088
Computer software	122,495	89,313	33,182	107,849	77,034	30,815
Capital contributions	2,043	279	1,764	2,043	197	1,846
Software in development	18,773	—	18,773	5,909	—	5,909
	153,661	91,819	61,842	125,902	79,244	46,658

#### 7. REGULATORY ASSETS AND LIABILITIES

Regulatory assets consist of the following:

	2007 \$	2006 \$
Regulatory assets recovery account	9,660	37,510
Smart meters	2,357	29,018
Lost revenue adjustment mechanism and shared savings mechanism	6,536	—
	18,553	66,528

Regulatory liabilities consist of the following:

	2007 \$	2006 \$
Pre-market opening line loss variance	3,965	2,880
Settlement variances	48,121	7,990
Other	7,065	970
	59,151	11,840

## Toronto Hydro-Electric System Limited

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For the year ended December 31, 2007, LDC recovered approved regulatory assets amounts of \$28,368,000 through permitted distribution rate adjustments [2006 – \$26,877,000]. These recovery amounts are for the recovery of approved regulatory assets recorded in reporting periods prior to January 1, 2005.

For the years ended December 31, 2007 and December 31, 2006, recovery amounts were credited directly to reduce the regulatory assets recovery account. The regulatory assets and liabilities balances of LDC are defined as follows:

**[a] Regulatory assets recovery account**

On March 31, 2005, the OEB ordered that the approved regulatory asset balances be aggregated into a single regulatory account. Approved regulatory assets of \$71,465,000 consisted of transition costs of \$37,868,000, pre-market opening energy electricity variance of \$26,129,000 and settlement variances of \$31,852,000, less recoveries of \$24,384,000, which were transferred to the “regulatory asset recovery account” [“RARA”]. This approved balance will be recovered over a period ending March 31, 2008. The RARA is credited with recovery amounts and is debited by OEB-prescribed carrying charges. In the absence of rate regulation, interest income in 2007 would have been \$291,000 lower [2006 - \$1,685,000].

The transition costs and pre-market opening energy electricity variance are defined as follows:

**[i] Transition costs**

The OEB allowed LDC to defer the costs incurred to align systems and practices with the requirements of the competitive electricity market in Ontario in accordance with the *Ontario Energy Board Act, 1998*. Accordingly, LDC has deferred these expenditures in accordance with the criteria set out in the OEB's Electricity Distribution Rate Handbook and the AP Handbook.

Under such regulation, expenditures were allowed to be deferred during the period January 1, 2000 to December 31, 2002, which would be capitalized or expensed under Canadian GAAP for unregulated businesses. For the period January 1, 2003 to March 31, 2005, transition costs were increased for carrying charges in accordance with the OEB's direction.

**[ii] Pre-market opening energy electricity variance**

The OEB has allowed LDC to recognize the pre-market opening energy electricity variance for the period January 1, 2001 to April 30, 2002, the date of market opening. The pre-market opening energy variance represented the difference between LDC's cost of power purchased based upon time-of-use [“TOU”] rates and the amounts billed for the cost of power to non-TOU customers at an average rate for the same period. Accordingly, LDC has deferred these expenditures in accordance with the criteria set out in the AP Handbook.

Under such regulation, the deferred expenditures would have been expensed under Canadian GAAP for unregulated businesses. For the period January 1, 2001 to March 31, 2005, the pre-market opening energy electricity variance was increased for carrying charges in accordance with the OEB's direction.

## Toronto Hydro-Electric System Limited

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#### **[b] Smart Meters**

In support of the Province of Ontario's decision to install smart meters throughout Ontario by 2010, LDC launched its smart meter project in 2006. The project objective is to install 711,000 smart meters and the supporting infrastructure by the end of 2010. LDC has installed approximately 416,000 meters as at December 31, 2007.

Effective May 1, 2006, the OEB has allowed LDC to defer capital expenditures, operating and depreciation expenses and revenues relating to smart meters. Accordingly, LDC has deferred these items in accordance with the criteria set out in the AP Handbook.

On August 8, 2007, the OEB issued its decision approving costs associated with smart metering activities incurred by LDC for minimum smart meter infrastructure functionality. In its decision, the OEB approved the disposition of the balance relating to 2006 in the smart meter deferral account and the addition of the 2006 smart meter assets to the rate base.

Following this decision, LDC ceased to defer capital expenditures, operating and depreciation expenses and revenue related to the deployment of 2006 and 2007 smart meters, resulting in a decrease in regulatory assets of \$58,573,000, an increase in property, plant and equipment of \$61,948,000, an increase in revenue of \$10,806,000, an increase in operating expenses of \$2,427,000, an increase in depreciation and amortization of \$3,238,000 and a decrease in interest income of \$1,766,000..

#### **[c] Lost Revenue Adjustment Mechanism and Shared Savings Mechanism.**

On September 11, 2007, LDC received approval from the OEB to recover \$2,900,000 for LRAM which represents the lost revenue from CDM programs and \$4,300,000 for SSM which represents its share of provincial savings related to these programs delivered in 2005 and 2006. Following this decision, LDC also recognized the LRAM and SSM balances relating to CDM programs delivered in 2007, which amounted to \$1,300,000 and \$200,000 respectively. The impact of this decision resulted in an increase in revenue amounting to \$8,700,000 and an increase in regulatory assets amounting to \$8,700,000 for 2007.

#### **[d] Pre-market opening line loss variance**

The OEB has allowed LDC to defer the pre-market opening line loss variance for the period June 1, 2001 to April 30, 2002. This balance represents the variance between amounts charged by LDC to customers for the OEB-approved loss adjustment factor and LDC actual loss adjustment factor. Accordingly, LDC has deferred this variance in accordance with the OEB's direction. Under such direction, the deferred variance would be recorded as revenue under Canadian GAAP for unregulated businesses. In the absence of rate regulation, there would have been no impact on the Statement of Income for 2007 and 2006.

In 2007, LDC recorded carrying charges of \$1,085,000 [2006 - \$nil] on the deferred variance retroactively for the period May 1, 2002 to December 31, 2007, to coincide with the proposed disposition of the variance in the August 2, 2007 rate application. In the absence of rate regulation, interest income in 2007 would have been \$1,085,000 higher [2006 - \$nil]. The manner and timing of disposition of the variance have not been determined by the OEB.

## Toronto Hydro-Electric System Limited

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#### [e] Settlement variances

The OEB has allowed LDC to defer settlement variances from May 1, 2002 to December 31, 2007. This balance represents the variances between amounts charged by LDC to customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by LDC after May 1, 2002. The settlement variances relate primarily to service charges, non-competitive electricity charges, imported power charges and the global adjustment. Accordingly, LDC has deferred these recoveries in accordance with the criteria set out in the AP Handbook.

Settlement variances of \$27,980,000 relating to the period from May 1, 2002 to December 31, 2004, were approved for recovery by the OEB and are included in the RARA balance. The remaining balance, representing settlement variances arising after January 1, 2005, is deferred in a regulatory liability account.

The deferred balance for unapproved settlement variances continues to be calculated and attract carrying charges in accordance with the OEB's direction. The manner and timing of disposition of the variance have not been determined by the OEB. In the absence of rate regulation, interest income in 2007 would have been \$1,150,000 higher [2006 - \$49,000 lower].

#### [f] Other

As at December 31, 2007, LDC has accumulated a PILs variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model totalling an over-recovery of \$7,065,000 [2006 - \$1,702,000].

### 8. OTHER ASSETS

Other assets consist of the following:

	2007 \$	2006 \$
Deferred debt issue costs, net of accumulated amortization of \$nil [2006 - \$1,091,000]	—	1,898
Other	484	52
	484	1,950

Effective January 1, 2007, LDC transferred from other assets its portion of the deferred debt issue costs, net of accumulated amortization to the Corporation as all deferred debt costs are now required to be netted against the cost of the debentures.

## Toronto Hydro-Electric System Limited

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#### 9. CURRENT PORTION OF OTHER LONG-TERM LIABILITIES

Current portion of other long-term liabilities consist of the following:

	2007 \$	2006 \$
Current portion of obligations under capital leases <i>[note 19]</i>	190	733
Customers' advance deposits	17,677	15,904
Other	781	—
	18,648	16,637

#### 10. LONG-TERM DEBT

Long-term debt consists of the following:

	2007 \$	2006 \$
Long-term notes payable to the Corporation:		
6.16% Long-term note payable to the Corporation due May 6, 2013	180,000	180,000
5.20% Long-term note payable to the Corporation due November 14, 2017	245,058	—
6.16% Promissory note payable to the Corporation due May 6, 2013	735,173	980,231
	1,160,231	1,160,231
Less: Current portion of promissory note payable to the Corporation	—	245,058
Long-term debt	1,160,231	915,173

All long-term debt of LDC ranks equally.

##### *a) Long-term notes payable to the Corporation*

Long-term notes payable to the Corporation are comprised of the following:

A long-term note payable to the Corporation in the amount of:

- \$180,000,000, which bears interest at a rate of 6.16% per annum, with a maturity date of May 6, 2013, extendable upon mutual consent.
- \$245,058,000, which bears interest at a rate of 5.20% per annum, with a maturity date of November 14, 2017, extendable upon mutual consent.

## Toronto Hydro-Electric System Limited

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[all tabular amounts in thousands of dollars]

December 31, 2007

#### *b) Promissory note payable to the Corporation*

On July 1, 1999, LDC issued a promissory note to the City ["Initial Note"] in the principal amount of \$947,000,000 in partial consideration for the assets in respect of the electricity distribution system transferred by the Toronto Hydro-Electric Commission and the City to LDC effective July 1, 1999. The Initial Note was non-interest bearing until December 31, 1999 and interest bearing thereafter at the rate of 6% per annum. As authorized under the Transfer By-law, to reflect regulatory changes made by the OEB, the principal amount of the Initial Note was adjusted effective January 1, 2000 to \$980,231,000 to reflect the deemed debt/common equity structure of LDC [65:35] permitted by the OEB. At the same time, the Initial Note was replaced by a promissory note ["Replacement Note"] issued by LDC, which was interest bearing at the rate of 6.8% per annum. At December 31, 2002, the Replacement Note was payable on the earlier of demand and December 31, 2003.

Concurrent with the closing of the Corporation's debenture offering on May 7, 2003, the City transferred the Replacement Note to the Corporation in consideration for the issuance by the Corporation to the City of a new promissory note in the principal amount of \$980,231,000. Following the issuance of the new promissory note to the City, on May 7, 2003, LDC issued a promissory note payable on demand to the Corporation in the principal amount of \$980,231,000.

On September 5, 2006, LDC amended and restated the promissory note payable to the Corporation effective May 1, 2006 by fixing the interest rate at 6.16% and establishing an agreed repayment schedule. LDC is required to pay the principal amount of the note as follows: \$245,058,000 on the last business day before each of December 31, 2007, December 31, 2009, December 31, 2011 and on May 6, 2013. Interest is calculated and payable quarterly in arrears on the last business day of March, June, September and December of each year.

On December 31, 2007, LDC made the first scheduled payment of \$245,058,000 to the Corporation.

## 11. EMPLOYEE FUTURE BENEFITS

### Pension

For the year ended December 31, 2007, LDC's OMERS current service pension costs were \$9,586,000 [2006-\$7,812,000].

### *Employee future benefits other than pension*

LDC has a number of unfunded benefit plans providing retirement and post-employment benefits [excluding pension] to most of its employees. LDC pays certain medical and life insurance benefits under unfunded defined benefit plans on behalf of its retired employees. LDC pays accumulated sick leave credits, up to certain established limits based on service, in the event of retirement, termination or death of certain employees.

LDC measures its accrued benefits obligation for accounting purposes as at December 31 of each year. The latest actuarial valuation was performed as at January 1, 2007.



## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### [a] Accrued benefit obligation

	2007 \$	2006 \$
Balance at beginning of year	154,466	154,543
Experience gain at beginning of year	(759)	—
January 1, 2007 reorganization	6,695	—
Current service cost	3,459	3,316
Interest cost	8,481	7,760
Benefits paid	(4,636)	(5,329)
Actuarial gains	(6,932)	(5,824)
<b>Balance at end of year</b>	<b>160,774</b>	<b>154,466</b>

#### [b] Reconciliation of the accrued benefit obligation to the balance sheet accrued benefits liability

	2007 \$	2006 \$
Accrued benefit obligation	160,774	154,466
Unamortized net actuarial loss	(18,981)	(27,431)
Unamortized past service costs	(3,950)	(4,691)
<b>Post-employment benefits liability</b>	<b>137,843</b>	<b>122,344</b>

#### [c] Components for net periodic defined benefit costs

	2007 \$	2006 \$
Current service cost	3,459	3,316
Interest cost	8,481	7,760
Actuarial gains	(7,691)	(5,824)
<b>Cost incurred in the year</b>	<b>4,249</b>	<b>5,252</b>
<b>Differences between costs incurred and costs recognized in the year in respect of:</b>		
Actuarial loss	8,450	7,096
Past service costs	745	745
	<b>9,195</b>	<b>7,841</b>
<b>Defined benefit costs recognized</b>	<b>13,444</b>	<b>13,093</b>
Capitalized as part of property, plant and equipment	5,610	6,385
<b>Charged to operations</b>	<b>7,834</b>	<b>6,708</b>

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### [d] Significant assumptions

	2007 %	2006 %
<b>Accrued benefit obligation as of December 31:</b>		
Discount rate	5.5	5.3
Rate of compensation increase	4.0	4.0
<b>Benefit costs for years ended December 31:</b>		
Discount rate	5.3	5.0
Rate of compensation increase	4.0	4.0
<b>Assumed health care cost trend rates at December 31:</b>		
Rate of increase in dental costs	4.0	4.5

For December 31, 2007, medical costs are assumed to increase at 9.0% [2006 - 10.5%] graded down by 0.5% [2006 - 1.0%] annual decrements to 5.0% [2006 - 4.5%] in 2016 and thereafter.

#### [e] Sensitivity analysis

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A one-percentage-point change in assumed health care cost trend rates have the following effects for 2007:

	Increase \$	Decrease \$
Net periodic benefit cost (at 5.3%)	2,225	(1,664)
Accrued benefit obligation at December 31, 2007 (at 5.5%)	26,542	(20,198)

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 12. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

	2007 \$	2006 \$
Obligations under capital leases <i>[note 19]</i>	474	1,033
Security deposits	1,447	1,575
Other	2,634	3
	4,555	2,611

During 2007, LDC acquired "Property, plant and equipment" through capital lease transactions totalling \$295,000 [2006 - \$556,000]. These non-cash transactions have been excluded from the statement of cash flows.

#### 13. ASSET RETIREMENT OBLIGATIONS

A reconciliation between the opening and closing ARO liability balances is as follows:

	2007 \$	2006 \$
Balance, beginning of year	7,581	5,691
ARO liabilities incurred in the year	(369)	2,039
ARO liabilities settled in the year	(85)	(509)
Accretion expense	396	360
<b>Balance, end of year</b>	<b>7,523</b>	<b>7,581</b>

At December 31, 2007, LDC estimates the undiscounted amount of cash flows required over the next ten years to settle the ARO is \$10,822,000 [2006 - \$11,372,000]. Discount rates ranging from 4.3% to 6.0% were used to calculate the carrying value of the ARO liabilities. No assets have been legally restricted for settlement of the liability.

#### 14. FINANCIAL INSTRUMENTS

##### *a) Credit risk*

Financial assets expose LDC to credit risk. Credit risk is the loss from non-performance by suppliers, customers or financial counter-parties. LDC provide for an allowance for doubtful accounts to absorb credit losses. At December 31, 2007, there were no significant concentrations of credit risk with respect to any class of financial assets.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### ***b) Interest rate risk***

LDC is exposed to interest rate risk for certain of its financial assets and liabilities. Under the Corporation's Revolving Credit Facility, LDC may obtain short-term borrowings for working capital purposes. These borrowings may expose LDC to fluctuations in short-term interest rates [borrowings in the form of prime rate loans in Canadian dollars and bankers' acceptances and letters of credit]. The fee payable for bankers' acceptances and letters of credit is based on a margin determined by reference to the Corporation's credit rating.

Cash balances not required to meet day-to-day obligations of LDC are invested in Canadian money market instruments, with terms of one day to 90 days, exposing LDC to fluctuations in short-term interest rates. These fluctuations could impact the level of interest income earned by LDC.

#### ***c) Fair value of financial instruments***

The carrying value of cash and cash equivalents, accounts receivable, unbilled revenue, and accounts payable and accrued liabilities approximates their fair value due to the immediate or short-term maturity of these financial instruments.

At December 31, 2007, the fair value of the long-term note payable to the Corporation [note 10] is \$439,832,000 [2006 - \$197,145,000], which has been calculated by discounting the future cash flow of the long-term note payable at the estimated yield to maturity of a similar debt instrument.

At December 31, 2007, the fair value of the promissory note payable to the Corporation [note 10] is \$767,696,000 [2006 - \$1,036,000,000], which has been calculated by discounting the future cash flow of the promissory note payable at the estimated yield to maturity of a similar debt instrument.

### 15. FINANCIAL GUARANTEES

Participants in the electricity market are required to satisfy prescribed prudential requirements. In addition, counterparties under contracts for the purchase and sale of electricity and customers under purchase contracts may require parental financial guarantees or other forms of credit support.

The City has authorized the Corporation to provide up to \$500,000,000 in financial support [including guarantees] with respect to prudential requirements and as security for obligations under third party contracts. At December 31, 2007, no parental guarantees have been issued on behalf of LDC [2006 - \$nil].

At December 31, 2007, \$45,000,000 [2006 - \$80,000,000] was utilized under the Corporation's revolving credit facility in the form of letters of credit to support the prudential requirements of LDC.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 16. PAYMENTS IN LIEU OF CORPORATE TAXES

The provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is set out below:

##### *Statement of income*

	2007 \$	2006 \$
<b>Rate reconciliation</b>		
Income before PILs	108,016	121,987
Statutory Canadian federal and provincial income tax rate	36.12%	36.12%
Expected provision for PILs	39,015	44,062
Temporary differences not benefited	1,017	3,482
Other	2,363	(1,543)
<b>Provision for PILs</b>	<b>42,395</b>	<b>46,001</b>
<b>Effective tax rate</b>	<b>39.25%</b>	<b>37.71%</b>
<b>Components of provision for PILs</b>		
Current tax provision	42,395	46,001
<b>Provision for PILs</b>	<b>42,395</b>	<b>46,001</b>

##### *Balance sheet*

Future income taxes relating to LDC have not been recorded in the accounts as they are expected to be recovered through future revenues. As at December 31, 2007, future income tax assets of \$186,779,000 [2006 - \$234,217,000], based on substantively enacted income tax rates, have not been recorded. In the absence of rate regulated accounting, LDC's provision for PILs would have been recognized using the liability method rather than the taxes payable method. As a result, the provision for PILs in 2007 would have been \$1,017,000 lower [2006 - \$3,482,000].

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 17. SHARE CAPITAL

Share capital consists of the following:

	2007 \$	2006 \$
<b>Authorized</b>		
The authorized share capital of LDC consists of an unlimited number of common shares. Any invitation to the public to subscribe for securities is prohibited.		
<b>Issued and outstanding</b>		
1,000 common shares	527,817	527,817

#### *Dividends*

During 2007, the board of directors of LDC declared and paid dividends totalling \$25,000,000 to the Corporation [2006 - \$47,800,000].

#### 18. RELATED PARTIES

For LDC, transactions with related parties include transactions with Toronto Hydro Energy Services Inc., ["TH Energy"], Toronto Hydro Telecom Inc., ["Telecom"], the Corporation and the City.

Included in "Accounts receivable, net of allowance for doubtful accounts" are amounts due from related parties as follows:

	2007 \$	2006 \$
Due from Telecom	346	310
Due from the Corporation	180	—
	526	310

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

Included in "Accounts payable and accrued liabilities" are amounts due to related parties as follows:

	2007 \$	2006 \$
Due to the Corporation	—	12,692
Due to TH Energy	697	73
	697	12,765

At December 31, 2007, long-term notes of \$425,058,000 were payable to the Corporation [2006 – \$180,000,000]. For the year ended December 31, 2007, interest expense was paid to the Corporation in the amount of \$11,088,000 [2006 – \$11,088,000] [note 10]. At December 31, 2007, included in "Accounts payable and accrued liabilities" is \$3,402,000 [December 31, 2006 - \$1,747,000] of interest payable to the Corporation.

At December 31, 2007, the promissory note of \$735,173,000 was payable to the Corporation [2006 – \$980,231,000]. On December 31, 2007, LDC made the first scheduled payment of \$245,058,000 to the Corporation in accordance with the terms of promissory note. For the year ended December 31, 2007, interest expense was paid to the Corporation in the amount of \$62,038,000 [2006 – \$62,637,000] in relation with the promissory note [note 10].

#### ***Other Related Parties Transactions***

During 2007, LDC provided goods and services to TH Energy totaling \$2,346,000 [2006 - \$7,416,000] in the ordinary course of business and measured at their exchange amounts, prevailing market prices and normal trade terms.

For the year ended December 31, 2007, LDC provided goods and services to Telecom amounting to \$889,000 [2006 - \$332,000] in the ordinary course of business and measured at their exchange amounts.

For the year ended December 31, 2007, LDC provided pole and duct rental services to Telecom amounting to \$2,399,000 [2006 - \$2,269,000] in the ordinary course of business at prevailing market prices and normal trade terms.

During 2007, LDC provided services to the Corporation in the amounts of \$1,179,000 in the ordinary course of business and measured at their exchange amounts [2006 - \$3,081,000].

For the year ended December 31, 2007, LDC provided electricity to the City in the amount of \$96,205,000 [2006 - \$90,663,000] at prevailing market prices and normal trade terms. At December 31, 2007, included in "Accounts receivable, net of allowance for doubtful accounts" is \$19,587,000 [December 31, 2006 - \$19,745,000] receivable from TH Energy related to electricity invoicing with the City per the Consolidated billing agreement between TH Energy and LDC.

For the year ended December 31, 2007, LDC provided services related to the distribution of electricity to the City in the amount of \$10,838,000 [2006 - \$9,281,000]. At December 31, 2007, included in "Accounts receivable, net of

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

allowance for doubtful accounts" is \$2,617,000 [December 31, 2006 - \$2,320,000] receivable from the City related to these services.

During 2007, LDC purchased boiler plant installation and maintenance services from TH Energy amounting to \$365,000 [2006 - \$140,000] in the ordinary course of business at prevailing market prices and normal trade terms. At December 31, 2007, included in "Accounts payable and accrued liabilities" is \$309,000 [2006 - \$nil] payable to TH Energy related to the installation service.

On December 31, 2007, LDC purchased fibre strands from Telecom, for cash consideration of \$200,000 representing the market value of the strands. For accounting purposes, the addition to property, plant and equipment was recorded at the net book value of \$6,000, with the remaining balance of \$194,000 representing the difference between the assets net book value and the consideration received recorded to "retained earnings".

During 2007, LDC purchased corporate and management services from the Corporation totalling \$5,441,000 [2006 - \$51,447,000] in the ordinary course of business, with these services charged to operating expenses and measured at their exchange amounts.

During 2007, LDC purchased services from the City amounting to \$6,916,000 [2006 - \$4,874,000]. At December 31, 2007, included in "Accounts payable and Accrued liabilities" is \$3,353,000 [December 31, 2006 - \$538,000] payable to the City related to services received from the City.

For the year ended December 31, 2007, LDC paid property tax expenses to the City of \$6,267,000 [2006 - \$7,306,000].

On December 31, 2006, LDC sold the land and building located at 10 Belfield Road to TH Energy, for cash consideration of \$5,800,000 representing the approximate market value of the property as determined by an accredited appraiser. For accounting purposes, the reduction in property plant and equipment balance was recorded at the net book value of \$4,324,000 with the remaining balance of \$1,366,000 [\$1,476,000 gross, net of current tax payable of \$110,000] representing the difference between the assets' net book value and the consideration received recorded to "contributed surplus".



## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 19. LEASE COMMITMENTS

##### *Operating lease obligations*

As at December 31, 2007, the future minimum annual lease payments under property and computer hardware operating leases with remaining lease terms from one to five years are as follows:

	\$
2008	4,572
2009	4,323
2010	4,170
2011	3,859
2012	1,036
<b>Total minimum lease payments</b>	<b>17,960</b>

##### *Capital lease obligations*

As at December 31, 2007, the future minimum annual lease payments under capital leases with remaining lease terms from one to five years are as follows:

	\$
2008	229
2009	215
2010	181
2011	124
2012	8
Total amount of future minimum lease payments	757
Less interest	93
	664
Current portion [note 9]	190
Long-term portion [note 12]	474

#### 20. CONTINGENCIES

##### *a) Ministry of Finance Tax Audit*

The Ministry of Finance is currently carrying out a tax audit on LDC. Certain filing positions for PILs taken by LDC may be challenged on the audit. This may result in a material increase in LDC's reported tax obligations upon reassessment. As the audit has not yet been completed, management is not able to determine the impact, if any, of

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

the audit on the financial statements or LDC's tax reserves. LDC adjusts its tax reserves when there is sufficient information available, or when an event occurs requiring a change to the reserves.

#### ***b) Legal Proceeding***

On April 22, 2004, in a decision in a class action commenced against The Consumers' Gas Company Limited (now Enbridge Gas Distribution Inc.), hereinafter referred to as "Enbridge", the Supreme Court of Canada [the "Supreme Court"] ruled that Enbridge was required to repay the portion of certain late payment charges collected by it from its customers that were in excess of the interest limit stipulated in section 347 of the *Criminal Code*. Although the claim related to charges collected by Enbridge after the enactment of section 347 of the *Criminal Code* in 1981, the Supreme Court limited recovery to charges collected after the action was initiated in 1994. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for a determination of the plaintiffs' damages. The parties reached a settlement of this class action. The Ontario Superior Court of Justice has approved this settlement, however, the representative plaintiff, Mr. Garland, is appealing the settlement approval order in an attempt to increase the fees to which he is entitled for having acted as representative plaintiff, and to receive lawyer's fees in connection with that effort. Mr. Garland's appeal is pending.

On February 4, 2008, the OEB, in response to an application filed by Enbridge, ruled that all of Enbridge's costs related to settlements of the class action lawsuits, including legal costs, settlement costs and interest, are recoverable from ratepayers.

LDC is not a party to the Enbridge class action. It is, however, subject to the two class actions described below in which the issues are analogous.

The first is an action commenced against a predecessor of LDC and other Ontario municipal electric utilities under the Class Proceedings Act, 1992 seeking \$500,000,000 in restitution for late payment charges collected by them from their customers that were in excess of the interest limit stipulated in section 347 of the *Criminal Code*. This action is at a preliminary stage. Pleadings have closed but examinations for discovery have not been conducted and the classes have not been certified. After the release by the Supreme Court of Canada of its 2004 decision in the Enbridge case, the plaintiffs in this proposed class action indicated their intention to proceed with the litigation, but no formal steps have been taken.

The second is an action commenced against a predecessor of LDC under the Class Proceedings Act, 1992 seeking \$64,000,000 in restitution for late payment charges collected by it from its customers that were in excess of the interest limit stipulated in section 347 of the *Criminal Code*. This action is also at the preliminary stage. Pleadings have closed and examinations for discovery have been conducted but, as in the first action, the classes have not been certified as the parties were awaiting the outcome of the Enbridge class action.

The claims made against LDC and the definitions of the plaintiff classes are identical in both actions. As a result, any damages payable by LDC in the first action would reduce the damages payable by LDC in the second action, and vice versa.

It is anticipated that the first action will now proceed for determination in light of the reasons of the Supreme Court in the Enbridge class action.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

LDC may have defences available to it in these actions that were not disposed of by the Supreme Court in the Enbridge class action.

The determination of whether the late payment charges collected by LDC from its customers were in excess of the interest limit stipulated in section 347 of the *Criminal Code* is fact specific in each circumstance. Also, decisions of the OEB are fact specific in each circumstance and the decisions of the OEB in respect of Enbridge's application for recovery of costs related to the settlement is not necessarily determinative of the outcome of any similar application which LDC may make to the OEB in the future. Accordingly, given the preliminary status of these actions, it is not possible at this time to quantify the effect, if any, of the Consumers' Gas decision on these actions or of these actions on the financial performance of LDC.

### 21. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2007 financial statements.

ASSURANCE SERVICES

Toronto Hydro-Electric System Limited  
EB-2009-0139  
Exhibit R1  
Tab 9  
Schedule 33  
Appendix C  
Filed: 2009 Nov 30  
(33 pages)

Financial Statements

**Toronto Hydro-Electric System Limited**

DECEMBER 31, 2007



## Financial Statements

# **Toronto Hydro-Electric System Limited**

DECEMBER 31, 2007

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## AUDITORS' REPORT

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To the Shareholder of  
**Toronto Hydro-Electric System Limited**

We have audited the balance sheet of **Toronto Hydro-Electric System Limited** ["LDC"] as at December 31, 2007 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of LDC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of LDC as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,  
February 20, 2008.

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants

# Toronto Hydro-Electric System Limited

## BALANCE SHEET

[in thousands of dollars]

As at December 31	2007 \$	2006 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	144,646	157,391
Accounts receivable, net of allowance for doubtful accounts	169,170	191,841
Unbilled revenue	258,935	226,297
Inventories	26,860	22,458
Prepaid expenses	1,269	970
<b>Total current assets</b>	<b>600,880</b>	<b>598,957</b>
Property, plant and equipment, net [note 5]	1,720,890	1,566,718
Intangible assets, net [note 6]	61,842	46,658
Regulatory assets [note 7]	18,553	66,528
Other assets [note 8]	484	1,950
<b>Total assets</b>	<b>2,402,649</b>	<b>2,280,811</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	264,024	242,894
Current portion of other liabilities [note 9]	18,648	16,637
Deferred revenue	298	4,647
Current portion of promissory note payable to related party [notes 10 and 18]	-	245,058
<b>Total current liabilities</b>	<b>282,970</b>	<b>509,236</b>
<b>Long-term liabilities</b>		
Long-term note payable to related party [notes 10 and 18]	425,058	180,000
Long-term promissory note payable to related party [notes 10 and 18]	735,173	735,173
Post-employment benefits [note 11]	137,843	122,344
Regulatory liabilities [note 7]	59,151	11,840
Other liabilities [note 12]	4,555	2,611
Asset retirement obligations [note 13]	7,523	7,581
Customers' advance deposits	23,867	25,944
<b>Total long-term liabilities</b>	<b>1,393,170</b>	<b>1,085,493</b>
<b>Total liabilities</b>	<b>1,676,140</b>	<b>1,594,729</b>
Commitments and contingencies [notes 19 and 20]		
<b>Shareholder's equity</b>		
Share capital [note 17]	527,817	527,817
Retained earnings	185,935	145,508
Contributed surplus	12,757	12,757
<b>Total shareholder's equity</b>	<b>726,509</b>	<b>686,082</b>
<b>Total liabilities and shareholder's equity</b>	<b>2,402,649</b>	<b>2,280,811</b>

The accompanying notes are an integral part of the financial statements.

# Toronto Hydro-Electric System Limited

## STATEMENT OF INCOME

[in thousands of dollars]

Year ended December 31	2007 \$	2006 \$
<b>Revenues</b>		
Sale of electricity	2,283,615	2,242,993
Other income	37,554	21,476
	<b>2,321,169</b>	<b>2,264,469</b>
<b>Costs</b>		
Purchased power	1,841,121	1,784,144
Operating expenses	172,722	169,064
Depreciation and amortization	137,020	124,560
	<b>2,150,863</b>	<b>2,077,768</b>
<b>Income before interest, other and provision for payments in lieu of corporate taxes</b>	<b>170,306</b>	<b>186,701</b>
Interest income	8,141	11,225
Interest expense		
Long-term notes	(73,187)	(74,024)
Other interest	1,058	(2,513)
Other	1,698	598
<b>Income before provision for payments in lieu of corporate taxes</b>	<b>108,016</b>	<b>121,987</b>
Provision for payments in lieu of corporate taxes [note 16]	42,395	46,001
<b>Net income</b>	<b>65,621</b>	<b>75,986</b>

## STATEMENT OF RETAINED EARNINGS

[in thousands of dollars]

Year ended December 31	2007 \$	2006 \$
<b>Retained earnings, beginning of year</b>	<b>145,508</b>	<b>117,322</b>
Net income	65,621	75,986
Related party transfer of assets [note 18]	(194)	-
Dividends [note 17]	(25,000)	(47,800)
<b>Retained earnings, end of year</b>	<b>185,935</b>	<b>145,508</b>

The accompanying notes are an integral part of the financial statements.



# Toronto Hydro-Electric System Limited

## STATEMENT OF CASH FLOWS

[in thousands of dollars]

Year ended December 31	2007 \$	2006 \$
<b>OPERATING ACTIVITIES</b>		
Net income	65,621	75,986
Adjustments for non-cash items		
Depreciation and amortization	137,020	124,560
Net change in other assets and liabilities	3,499	(2,997)
Post-employment benefits	15,499	7,768
Gain on disposals of property, plant and equipment	(1,698)	(598)
Changes in non-cash working capital balances		
Decrease (increase) in accounts receivable	22,671	(49,390)
Decrease (increase) in unbilled revenue	(32,638)	55,478
Increase in inventories	(4,402)	(4,269)
Increase in prepaid expenses	(299)	(812)
Increase (decrease) in accounts payable and accrued liabilities	21,130	(131,744)
Decrease in deferred revenue	(4,349)	(14,990)
Increase (decrease) in current portion of other liabilities	997	(34)
<b>Net cash provided by operating activities</b>	<b>223,051</b>	<b>58,958</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(250,873)	(150,952)
Purchase of intangible assets	(24,713)	(16,733)
Net change in regulatory assets and liabilities	64,081	(4,233)
Proceeds on disposal of property, plant and equipment	1,845	6,738
<b>Net cash used in investing activities</b>	<b>(209,660)</b>	<b>(165,180)</b>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in customers' advance deposits	(802)	1,835
Repayment of capital lease liability	(334)	(1,182)
Dividends paid [note 17]	(25,000)	(47,800)
<b>Net cash used in financing activities</b>	<b>(26,136)</b>	<b>(47,147)</b>
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(12,745)</b>	<b>(153,369)</b>
Cash and cash equivalents, beginning of year	157,391	310,760
<b>Cash and cash equivalents, end of year</b>	<b>144,646</b>	<b>157,391</b>
<b>Supplementary cash flow information</b>		
Total interest paid	72,811	75,166
Payments in lieu of corporate taxes	54,940	87,401

The accompanying notes are an integral part of the financial statements.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 1. INCORPORATION

On June 23, 1999, Toronto Hydro-Electric System Limited ["LDC"] was incorporated under the Business Corporations Act (Ontario). LDC is a wholly-owned subsidiary of Toronto Hydro Corporation Inc. ["the Corporation"]. The incorporation was required in accordance with the provincial government's Electricity Act, 1998.

Under the terms of By-law No. 374-1999 of the City of Toronto made under section 145 of the Electricity Act, 1998 and in accordance with continuity of interest accounting, the former Toronto Hydro-Electric Commission and the City of Toronto [the "City"] transferred, at book value, their assets and liabilities [effective July 1, 1999] and employees [effective January 1, 2000] associated with electricity distribution to LDC in consideration for the issuance of equity securities of LDC and long-term notes payable to the City.

The equity securities of LDC were subsequently transferred by the City to the Corporation in consideration for the issuance of equity securities of the Corporation to the City.

The book value of the assets transferred at July 1, 1999 was \$1,548,048,000.

LDC distributes electricity to customers located in the City and it is subject to rate regulation. LDC is also engaged in the delivery of "conservation and demand management" ["CDM"] programs.

#### 2. REGULATION

In April 1999, the government of Ontario initiated a restructuring of Ontario's electricity industry. The restructuring was intended, among other things, to facilitate competition in the generation and sale of electricity, to protect the interests of consumers with respect to prices and the reliability and quality of electricity service and to promote economic efficiency in the generation, transmission and distribution of electricity.

The Ontario Energy Board [the "OEB"] has regulatory oversight of electricity matters in the Province of Ontario. The *Ontario Energy Board Act, 1998* sets out the OEB's authority to issue a distribution licence which must be obtained by owners or operators of a distribution system in Ontario. The OEB prescribes licence requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, separation of accounts for separate businesses and filing process requirements for rate-setting purposes.

The OEB's authority and responsibilities include the power to approve and fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that electricity distribution companies fulfill obligations to connect and service customers.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

LDC is required to charge its customers for the following amounts (all of which, other than the distribution rate, represent a pass through of amounts payable to third parties):

- [i] *Electricity Price and Related Rebates.* The electricity price and related rebates represent a pass through of the commodity cost of electricity.
- [ii] *Distribution Rate.* The distribution rate is designed to recover the costs incurred by LDC in delivering electricity to customers and the OEB-allowed rate of return. Distribution rates are regulated by the OEB and typically comprise a fixed charge and a usage-based (consumption) charge.

The volume of electricity consumed by LDC's customers during any period is governed by events largely outside LDC's control (principally sustained periods of hot or cold weather which increase the consumption of electricity and sustained periods of moderate weather which decrease the consumption of electricity).

- [iii] *Retail Transmission Rate.* The retail transmission rate represents a pass through of wholesale costs incurred by distributors in respect of the transmission of electricity from generating stations to local areas. Retail transmission rates are regulated by the OEB.
- [iv] *Wholesale Market Service Charge.* The wholesale market service charge represents a pass through of various wholesale market support costs. Retail rates for the recovery of wholesale market service charges are regulated by the OEB.

### 3. ELECTRICITY DISTRIBUTION RATES

In connection with the restructuring of Ontario's electricity industry in 1999, the OEB had authorized electricity distributors to adjust their distribution rates to incorporate a market-based rate of return of 9.88% on the deemed debt to equity structure of LDC of 65:35. The adjustment was being phased in over three adjustment periods to lessen the rate impact on customers. Effective on each of December 1, 2000 and March 1, 2002, the OEB authorized LDC to increase its distribution rates to allow for the recovery of additional annual revenue of \$39,800,000.

In March 2005, LDC received approval from the OEB to increase distribution rates to recover \$39,800,000, representing the third and final adjustments necessary to achieve a market-based rate of return of 9.88%. The rate increase was effective as of April 1, 2005 and subjected the LDC to a financial commitment to invest \$39,800,000 in CDM activities by September 2007.

In April 2006, the OEB approved a decrease in the distribution rates of LDC for the period May 1, 2006 to April 30, 2007 representing a revenue reduction of approximately \$57,956,000, including the new regulatory treatment for revenues relating to smart meters [note 7]. The methodology used by the OEB to establish the distribution rates was based on, among other things, a rate base of \$1,861,000,000, a deemed debt to equity structure of 65:35 and an allowed return on deemed equity of 9%. The OEB also allowed for the recovery of regulatory assets related to prior years' pension costs and OEB fees and reduced the allowable interest rate recoverable on related party debt including the outstanding promissory note between LDC and the Corporation from 6.8% to 5% per annum.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

In December 2006, the OEB announced the establishment of a multi-year electricity distribution rate-setting plan for Local Distribution Companies for the years 2007 to 2010. To streamline the process for approving distribution rates and charges, the OEB issued guidelines along with an Incentive Regulation Model to be used to calculate 2007 rate adjustments. The guidelines effectively adjusted Base Distribution Rates for inflation less a productivity factor.

On April 12, 2007, the OEB approved an increase in LDC's distribution rates for the period May 1, 2007 to April 30, 2008 representing an estimated revenue increase of approximately \$1,900,000.

On August 2, 2007, LDC filed a rate application with the OEB seeking approval of separate and successive revenue requirements and corresponding rates for the rate years commencing May 1, 2008, 2009 and 2010. The rate application was amended by LDC on December 21, 2007. The requested base distribution revenue requirements for these rate years are \$490,500,000, \$532,500,000 and \$564,300,000, respectively. The OEB's decision on LDC's application is expected in April 2008.

The continuing restructuring of Ontario's electricity industry and other regulatory developments, including current and possible future consultations between the OEB and interested stakeholders, may affect the distribution rates and other permitted recoveries.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of LDC have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"], including accounting principles prescribed by the OEB in the handbook "Accounting Procedures Handbook for Electric Distribution Utilities" ["AP Handbook"], and reflect the significant accounting policies summarized below.

##### *a) Regulation*

The following regulatory treatments have resulted in accounting treatments which differ from Canadian GAAP for enterprises operating in an unregulated environment:

##### *Regulatory Assets and Liabilities*

In accordance with Canadian Institute of Chartered Accountants ["CICA"] Accounting Guideline 19 "Disclosures by Entities Subject to Rate Regulation" ["AcG-19"], certain costs and variance account balances deemed to be "regulatory assets" or "regulatory liabilities" are reflected separately on LDC's balance sheet until the manner and timing of disposition is determined by the OEB [note 7].

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### *Payments in lieu of corporate taxes*

LDC is exempt from tax under the *Income Tax Act (Canada)* ["ITA"] and the *Corporations Tax Act (Ontario)*, if not less than 90% of its capital is owned by the Corporation, a Municipal Electricity Utility ["MEU"], and not more than 10% of its income is derived from activities carried on outside the municipal geographical boundaries of the City.

LDC is a MEU for purposes of the Payments In Lieu of Corporate Taxes ["PILs"] regime contained in the Electricity Act, 1998. The Electricity Act, 1998 provides that a MEU that is exempt from tax under the ITA and the *Corporations Tax Act (Ontario)* is required to make, for each taxation year, a PILs, to the Ontario Electricity Financial Corporation in an amount equal to the tax that it would be liable to pay under the ITA and the *Corporations Tax Act (Ontario)* if it were not exempt from tax.

The PILs regime came into effect on October 1, 2001, at which time LDC was deemed to have commenced a new taxation year for purposes of determining the respective liabilities for PILs. Accordingly, LDC was deemed to have disposed of its assets at their then fair market value and to have re-acquired such assets at the same amount. The differences between the financial statement carrying value and tax basis of assets and liabilities were accounted for by LDC under the taxes payable method of accounting applied in accordance with recommendations of the CICA and the OEB.

Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the regulated business at that time.

The OEB's Electricity Distribution Rate Handbooks, issued in March 2000 and May 2005, provides for the recovery of PILs by LDC through annual distribution rate adjustments as permitted by the OEB. The OEB-approved distribution rate for PILs recoveries is based on estimated consumption volumes. The difference between actual billings that relate to the recovery of PILs and the OEB-approved PILs amount up to April 30, 2006, is tracked by LDC as a variance amount in accordance with OEB guidelines for regulatory assets and with criteria set out in the AP Handbook. Commencing May 1, 2006, any differences that result from a legislative or regulatory change to the tax rates or rules assumed in the 2006 electricity distribution rate application is tracked by LDC as a variance amount.

#### *Contributions in aid of construction*

Capital contributions received from outside sources are used to finance additions to property, plant and equipment of LDC. According to the AP Handbook, capital contributions received are treated as a "credit" to property, plant and equipment. The amount is subsequently amortized by a charge to accumulated amortization and a credit to amortization expense at an equivalent rate to that used for the depreciation of the related property, plant and equipment.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### *Allowance for funds used during construction*

Commencing January 1, 2007, LDC prospectively adopted Article 410 of the AP Handbook, which provides for the inclusion of an Allowance for Funds Used During Construction ["AFUDC"] when capitalizing construction-in-progress assets, until such time as the asset is substantially complete. A concurrent credit of the same amount is made to the interest expense account when the allowance is capitalized. The interest rate for capitalization as prescribed by the OEB, for the period from January 1 to June 30, 2007, is 4.72%, and from July 1, 2007 to December 31, 2007, is 5.18%, and is applied to the balance of the construction-in-progress assets on a simple interest basis. AFUDC is included in property, plant and equipment and construction-in-process for financial reporting purposes, charged to operations through depreciation over the service life of the related assets and recovered through future revenue.

#### *Spare transformers*

Spare transformers are items that are expected to substitute for original distribution plant transformers when these original plant assets are being repaired and are held and dedicated for the specific purpose of backing up plant in service as opposed to assets available for other uses. According to the criteria set out in the AP Handbook, spare transformers are treated as capital assets [note 5] which would be recorded as inventory under Canadian GAAP for unregulated businesses.

#### *b) Cash and cash equivalents*

Cash and cash equivalents include cash in bank accounts and short-term investments, with terms to maturity of 90 days or less from their date of acquisition.

#### *c) Inventories*

Inventories consist primarily of maintenance and construction materials and are stated at the lower of cost and replacement cost, with cost determined on an average cost basis net of the provision for obsolescence.

#### *d) Property, plant and equipment and depreciation*

Property, plant and equipment are stated at cost and are removed from the accounts at the end of their estimated average service lives, except in those instances where specific identification allows their removal at retirement or disposition. Gains or losses at retirement or disposition of such assets are credited or charged to "Other" in the statement of income.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

In the event that facts and circumstances indicate that property, plant and equipment may be impaired, an evaluation of recoverability is performed. For purposes of such an evaluation, the estimated future undiscounted cash flows associated with the asset are compared to the carrying amount of the asset to determine if a write-down is required. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Depreciation is provided on a straight-line basis over the estimated service lives at the following annual rates:

Buildings	1.7% to 10.0%
Stations	2.9% to 5.0%
Distribution lines	2.5% to 4.0%
Transformers	3.3% to 4.0%
Meters	2.9% to 4.0%
Other capital assets	6.7% to 12.5%
Communications	10% to 20.0%
Computer hardware	20.0% to 25.0%
Rolling stock	12.5% to 33.3%
Equipment and tools	10.0%

Construction in progress includes assets not currently in use which are not depreciated.

#### *e) Intangible assets*

Intangible assets, which lack physical substance, are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives at the following annual rates:

Land rights	2.0%
Computer software	14.0% to 33.0%
Capital contributions	4.0%

Software in development includes assets not currently in use which are not amortized.

#### *f) Workplace Safety and Insurance Act*

LDC is a Schedule 1 employer for workers' compensation under the Workplace Safety and Insurance Act ["WSIA"]. As a Schedule 1 employer, LDC is required to pay annual premiums into an insurance fund established under the WSIA and recognizes expenses based on funding requirements.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### *g) Revenue recognition*

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed.

In March 2005, LDC received approval from the OEB to increase distribution rates to recover \$39,800,000. The rate increase was effective as of April 1, 2005 and was subject to a financial commitment by LDC to spend \$39,800,000 in CDM activities by September 2007. The revenue of \$39,800,000 was billed to customers over a period of 11-months commencing April 1, 2005. At each reporting date, on a life-to-date basis, to the extent the earned customer revenue exceeds the CDM activity spending, the difference is recorded in the balance sheet as "Deferred revenue".

In May 2007, LDC entered into CDM agreements with the Ontario Power Authority ["OPA"] for the period from 2007 to 2010. The revenues and costs associated with these programs are accounted for using the net basis of accounting, while any performance fees are recognized as the related CDM programs are delivered.

Revenues from Lost Revenue Adjustment Mechanism ["LRAM"] and Shared Savings Mechanism ["SSM"] are recognized as related CDM programs are delivered.

Other income, which includes revenues from electricity distribution related services, is recognized as the services are rendered.

#### *h) Financial instruments*

Effective January 1, 2007, LDC adopted the CICA Handbook Sections 3855 - "Financial Instruments - Recognition and Measurement", 3861 - "Financial Instruments - Disclosure and Presentation", 3865 - "Hedges", 1530 - "Comprehensive Income" and the revised CICA Handbook Section 3251 - "Equity" [the "Handbook Sections"]. As provided under the standards, the comparative financial statements have not been restated. These new Handbook Sections have lead to changes in the accounting for financial instruments and hedging transactions. All relevant changes are outlined below.

##### *Financial Instruments - Recognition and Measurement - Section 3855*

This Section establishes the standards for the recognition and measurement of financial assets and financial liabilities. At inception, all financial instruments which meet the definition of a financial asset or financial liability are to be recorded at fair value, unless fair value cannot be reliably determined. Depending on the nature of the financial instrument, revenues, expenses, gains and losses would be reported in either net income or other comprehensive income. Subsequent measurement of each financial instrument will depend on the balance sheet classification elected by LDC. As of January 1, 2007, LDC has elected the following balance sheet classifications with respect to its financial assets and financial liabilities:

- Cash is classified as "Assets Held-for-Trading" and is measured at fair value.
- Cash equivalents, comprising short-term investments, are classified as "Held-to-Maturity Investments" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value.



## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

- Accounts receivable are classified as “Loans and Receivables” and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities and long-term debt are classified as “Other Financial Liabilities” and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

#### *Comprehensive Income – Section 1530*

This Section describes the recognition and disclosure requirements with respect to comprehensive income. Comprehensive income consists of net income and other comprehensive income. Other comprehensive income represents the changes in the fair value of a financial instrument which have not been included in net income.

As LDC had no adjustments to other comprehensive income during the year-ended December 31, 2007, the adoption of this standard does not have an impact on the December 31, 2007 financial statements.

#### *Hedges – Section 3865*

This Section establishes standards regarding the use of hedge accounting, in particular, the criteria to be met for the application of hedge accounting and the methods of executing various hedging strategies. As LDC has not entered into any hedging transactions as at December 31, 2007, the adoption of this standard does not have an impact on the December 31, 2007 financial statements.

#### *i) Employee future benefits*

##### *Pension plan*

LDC provides a pension plan for its full-time employees through Ontario Municipal Employees Retirement System [“OMERS”]. OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees’ contributory earnings. LDC recognizes the expense related to this plan as contributions are made.

##### *Employee future benefits other than pension*

Employee future benefits other than pension provided by LDC include medical and life insurance benefits, accumulated sick leave credits and voluntary exit incentive program liability. These plans provide benefits to employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render services on an accrual basis.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

The accrued benefit obligations and current service cost are calculated using the projected benefit method prorated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation is amortized into expense on a straight-line basis over the average remaining service period of active employees to full eligibility. The effects of a curtailment gain or loss are recognized in income in the year of the event giving rise to the curtailment. The effects of a settlement gain or loss are recognized in the period in which a settlement occurs.

#### *j) Customers' advance deposits*

Customers' advance deposits are cash collections from customers to guarantee the payment of energy bills. The customers' advance deposits liability includes interest credited to the customers' deposit accounts, with the debit charged to interest expense. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

#### *k) Asset retirement obligations*

LDC recognizes a liability for the future environmental remediation of certain properties and for future removal and handling costs for contamination in distribution equipment and in storage. Initially, the liability is measured at present value and the amount of the liability is added to the carrying amount of the related asset. In subsequent periods, the asset is depreciated and the liability is adjusted quarterly for the discount applied upon initial recognition of the liability ["accretion expense"] and for changes in the underlying assumptions. The liability is recognized when the asset retirement obligations ["ARO"] is incurred and when the fair value is determined.

Effective June 30, 2006, LDC adopted Emerging Issues Committee Abstract EIC-159 "Conditional Asset Retirement Obligations" ["EIC-159"]. EIC-159 requires an entity to recognize a liability for the fair value of an ARO even though the timing or method of settlement is conditional on future events. LDC has identified conditional AROs and recognized the related liability in 2006.

#### *l) Use of estimates*

The preparation of LDC's financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the Minister of Energy or the Minister of Finance.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consist of the following:

	2007			2006		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Land	4,078	—	4,078	4,088	—	4,088
Buildings	142,608	47,145	95,463	140,803	44,009	96,794
Stations	202,394	106,143	96,251	191,833	99,988	91,845
Distribution lines	2,108,576	1,096,082	1,012,494	2,005,432	1,017,605	987,827
Transformers	514,921	282,415	232,506	493,878	264,308	229,570
Meters	196,175	88,485	107,690	131,886	80,032	51,854
Other capital assets	62,060	32,692	29,368	43,506	29,829	13,677
Communications	24,598	21,731	2,867	23,327	20,801	2,526
Computer hardware	42,554	37,246	5,308	39,266	35,037	4,229
Rolling stock	56,234	42,209	14,025	57,237	44,243	12,994
Equipment and tools	34,548	25,026	9,522	33,168	23,488	9,680
Construction in progress	111,318	—	111,318	61,634	—	61,634
	3,500,064	1,779,174	1,720,890	3,226,058	1,659,340	1,566,718

At December 31, 2007, spare transformers with carrying amounts of \$6,758,000 [2006 - \$5,486,000], are included in "Property, plant and equipment, net" [note 4[a] "Spare transformers"]. In the absence of rate regulation, inventory would have been \$6,758,000 higher [2006 - \$5,486,000].

For the year ended December 31, 2007, AFUDC in the amount of \$3,444,000 [2006 - \$nil] was capitalized to property, plant and equipment and credited to interest expense. In the absence of rate regulation, property, plant and equipment would have been \$3,444,000 lower [2006 - \$nil] and interest expense would have been \$3,444,000 higher [2006 - \$nil].

At December 31, 2007, net book value of stranded meters related to the deployment of smart meters amounting to \$28,034,000 [2006 - \$12,185,000] is included in "property, plant and equipment, net". In the absence of rate regulation, property, plant and equipment would have been \$28,034,000 lower [2006 - \$12,185,000] and loss on disposal of property, plant and equipment would have been \$15,849,000 higher [2006 - \$12,185,000].

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 6. INTANGIBLE ASSETS, NET

Intangible assets consist of the following:

	2007			2006		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Land rights	10,350	2,227	8,123	10,101	2,013	8,088
Computer software	122,495	89,313	33,182	107,849	77,034	30,815
Capital contributions	2,043	279	1,764	2,043	197	1,846
Software in development	18,773	—	18,773	5,909	—	5,909
	153,661	91,819	61,842	125,902	79,244	46,658

#### 7. REGULATORY ASSETS AND LIABILITIES

Regulatory assets consist of the following:

	2007 \$	2006 \$
Regulatory assets recovery account	9,660	37,510
Smart meters	2,357	29,018
Lost revenue adjustment mechanism and shared savings mechanism	6,536	—
	18,553	66,528

Regulatory liabilities consist of the following:

	2007 \$	2006 \$
Pre-market opening line loss variance	3,965	2,880
Settlement variances	48,121	7,990
Other	7,065	970
	59,151	11,840

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

For the year ended December 31, 2007, LDC recovered approved regulatory assets amounts of \$28,368,000 through permitted distribution rate adjustments [2006 – \$26,877,000]. These recovery amounts are for the recovery of approved regulatory assets recorded in reporting periods prior to January 1, 2005.

For the years ended December 31, 2007 and December 31, 2006, recovery amounts were credited directly to reduce the regulatory assets recovery account. The regulatory assets and liabilities balances of LDC are defined as follows:

**[a] Regulatory assets recovery account**

On March 31, 2005, the OEB ordered that the approved regulatory asset balances be aggregated into a single regulatory account. Approved regulatory assets of \$71,465,000 consisted of transition costs of \$37,868,000, pre-market opening energy electricity variance of \$26,129,000 and settlement variances of \$31,852,000, less recoveries of \$24,384,000, which were transferred to the “regulatory asset recovery account” [“RARA”]. This approved balance will be recovered over a period ending March 31, 2008. The RARA is credited with recovery amounts and is debited by OEB-prescribed carrying charges. In the absence of rate regulation, interest income in 2007 would have been \$291,000 lower [2006 - \$1,685,000].

The transition costs and pre-market opening energy electricity variance are defined as follows:

**[i] Transition costs**

The OEB allowed LDC to defer the costs incurred to align systems and practices with the requirements of the competitive electricity market in Ontario in accordance with the *Ontario Energy Board Act, 1998*. Accordingly, LDC has deferred these expenditures in accordance with the criteria set out in the OEB's Electricity Distribution Rate Handbook and the AP Handbook.

Under such regulation, expenditures were allowed to be deferred during the period January 1, 2000 to December 31, 2002, which would be capitalized or expensed under Canadian GAAP for unregulated businesses. For the period January 1, 2003 to March 31, 2005, transition costs were increased for carrying charges in accordance with the OEB's direction.

**[ii] Pre-market opening energy electricity variance**

The OEB has allowed LDC to recognize the pre-market opening energy electricity variance for the period January 1, 2001 to April 30, 2002, the date of market opening. The pre-market opening energy variance represented the difference between LDC's cost of power purchased based upon time-of-use [“TOU”] rates and the amounts billed for the cost of power to non-TOU customers at an average rate for the same period. Accordingly, LDC has deferred these expenditures in accordance with the criteria set out in the AP Handbook.

Under such regulation, the deferred expenditures would have been expensed under Canadian GAAP for unregulated businesses. For the period January 1, 2001 to March 31, 2005, the pre-market opening energy electricity variance was increased for carrying charges in accordance with the OEB's direction.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### **[b] Smart Meters**

In support of the Province of Ontario's decision to install smart meters throughout Ontario by 2010, LDC launched its smart meter project in 2006. The project objective is to install 711,000 smart meters and the supporting infrastructure by the end of 2010. LDC has installed approximately 416,000 meters as at December 31, 2007.

Effective May 1, 2006, the OEB has allowed LDC to defer capital expenditures, operating and depreciation expenses and revenues relating to smart meters. Accordingly, LDC has deferred these items in accordance with the criteria set out in the AP Handbook.

On August 8, 2007, the OEB issued its decision approving costs associated with smart metering activities incurred by LDC for minimum smart meter infrastructure functionality. In its decision, the OEB approved the disposition of the balance relating to 2006 in the smart meter deferral account and the addition of the 2006 smart meter assets to the rate base.

Following this decision, LDC ceased to defer capital expenditures, operating and depreciation expenses and revenue related to the deployment of 2006 and 2007 smart meters, resulting in a decrease in regulatory assets of \$58,573,000, an increase in property, plant and equipment of \$61,948,000, an increase in revenue of \$10,806,000, an increase in operating expenses of \$2,427,000, an increase in depreciation and amortization of \$3,238,000 and a decrease in interest income of \$1,766,000..

#### **[c] Lost Revenue Adjustment Mechanism and Shared Savings Mechanism.**

On September 11, 2007, LDC received approval from the OEB to recover \$2,900,000 for LRAM which represents the lost revenue from CDM programs and \$4,300,000 for SSM which represents its share of provincial savings related to these programs delivered in 2005 and 2006. Following this decision, LDC also recognized the LRAM and SSM balances relating to CDM programs delivered in 2007, which amounted to \$1,300,000 and \$200,000 respectively. The impact of this decision resulted in an increase in revenue amounting to \$8,700,000 and an increase in regulatory assets amounting to \$8,700,000 for 2007.

#### **[d] Pre-market opening line loss variance**

The OEB has allowed LDC to defer the pre-market opening line loss variance for the period June 1, 2001 to April 30, 2002. This balance represents the variance between amounts charged by LDC to customers for the OEB-approved loss adjustment factor and LDC actual loss adjustment factor. Accordingly, LDC has deferred this variance in accordance with the OEB's direction. Under such direction, the deferred variance would be recorded as revenue under Canadian GAAP for unregulated businesses. In the absence of rate regulation, there would have been no impact on the Statement of Income for 2007 and 2006.

In 2007, LDC recorded carrying charges of \$1,085,000 [2006 - \$nil] on the deferred variance retroactively for the period May 1, 2002 to December 31, 2007, to coincide with the proposed disposition of the variance in the August 2, 2007 rate application. In the absence of rate regulation, interest income in 2007 would have been \$1,085,000 higher [2006 - \$nil]. The manner and timing of disposition of the variance have not been determined by the OEB.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### [e] Settlement variances

The OEB has allowed LDC to defer settlement variances from May 1, 2002 to December 31, 2007. This balance represents the variances between amounts charged by LDC to customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by LDC after May 1, 2002. The settlement variances relate primarily to service charges, non-competitive electricity charges, imported power charges and the global adjustment. Accordingly, LDC has deferred these recoveries in accordance with the criteria set out in the AP Handbook.

Settlement variances of \$27,980,000 relating to the period from May 1, 2002 to December 31, 2004, were approved for recovery by the OEB and are included in the RARA balance. The remaining balance, representing settlement variances arising after January 1, 2005, is deferred in a regulatory liability account.

The deferred balance for unapproved settlement variances continues to be calculated and attract carrying charges in accordance with the OEB's direction. The manner and timing of disposition of the variance have not been determined by the OEB. In the absence of rate regulation, interest income in 2007 would have been \$1,150,000 higher [2006 - \$49,000 lower].

#### [f] Other

As at December 31, 2007, LDC has accumulated a PILs variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model totalling an over-recovery of \$7,065,000 [2006 - \$1,702,000].

### 8. OTHER ASSETS

Other assets consist of the following:

	2007 \$	2006 \$
Deferred debt issue costs, net of accumulated amortization of \$nil [2006 - \$1,091,000]		1,898
Other	484	52
	484	1,950

Effective January 1, 2007, LDC transferred from other assets its portion of the deferred debt issue costs, net of accumulated amortization to the Corporation as all deferred debt costs are now required to be netted against the cost of the debentures.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 9. CURRENT PORTION OF OTHER LONG-TERM LIABILITIES

Current portion of other long-term liabilities consist of the following:

	2007 \$	2006 \$
Current portion of obligations under capital leases [note 19]	190	733
Customers' advance deposits	17,677	15,904
Other	781	—
	18,648	16,637

#### 10. LONG-TERM DEBT

Long-term debt consists of the following:

	2007 \$	2006 \$
Long-term notes payable to the Corporation:		
6.16% Long-term note payable to the Corporation due May 6, 2013	180,000	180,000
5.20% Long-term note payable to the Corporation due November 14, 2017	245,058	—
6.16% Promissory note payable to the Corporation due May 6, 2013	735,173	980,231
	1,160,231	1,160,231
Less: Current portion of promissory note payable to the Corporation	—	245,058
Long-term debt	1,160,231	915,173

All long-term debt of LDC ranks equally.

##### *a) Long-term notes payable to the Corporation*

Long-term notes payable to the Corporation are comprised of the following:

A long-term note payable to the Corporation in the amount of:

- \$180,000,000, which bears interest at a rate of 6.16% per annum, with a maturity date of May 6, 2013, extendable upon mutual consent.
- \$245,058,000, which bears interest at a rate of 5.20% per annum, with a maturity date of November 14, 2017, extendable upon mutual consent.



## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### ***b) Promissory note payable to the Corporation***

On July 1, 1999, LDC issued a promissory note to the City ["Initial Note"] in the principal amount of \$947,000,000 in partial consideration for the assets in respect of the electricity distribution system transferred by the Toronto Hydro-Electric Commission and the City to LDC effective July 1, 1999. The Initial Note was non-interest bearing until December 31, 1999 and interest bearing thereafter at the rate of 6% per annum. As authorized under the Transfer By-law, to reflect regulatory changes made by the OEB, the principal amount of the Initial Note was adjusted effective January 1, 2000 to \$980,231,000 to reflect the deemed debt/common equity structure of LDC [65:35] permitted by the OEB. At the same time, the Initial Note was replaced by a promissory note ["Replacement Note"] issued by LDC, which was interest bearing at the rate of 6.8% per annum. At December 31, 2002, the Replacement Note was payable on the earlier of demand and December 31, 2003.

Concurrent with the closing of the Corporation's debenture offering on May 7, 2003, the City transferred the Replacement Note to the Corporation in consideration for the issuance by the Corporation to the City of a new promissory note in the principal amount of \$980,231,000. Following the issuance of the new promissory note to the City, on May 7, 2003, LDC issued a promissory note payable on demand to the Corporation in the principal amount of \$980,231,000.

On September 5, 2006, LDC amended and restated the promissory note payable to the Corporation effective May 1, 2006 by fixing the interest rate at 6.16% and establishing an agreed repayment schedule. LDC is required to pay the principal amount of the note as follows: \$245,058,000 on the last business day before each of December 31, 2007, December 31, 2009, December 31, 2011 and on May 6, 2013. Interest is calculated and payable quarterly in arrears on the last business day of March, June, September and December of each year.

On December 31, 2007, LDC made the first scheduled payment of \$245,058,000 to the Corporation.

### **11. EMPLOYEE FUTURE BENEFITS**

#### **Pension**

For the year ended December 31, 2007, LDC's OMERS current service pension costs were \$9,586,000 [2006-\$7,812,000].

#### ***Employee future benefits other than pension***

LDC has a number of unfunded benefit plans providing retirement and post-employment benefits [excluding pension] to most of its employees. LDC pays certain medical and life insurance benefits under unfunded defined benefit plans on behalf of its retired employees. LDC pays accumulated sick leave credits, up to certain established limits based on service, in the event of retirement, termination or death of certain employees.

LDC measures its accrued benefits obligation for accounting purposes as at December 31 of each year. The latest actuarial valuation was performed as at January 1, 2007.

# Toronto Hydro-Electric System Limited

## NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

### [a] Accrued benefit obligation

	2007 \$	2006 \$
Balance at beginning of year	154,466	154,543
Experience gain at beginning of year	(759)	—
January 1, 2007 reorganization	6,695	—
Current service cost	3,459	3,316
Interest cost	8,481	7,760
Benefits paid	(4,636)	(5,329)
Actuarial gains	(6,932)	(5,824)
<b>Balance at end of year</b>	<b>160,774</b>	<b>154,466</b>

### [b] Reconciliation of the accrued benefit obligation to the balance sheet accrued benefits liability

	2007 \$	2006 \$
Accrued benefit obligation	160,774	154,466
Unamortized net actuarial loss	(18,981)	(27,431)
Unamortized past service costs	(3,950)	(4,691)
<b>Post-employment benefits liability</b>	<b>137,843</b>	<b>122,344</b>

### [c] Components for net periodic defined benefit costs

	2007 \$	2006 \$
Current service cost	3,459	3,316
Interest cost	8,481	7,760
Actuarial gains	(7,691)	(5,824)
<b>Cost incurred in the year</b>	<b>4,249</b>	<b>5,252</b>
<b>Differences between costs incurred and costs recognized in the year in respect of:</b>		
Actuarial loss	8,450	7,096
Past service costs	745	745
	<b>9,195</b>	<b>7,841</b>
<b>Defined benefit costs recognized</b>	<b>13,444</b>	<b>13,093</b>
Capitalized as part of property, plant and equipment	5,610	6,385
<b>Charged to operations</b>	<b>7,834</b>	<b>6,708</b>

# Toronto Hydro-Electric System Limited

## NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

### [d] Significant assumptions

	2007 %	2006 %
<b>Accrued benefit obligation as of December 31:</b>		
Discount rate	5.5	5.3
Rate of compensation increase	4.0	4.0
<b>Benefit costs for years ended December 31:</b>		
Discount rate	5.3	5.0
Rate of compensation increase	4.0	4.0
<b>Assumed health care cost trend rates at December 31:</b>		
Rate of increase in dental costs	4.0	4.5

For December 31, 2007, medical costs are assumed to increase at 9.0% [2006 - 10.5%] graded down by 0.5% [2006 - 1.0%] annual decrements to 5.0% [2006 - 4.5%] in 2016 and thereafter.

### [e] Sensitivity analysis

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A one-percentage-point change in assumed health care cost trend rates have the following effects for 2007:

	Increase \$	Decrease \$
Net periodic benefit cost (at 5.3%)	2,225	(1,664)
Accrued benefit obligation at December 31, 2007 (at 5.5%)	26,542	(20,198)

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 12. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

	2007 \$	2006 \$
Obligations under capital leases [note 19]	474	1,033
Security deposits	1,447	1,575
Other	2,634	3
	4,555	2,611

During 2007, LDC acquired "Property, plant and equipment" through capital lease transactions totalling \$295,000 [2006 - \$556,000]. These non-cash transactions have been excluded from the statement of cash flows.

#### 13. ASSET RETIREMENT OBLIGATIONS

A reconciliation between the opening and closing ARO liability balances is as follows:

	2007 \$	2006 \$
Balance, beginning of year	7,581	5,691
ARO liabilities incurred in the year	(369)	2,039
ARO liabilities settled in the year	(85)	(509)
Accretion expense	396	360
Balance, end of year	7,523	7,581

At December 31, 2007, LDC estimates the undiscounted amount of cash flows required over the next ten years to settle the ARO is \$10,822,000 [2006 - \$11,372,000]. Discount rates ranging from 4.3% to 6.0% were used to calculate the carrying value of the ARO liabilities. No assets have been legally restricted for settlement of the liability.

#### 14. FINANCIAL INSTRUMENTS

##### a) Credit risk

Financial assets expose LDC to credit risk. Credit risk is the loss from non-performance by suppliers, customers or financial counter-parties. LDC provide for an allowance for doubtful accounts to absorb credit losses. At December 31, 2007, there were no significant concentrations of credit risk with respect to any class of financial assets.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### ***b) Interest rate risk***

LDC is exposed to interest rate risk for certain of its financial assets and liabilities. Under the Corporation's Revolving Credit Facility, LDC may obtain short-term borrowings for working capital purposes. These borrowings may expose LDC to fluctuations in short-term interest rates [borrowings in the form of prime rate loans in Canadian dollars and bankers' acceptances and letters of credit]. The fee payable for bankers' acceptances and letters of credit is based on a margin determined by reference to the Corporation's credit rating.

Cash balances not required to meet day-to-day obligations of LDC are invested in Canadian money market instruments, with terms of one day to 90 days, exposing LDC to fluctuations in short-term interest rates. These fluctuations could impact the level of interest income earned by LDC.

#### ***c) Fair value of financial instruments***

The carrying value of cash and cash equivalents, accounts receivable, unbilled revenue, and accounts payable and accrued liabilities approximates their fair value due to the immediate or short-term maturity of these financial instruments.

At December 31, 2007, the fair value of the long-term note payable to the Corporation [note 10] is \$439,832,000 [2006 - \$197,145,000], which has been calculated by discounting the future cash flow of the long-term note payable at the estimated yield to maturity of a similar debt instrument.

At December 31, 2007, the fair value of the promissory note payable to the Corporation [note 10] is \$767,696,000 [2006 - \$1,036,000,000], which has been calculated by discounting the future cash flow of the promissory note payable at the estimated yield to maturity of a similar debt instrument.

### **15. FINANCIAL GUARANTEES**

Participants in the electricity market are required to satisfy prescribed prudential requirements. In addition, counterparties under contracts for the purchase and sale of electricity and customers under purchase contracts may require parental financial guarantees or other forms of credit support.

The City has authorized the Corporation to provide up to \$500,000,000 in financial support [including guarantees] with respect to prudential requirements and as security for obligations under third party contracts. At December 31, 2007, no parental guarantees have been issued on behalf of LDC [2006 - \$nil].

At December 31, 2007, \$45,000,000 [2006 - \$80,000,000] was utilized under the Corporation's revolving credit facility in the form of letters of credit to support the prudential requirements of LDC.

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 16. PAYMENTS IN LIEU OF CORPORATE TAXES

The provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is set out below:

##### *Statement of income*

	2007 \$	2006 \$
<b>Rate reconciliation</b>		
Income before PILs	108,016	121,987
Statutory Canadian federal and provincial income tax rate	36.12%	36.12%
Expected provision for PILs	39,015	44,062
Temporary differences not benefited	1,017	3,482
Other	2,363	(1,543)
<b>Provision for PILs</b>	<b>42,395</b>	<b>46,001</b>
<b>Effective tax rate</b>	<b>39.25%</b>	<b>37.71%</b>
<b>Components of provision for PILs</b>		
Current tax provision	42,395	46,001
<b>Provision for PILs</b>	<b>42,395</b>	<b>46,001</b>

##### *Balance sheet*

Future income taxes relating to LDC have not been recorded in the accounts as they are expected to be recovered through future revenues. As at December 31, 2007, future income tax assets of \$186,779,000 [2006 - \$234,217,000], based on substantively enacted income tax rates, have not been recorded. In the absence of rate regulated accounting, LDC's provision for PILs would have been recognized using the liability method rather than the taxes payable method. As a result, the provision for PILs in 2007 would have been \$1,017,000 lower [2006 - \$3,482,000].

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 17. SHARE CAPITAL

Share capital consists of the following:

	2007 \$	2006 \$
<b>Authorized</b> The authorized share capital of LDC consists of an unlimited number of common shares. Any invitation to the public to subscribe for securities is prohibited.		
<b>Issued and outstanding</b> 1,000 common shares	527,817	527,817

#### *Dividends*

During 2007, the board of directors of LDC declared and paid dividends totalling \$25,000,000 to the Corporation [2006 - \$47,800,000].

#### 18. RELATED PARTIES

For LDC, transactions with related parties include transactions with Toronto Hydro Energy Services Inc., ["TH Energy"], Toronto Hydro Telecom Inc., ["Telecom"], the Corporation and the City.

Included in "Accounts receivable, net of allowance for doubtful accounts" are amounts due from related parties as follows:

	2007 \$	2006 \$
Due from Telecom	346	310
Due from the Corporation	180	—
	526	310

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

Included in "Accounts payable and accrued liabilities" are amounts due to related parties as follows:

	2007 \$	2006 \$
Due to the Corporation	—	12,692
Due to TH Energy	697	73
	697	12,765

At December 31, 2007, long-term notes of \$425,058,000 were payable to the Corporation [2006 – \$180,000,000]. For the year ended December 31, 2007, interest expense was paid to the Corporation in the amount of \$11,088,000 [2006 – \$11,088,000] [note 10]. At December 31, 2007, included in "Accounts payable and accrued liabilities" is \$3,402,000 [December 31, 2006 - \$1,747,000] of interest payable to the Corporation.

At December 31, 2007, the promissory note of \$735,173,000 was payable to the Corporation [2006 – \$980,231,000]. On December 31, 2007, LDC made the first scheduled payment of \$245,058,000 to the Corporation in accordance with the terms of promissory note. For the year ended December 31, 2007, interest expense was paid to the Corporation in the amount of \$62,038,000 [2006 – \$62,637,000] in relation with the promissory note [note 10].

#### ***Other Related Parties Transactions***

During 2007, LDC provided goods and services to TH Energy totaling \$2,346,000 [2006 - \$7,416,000] in the ordinary course of business and measured at their exchange amounts, prevailing market prices and normal trade terms.

For the year ended December 31, 2007, LDC provided goods and services to Telecom amounting to \$889,000 [2006 - \$332,000] in the ordinary course of business and measured at their exchange amounts.

For the year ended December 31, 2007, LDC provided pole and duct rental services to Telecom amounting to \$2,399,000 [2006 - \$2,269,000] in the ordinary course of business at prevailing market prices and normal trade terms.

During 2007, LDC provided services to the Corporation in the amounts of \$1,179,000 in the ordinary course of business and measured at their exchange amounts [2006 - \$3,081,000].

For the year ended December 31, 2007, LDC provided electricity to the City in the amount of \$96,205,000 [2006 - \$90,663,000] at prevailing market prices and normal trade terms. At December 31, 2007, included in "Accounts receivable, net of allowance for doubtful accounts" is \$19,587,000 [December 31, 2006 - \$19,745,000] receivable from TH Energy related to electricity invoicing with the City per the Consolidated billing agreement between TH Energy and LDC.

For the year ended December 31, 2007, LDC provided services related to the distribution of electricity to the City in the amount of \$10,838,000 [2006 - \$9,281,000]. At December 31, 2007, included in "Accounts receivable, net of



## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

allowance for doubtful accounts" is \$2,617,000 [December 31, 2006 - \$2,320,000] receivable from the City related to these services.

During 2007, LDC purchased boiler plant installation and maintenance services from TH Energy amounting to \$365,000 [2006 - \$140,000] in the ordinary course of business at prevailing market prices and normal trade terms. At December 31, 2007, included in "Accounts payable and accrued liabilities" is \$309,000 [2006 - \$nil] payable to TH Energy related to the installation service.

On December 31, 2007, LDC purchased fibre strands from Telecom, for cash consideration of \$200,000 representing the market value of the strands. For accounting purposes, the addition to property, plant and equipment was recorded at the net book value of \$6,000, with the remaining balance of \$194,000 representing the difference between the assets net book value and the consideration received recorded to "retained earnings".

During 2007, LDC purchased corporate and management services from the Corporation totalling \$5,441,000 [2006 - \$51,447,000] in the ordinary course of business, with these services charged to operating expenses and measured at their exchange amounts.

During 2007, LDC purchased services from the City amounting to \$6,916,000 [2006 - \$4,874,000]. At December 31, 2007, included in "Accounts payable and Accrued liabilities" is \$3,353,000 [December 31, 2006 - \$538,000] payable to the City related to services received from the City.

For the year ended December 31, 2007, LDC paid property tax expenses to the City of \$6,267,000 [2006 - \$7,306,000].

On December 31, 2006, LDC sold the land and building located at 10 Belfield Road to TH Energy, for cash consideration of \$5,800,000 representing the approximate market value of the property as determined by an accredited appraiser. For accounting purposes, the reduction in property plant and equipment balance was recorded at the net book value of \$4,324,000 with the remaining balance of \$1,366,000 [\$1,476,000 gross, net of current tax payable of \$110,000] representing the difference between the assets' net book value and the consideration received recorded to "contributed surplus".

## Toronto Hydro-Electric System Limited

### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

#### 19. LEASE COMMITMENTS

##### *Operating lease obligations*

As at December 31, 2007, the future minimum annual lease payments under property and computer hardware operating leases with remaining lease terms from one to five years are as follows:

	\$
2008	4,572
2009	4,323
2010	4,170
2011	3,859
2012	1,036
<b>Total minimum lease payments</b>	<b>17,960</b>

##### *Capital lease obligations*

As at December 31, 2007, the future minimum annual lease payments under capital leases with remaining lease terms from one to five years are as follows:

	\$
2008	229
2009	215
2010	181
2011	124
2012	8
Total amount of future minimum lease payments	757
Less interest	93
	664
Current portion [note 9]	190
Long-term portion [note 12]	474

#### 20. CONTINGENCIES

##### *a) Ministry of Finance Tax Audit*

The Ministry of Finance is currently carrying out a tax audit on LDC. Certain filing positions for PILs taken by LDC may be challenged on the audit. This may result in a material increase in LDC's reported tax obligations upon reassessment. As the audit has not yet been completed, management is not able to determine the impact, if any, of

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

the audit on the financial statements or LDC's tax reserves. LDC adjusts its tax reserves when there is sufficient information available, or when an event occurs requiring a change to the reserves.

#### ***b) Legal Proceeding***

On April 22, 2004, in a decision in a class action commenced against The Consumers' Gas Company Limited (now Enbridge Gas Distribution Inc.), hereinafter referred to as "Enbridge", the Supreme Court of Canada [the "Supreme Court"] ruled that Enbridge was required to repay the portion of certain late payment charges collected by it from its customers that were in excess of the interest limit stipulated in section 347 of the *Criminal Code*. Although the claim related to charges collected by Enbridge after the enactment of section 347 of the *Criminal Code* in 1981, the Supreme Court limited recovery to charges collected after the action was initiated in 1994. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for a determination of the plaintiffs' damages. The parties reached a settlement of this class action. The Ontario Superior Court of Justice has approved this settlement, however, the representative plaintiff, Mr. Garland, is appealing the settlement approval order in an attempt to increase the fees to which he is entitled for having acted as representative plaintiff, and to receive lawyer's fees in connection with that effort. Mr. Garland's appeal is pending.

On February 4, 2008, the OEB, in response to an application filed by Enbridge, ruled that all of Enbridge's costs related to settlements of the class action lawsuits, including legal costs, settlement costs and interest, are recoverable from ratepayers.

LDC is not a party to the Enbridge class action. It is, however, subject to the two class actions described below in which the issues are analogous.

The first is an action commenced against a predecessor of LDC and other Ontario municipal electric utilities under the Class Proceedings Act, 1992 seeking \$500,000,000 in restitution for late payment charges collected by them from their customers that were in excess of the interest limit stipulated in section 347 of the *Criminal Code*. This action is at a preliminary stage. Pleadings have closed but examinations for discovery have not been conducted and the classes have not been certified. After the release by the Supreme Court of Canada of its 2004 decision in the Enbridge case, the plaintiffs in this proposed class action indicated their intention to proceed with the litigation, but no formal steps have been taken.

The second is an action commenced against a predecessor of LDC under the Class Proceedings Act, 1992 seeking \$64,000,000 in restitution for late payment charges collected by it from its customers that were in excess of the interest limit stipulated in section 347 of the *Criminal Code*. This action is also at the preliminary stage. Pleadings have closed and examinations for discovery have been conducted but, as in the first action, the classes have not been certified as the parties were awaiting the outcome of the Enbridge class action.

The claims made against LDC and the definitions of the plaintiff classes are identical in both actions. As a result, any damages payable by LDC in the first action would reduce the damages payable by LDC in the second action, and vice versa.

It is anticipated that the first action will now proceed for determination in light of the reasons of the Supreme Court in the Enbridge class action.

## Toronto Hydro-Electric System Limited

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### NOTES TO FINANCIAL STATEMENTS

[all tabular amounts in thousands of dollars]

December 31, 2007

LDC may have defences available to it in these actions that were not disposed of by the Supreme Court in the Enbridge class action.

The determination of whether the late payment charges collected by LDC from its customers were in excess of the interest limit stipulated in section 347 of the *Criminal Code* is fact specific in each circumstance. Also, decisions of the OEB are fact specific in each circumstance and the decisions of the OEB in respect of Enbridge's application for recovery of costs related to the settlement is not necessarily determinative of the outcome of any similar application which LDC may make to the OEB in the future. Accordingly, given the preliminary status of these actions, it is not possible at this time to quantify the effect, if any, of the Consumers' Gas decision on these actions or of these actions on the financial performance of LDC.

### 21. COMPARATIVE FINANCIAL STATEMENTS

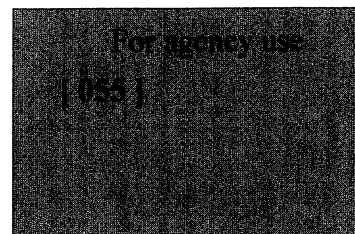
The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2007 financial statements.

T2 RETURN AND SCHEDULE INFORMATION

Name: TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

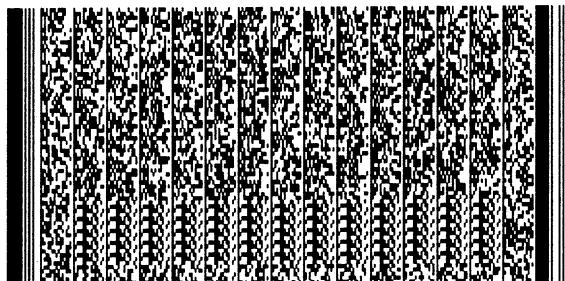
BN: 89671 8327 RC 0001

Taxation Year End: 2007-12-31



**FILE COPY**

Toronto Hydro-Electric System Limited  
EB-2009-0139  
Exhibit R1  
Tab 9  
Schedule 33  
Appendix D  
Filed: 2009 Nov 30  
(11 pages)



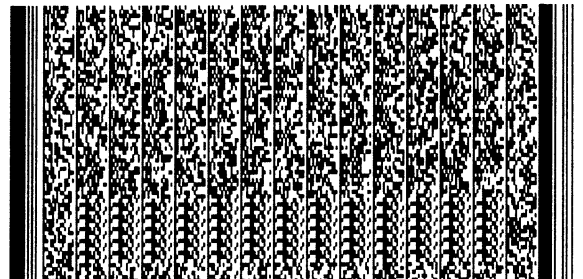
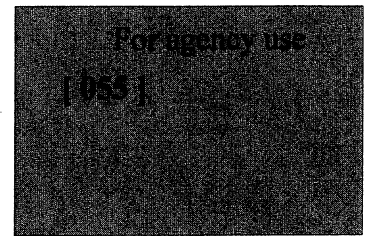
This page must be attached to your return and sent to the Canada Revenue Agency

**T2 RETURN AND SCHEDULE INFORMATION**

**Name:** TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

**BN:** 89671 8327 RC 0001

**Taxation Year End:** 2007-12-31



This page must be attached to your return and sent to the Canada Revenue Agency

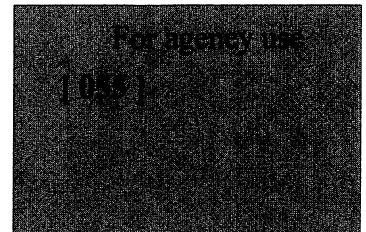
Version 2008 v.1.0

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Name: TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

BN: 89671 8327 RC 0001

Taxation Year End: 2007-12-31



[ 001 ] 89671 8327 RC 0001

[ 060 ] 2007 01 01

[ 061 ] 2007 12 31

[ 099 ] EP09

XXXXXXXXXXXX



[ 002 ] TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

[ 003 ] 2

[ 004 ] \_\_\_\_\_

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[ 010 ]@ 2

[ 011 ] \_\_\_\_\_

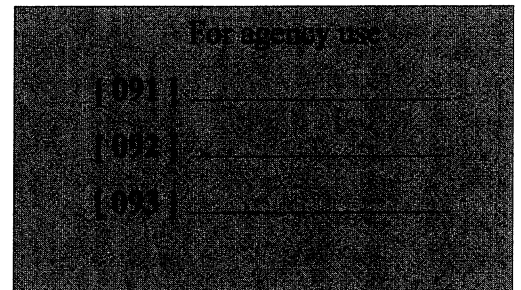
[ 012 ] \_\_\_\_\_

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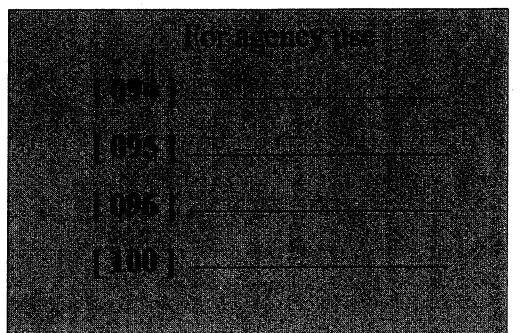
[ 023 ] \_\_\_\_\_

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[ 028 ] \_\_\_\_\_



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[ 030 ]@ 2

[ 031 ] \_\_\_\_\_

[ 032 ] \_\_\_\_\_

[ 035 ] \_\_\_\_\_

[ 036 ] \_\_\_\_\_

[ 037 ] \_\_\_\_\_

[ 038 ] \_\_\_\_\_

XXXXXXXXXXXX

[ 040 ] 1 [ 164 ] \_\_\_\_\_ [ 216 ] \_\_\_\_\_

[ 043 ] \_\_\_\_\_ [ 165 ] \_\_\_\_\_ [ 217 ] \_\_\_\_\_

[ 063 ] 2 [ 166 ] \_\_\_\_\_ [ 218 ] \_\_\_\_\_

[ 065 ] \_\_\_\_\_ [ 167 ] \_\_\_\_\_ [ 220 ] \_\_\_\_\_

[ 066 ] 2 [ 168 ] \_\_\_\_\_ [ 221 ] \_\_\_\_\_

[ 067 ] 2 [ 169 ] \_\_\_\_\_ [ 227 ] \_\_\_\_\_

[ 070 ] 2 [ 170 ] \_\_\_\_\_ [ 231 ] \_\_\_\_\_

[ 071 ] 2 [ 171 ] \_\_\_\_\_ [ 232 ] \_\_\_\_\_

[ 072 ] 2 [ 172 ] \_\_\_\_\_ [ 233 ] \_\_\_\_\_

[ 076 ] 2 [ 173 ] 1 [ 234 ] \_\_\_\_\_

[ 078 ] 2 [ 201 ] \_\_\_\_\_ [ 236 ] \_\_\_\_\_

[ 080 ] 1 [ 202 ] \_\_\_\_\_ [ 237 ] \_\_\_\_\_

[ 081 ] \_\_\_\_\_ [ 203 ] \_\_\_\_\_ [ 238 ] \_\_\_\_\_

[ 082 ] 2 [ 204 ] \_\_\_\_\_ [ 242 ] \_\_\_\_\_

[ 085 ] 4 [ 205 ] \_\_\_\_\_ [ 243 ] \_\_\_\_\_

[ 150 ] \_\_\_\_\_ [ 206 ] \_\_\_\_\_ [ 244 ] \_\_\_\_\_

[ 151 ] \_\_\_\_\_ [ 207 ] \_\_\_\_\_ [ 249 ] \_\_\_\_\_

[ 160 ] \_\_\_\_\_ [ 208 ] \_\_\_\_\_ [ 250 ] \_\_\_\_\_

[ 161 ] \_\_\_\_\_ [ 210 ] \_\_\_\_\_ [ 253 ] \_\_\_\_\_

[ 162 ] \_\_\_\_\_ [ 212 ] \_\_\_\_\_ [ 254 ] \_\_\_\_\_

[ 163 ] \_\_\_\_\_ [ 213 ] \_\_\_\_\_ [ 255 ] \_\_\_\_\_



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[ 256 ]	_____	[ 990 ]	1
[ 258 ]	_____		<b>XXXXXXXXXXXX</b>
[ 259 ]	_____		
[ 260 ]	_____	[ 280 ]	2
[ 261 ]	_____	[ 281 ]	2
[ 262 ]	_____	[ 282 ]	_____
[ 263 ]	_____	[ 283 ]	_____
[ 264 ]	_____	[ 284 ]	ELECTRICITY DISTRIBUTION
[ 265 ]	_____	[ 286 ]	_____
[ 266 ]	_____	[ 288 ]	_____
[ 267 ]	_____	[ 285 ]	100
[ 268 ]	_____	[ 287 ]	_____
[ 269 ]	_____	[ 289 ]	_____
[ 291 ]	2	[ 950 ]	_____
[ 292 ]	2	[ 951 ]	_____
[ 370 ]	_____	[ 954 ]	_____
[ 435 ]	_____	[ 955 ]	_____
[ 438 ]	_____	[ 956 ]	_____
[ 624 ]	_____	[ 957 ]	2
[ 646 ]	_____	[ 958 ]	BARRY PARKER
[ 750 ]	ON	[ 959 ]	416 542 2895
[ 801 ]	_____		<b>XXXXXXXXXXXX</b>
[ 894 ]	_____		
[ 896 ]	2		
[ 898 ]	_____		
[ 910 ]	_____		
[ 914 ]	_____		
[ 918 ]	_____		

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[ 300 ]	0	[ 440 ]	_____	[ 652 ]	_____
[ 311 ]	_____	[ 445 ]	_____	[ 700 ]	_____
[ 312 ]	_____	[ 450 ]	_____		XXXXXXXXXXXXX
[ 313 ]	_____	[ 600 ]	_____		
[ 314 ]	_____	[ 632 ]	_____	[ 704 ]	_____
[ 315 ]	_____	[ 636 ]	_____	[ 708 ]	_____
[ 320 ]	_____	[ 780 ]	_____	[ 710 ]	_____
[ 325 ]	_____		XXXXXXXXXXXXX	[ 716 ]	_____
[ 331 ]	_____			[ 720 ]	_____
[ 332 ]	_____	[ 460 ]	_____	[ 724 ]	_____
[ 333 ]	_____	[ 465 ]	_____	[ 727 ]	_____
[ 334 ]	_____	[ 480 ]	_____	[ 728 ]	_____
[ 335 ]	_____	[ 485 ]	_____	[ 760 ]	_____
[ 340 ]	_____	[ 712 ]	_____	[ 765 ]	_____
[ 350 ]	_____		XXXXXXXXXXXXX	[ 770 ]	_____
[ 355 ]	_____				XXXXXXXXXXXXX
[ 360 ]	_____	[ 550 ]	_____		
	XXXXXXXXXXXXX	[ 602 ]	_____	[ 784 ]	_____
		[ 604 ]	_____	[ 788 ]	_____
[ 400 ]	_____	[ 608 ]	_____	[ 792 ]	_____
[ 405 ]	_____	[ 616 ]	_____	[ 796 ]	_____
[ 410 ]	400 000	[ 620 ]	_____	[ 797 ]	_____
[ 425 ]	_____	[ 628 ]	_____	[ 800 ]	_____
[ 430 ]	_____	[ 638 ]	_____	[ 808 ]	_____
	XXXXXXXXXXXXX	[ 639 ]	_____	[ 812 ]	_____
		[ 640 ]	_____	[ 840 ]	_____
[ 415 ]	1 521 185	[ 644 ]	_____	[ 890 ]	_____
	XXXXXXXXXXXXX	[ 648 ]	_____		XXXXXXXXXXXXX

Name: TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

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## Certification

I, \_\_\_\_\_ am an authorized signing officer of the corporation. I certify that the following amounts are, to the best of my knowledge, correct and complete, and fully disclose the corporation's income tax payable. These amounts also reflect the information given on the corporation's income tax return for the taxation year noted above.

Net income (or loss) for income tax purposes from Schedule 001, or GIF1 [line 200300]	0
Part I tax payable [line 200700]	0
Part I.3 tax payable [line 200704]	0
Part II surtax payable [line 200708]	0
Part III.1 tax payable [line 200710]	0
Part IV tax payable [line 200712]	0
Part IV.1 tax payable [line 200716]	0
Part VI tax payable [line 200720]	0
Part VI.1 tax payable [line 200724]	0
Part XIV tax payable [line 200728]	0
Net provincial and territorial tax payable [line 200760]	0
Provincial tax on large corporations [line 200765]	0

I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

Date

Signature of an authorized signing officer of the corporation

Position, office or rank



VP

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[ 100 ] 1. TORONTO HYDRO CORPORATION \*

[ 200 ] 1. 89676 0725 RC 0001 \*

[ 300 ] 1. \_\_\_\_\_ \*

[ 350 ] 1. \_\_\_\_\_ \*

[ 400 ] 1. 100 \*

[ 500 ] 1. \_\_\_\_\_ \*

XXXXXXXXXXXX

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[ 3640 ]	2 402 649 000 XXXXXXXXXXXXX	[ 3620 ]	726 509 000 XXXXXXXXXXXXX
[ 1000 ]	144 646 000	[ 3660 ]	145 508 000
[ 1060 ]	169 170 000	[ 3680 ]	65 621 000
[ 1120 ]	26 860 000	[ 3700 ]	# 25 000 000
[ 1480 ]	258 935 000	[ 3740 ]	# 194 000
[ 1484 ]	1 269 000	[ 3849 ]	185 935 000
[ 1599 ]	600 880 000		XXXXXXXXXXXXX
[ 2008 ]	3 500 064 000		
[ 2009 ]	# 1 779 174 000		
[ 2178 ]	153 661 000		
[ 2179 ]	# 91 819 000		
[ 2420 ]	19 037 000		
[ 2589 ]	19 037 000		
[ 2599 ]	2 402 649 000 XXXXXXXXXXXXX		
[ 2600 ]	_____		
[ 2620 ]	264 024 000		
[ 2960 ]	18 946 000		
[ 3139 ]	282 970 000		
[ 3300 ]	1 160 231 000		
[ 3320 ]	232 939 000		
[ 3450 ]	1 393 170 000		
[ 3499 ]	1 676 140 000 XXXXXXXXXXXXX		
[ 3500 ]	527 817 000		
[ 3540 ]	12 757 000		
[ 3600 ]	185 935 000		

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[ 0001 ] \_\_\_\_\_

[ 0002 ] \_\_\_\_\_

XXXXXXXXXXXXX

[ 0003 ] \_\_\_\_\_

XXXXXXXXXXXXX

[ 8519 ] 442 494 000

[ 8710 ] 70 431 000

[ 9369 ] 108 016 000

[ 9270 ] 172 722 000

[ 9899 ] \_\_\_\_\_

[ 9367 ] 380 173 000

[ 9970 ] 108 016 000

[ 9368 ] 2 221 294 000

[ 9975 ] \_\_\_\_\_

XXXXXXXXXXXXX

[ 9976 ] \_\_\_\_\_

[ 9980 ] \_\_\_\_\_

[ 9370 ] \_\_\_\_\_

[ 9985 ] \_\_\_\_\_

[ 9659 ] 0

[ 9990 ] 42 395 000

XXXXXXXXXXXXX

[ 9995 ] \_\_\_\_\_

[ 9999 ] 65 621 000

[ 9660 ] \_\_\_\_\_

XXXXXXXXXXXXX

[ 9898 ] 0

XXXXXXXXXXXXX

[ 8000 ] 2 283 615 000

[ 8089 ] 2 283 615 000

[ 8100 ] 8 141 000

[ 8230 ] 37 554 000

[ 8299 ] 2 329 310 000

XXXXXXXXXXXXX

[ 8300 ] \_\_\_\_\_

[ 8320 ] 1 841 121 000

[ 8518 ] 1 841 121 000

[ 8670 ] 137 020 000

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[ 095 ] 1

[ 097 ] 2

[ 198 ] 1

[ 099 ] 2

[ 101 ] 1

[ 102 ] 2

[ 103 ] 2

[ 104 ] 1

[ 105 ] 2

[ 106 ] 1

[ 107 ] 1

[ 108 ] 2

XXXXXXXXXXXX