

HYDRO ONE NETWORKS INC.
TRANSMISSION
Cost of Service
Historical, Bridge and Test Years
2007 to 2012
Year Ending December 31
(\$ Millions)

Line No.	Particulars	2007 (a)	2008 (b)	2009 (c)	2010 (d)	2011 (e)	2012 (f)
1	Total Operation, Maintenance & Administrative Expenses	\$ 412.9	373.8	417.1	434.5	436.3	450.0
2	Depreciation & Amortization Expenses	241.4	253.2	241.5	278.8	302.9	334.8
3	Capital Taxes	11.4	14.8	19.3	6.0	-	-
4	Income Taxes	116.4	39.4	5.5	46.0	80.9	70.0
5	Total Cost of Service	\$ <u>782.1</u>	<u>681.2</u>	<u>683.4</u>	<u>765.3</u>	<u>820.2</u>	<u>854.8</u>

1 **COMPARISON OF OM&A EXPENSE BY MAJOR CATEGORY**

2

	2007	Historic 2008	2009	Bridge 2010	Test 2011	2012
<u>Transmission OM&A (\$ millions)</u>						
Sustaining						
Transmission Stations						
Land Assessment and Remediation	3.9	2.8	2.0	1.6	1.1	1.1
Environment Management	8.4	(1.7)	3.5	10.9	14.0	15.4
Power Equipment	69.4	57.9	67.9	67.0	67.4	67.7
Ancillary System Maintenance	9.6	12.1	12.4	14.9	15.8	16.6
Protection, Control, Monitoring, Metering and Telecommunications	37.7	36.4	38.6	44.4	44.5	46.6
Site Infrastructure Maintenance	21.0	26.4	27.0	26.2	27.9	28.7
Total Transmission Stations OM&A	150.0	133.9	151.5	164.9	170.6	176.1
Transmission Lines						
Rights of Way	27.0	20.7	25.7	26.6	27.5	28.3
Overhead Lines	16.5	19.0	19.4	17.9	20.2	23.0
Underground Cables	3.5	3.7	4.4	3.5	3.8	4.0
Total Transmission Lines OM&A	47.0	43.5	49.4	48.0	51.4	55.3
Engineering & Environmental Support	8.9	10.1	12.5	11.5	11.0	11.8
Total "Sustaining"	205.9	187.5	213.5	224.4	233.0	243.1
Development						
Technical Standards and Technology	8.4	9.2	14.0	15.0	14.2	14.9
Smart Grid	0.0	0.0	0.0	4.0	4.0	4.0
Total Development OM&A	8.4	9.2	14.0	19.0	18.2	18.9

	2007	Historic 2008	2009	Bridge 2010	Test 2011	2012
Operations						
Operations Contracts	18.3	16.6	16.6	22.6	24.8	25.9
Environmental, Health and Safety	2.9	1.9	1.5	2.6	3.5	4.0
Operators	28.4	29.1	30.2	31.8	32.7	32.8
Large Customer & Generator Relations	4.3	4.1	4.3	5.2	5.3	5.5
Total "Operations"	54.0	51.7	52.6	62.1	66.3	68.2
Customer Care	1.2	1.3	0.9	1.1	1.1	1.2
Shared Services and Other Costs						
Asset Management	25.9	31.8	40.0	33.0	35.5	36.0
Common Corporate Functions & Services	64.1	64.5	71.8	81.3	79.7	86.6
Information Technology	46.2	50.7	56.2	68.1	67.5	68.5
Cornerstone	2.7	1.5	4.0	(9.4)	(12.5)	(21.4)
Cost of Sales	14.5	20.5	13.5	15.8	14.9	8.5
Other	(72.5)	(109.6)	(114.7)	(130.3)	(138.3)	(131.8)
Total Shared Services & Other Costs	80.9	59.4	70.8	58.6	46.9	46.4
Property Taxes & Rights Payments	62.5	64.8	65.2	69.4	70.8	72.2
Total Transmission OM&A	412.9	373.8	417.1	434.5	436.3	450.0

COMPARISON OF WAGES AND SALARIES

1.0 REGIONAL MAINTAINER LINES – (PWU-REPRESENTED)

The following summarizes the key elements of this job classification and related compensation:

- works on transmission and distribution lines and associated apparatus using a range of mechanical and electrical skills and knowledge.
- Grade 12 plus six-year apprenticeship.

Table 1

Year	Total Wages	Base	Overtime	Incentive	Other*
2007	\$114,782	\$76,340	\$35,679	\$0	\$2,764
2008	\$118,226	\$78,630	\$36,749	\$0	\$2,847
2009	\$121,772	\$80,989	\$37,851	\$0	\$2,932
2010	\$125,425	\$83,418	\$38,987	\$0	\$3,020
2011	\$129,186	\$85,920	\$40,156	\$0	\$3,110
2012	\$133,042	\$88,479	\$41,360	\$0	\$3,203

NOTE: all of the above are average dollars.

2.0 SOCIETY REPRESENTED MP4 (Example -ENGINEER – JOURNEYPERSON LEVEL)

The following summarizes the key elements of this job classification and related compensation:

- Professional Engineer with 8-10 years experience;

- participates in the design and development of strategies and proposes effective recommendations related to the application and design and performance of various systems, e.g., electrical power systems/telecommunication;
- provides technical guidance and supervision to technical staff.

Table 2
Annual Salary (MP4)

Year	Total Wages	Base	Overtime	Incentive	Other*
2007	\$98,390	\$95,341	\$1,243	\$0	\$1,806
2008	\$101,342	\$98,202	\$1,281	\$0	\$1,860
2009	\$104,383	\$101,148	\$1,319	\$0	\$1,916
2010	\$107,514	\$104,182	\$1,359	\$0	\$1,973
2011	\$110,201	\$106,786	\$1,393	\$0	\$2,022
2012	\$112,954	\$109,455	\$1,427	\$0	\$2,072

NOTE: - 2005 results are lower due to the impact of the labour strike.

- all of the above are average dollars.

3.0 MANAGER – BAND 7 (MANAGEMENT COMPENSATION PLAN)

The following summarizes the key elements of this job classification and related compensation:

- university degree with several years experience;
- provides direction with respect to corporate strategies and policies, budget and programs, compliance and performance targets and expectations of continuous improvement;
- manages the coordination of work activities of supervisory professional staff;
- co-ordinates the activities of others in the performance of technical projects related to program processes, technical/operational business standards and procedures.

Table 3
Annual Salary

Year	Total Wages	Base	Overtime	Incentive	Other*
2007	\$117,762	\$98,948	\$0	\$11,200	\$7,615
2008	\$121,295	\$101,916	\$0	\$11,600	\$7,779
2009	\$123,456	\$103,444	\$0	\$12,000	\$8,012
2010	\$128,129	\$107,416	\$0	\$12,460	\$8,253
2011	\$128,129	\$107,416	\$0	\$12,460	\$8,253
2012	\$131,971	\$110,638	\$0	\$12,833	\$8,500

NOTE: all of the above are average dollars.

* Other includes: travel time, vacation bonus, unused vacation days paid out, standby allowance, shift allowance, vacation pay on termination, depending on the nature of the position.

HYDRO ONE NETWORKS INC.
TRANSMISSION
Depreciation & Amortization Expenses
Historical (2007 to 2009), Bridge (2010) and Test Years (2011 to 2012)
2007 to 2012
Year Ending December 31
(\$ Millions)

Line No.	Particulars	2007		2008		2009		2010		2011		2012	
		Deprn Rate	Provision	Deprn Rate	Provision	Deprn Rate	Provision	Deprn Rate	Provision	Deprn Rate	Provision	Deprn Rate	Provision
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	<u>Depreciation Expenses</u>												
1	Major Fixed Assets	2.11%	200.5	2.14%	210.0	2.12%	226.4	2.19%	246.2	2.21%	265.2	2.23%	294.6
2	Minor Fixed Assets	8.77%	13.9	11.25%	15.5	11.29%	17.0	10.82%	17.7	11.30%	21.1	11.24%	23.0
3	Depreciation on Fixed Assets		214.4		225.5		243.4		263.9		286.3		317.6
4	Less Capitalized Depreciation		(6.4)		(8.0)		(12.2)		(8.4)		(9.2)		(8.8)
5	Asset Removal Costs		11.2		14.1		10.1		17.7		18.4		18.1
6	(Gains) / Losses		(1.0)		0.1		(2.3)		0.0		0.0		0.0
7	Total Depreciation Expenses		218.2		231.7		239.0		273.1		295.5		326.9
	<u>Amortization Expenses</u>												
8	OPEB		17.9		17.9		0.0		0.0		0.0		0.0
9	Environmental Costs		5.2		3.5		2.5		5.5		7.3		7.8
11	Other Amortization		0.2		0.2		0.0		0.2		0.2		0.2
12	Other Regulatory Amortization		0		0.0		0.0		0.0		1.0		1.0
13	Total Amortization Expenses		23.3		21.6		2.5		5.6		8.4		8.9
14	Total Depreciation & Amortization Expenses		241.5		253.3		241.5		278.8		303.9		335.8
15	Exclude Other Reg Amort		-		-		-		-		1.0		1.0
16	Depreciation & Amortization for recovery		241.5		253.3		241.5		278.8		302.9		334.8

CALCULATION OF UTILITY INCOME TAXES

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- Attachment 1: Calculation of Utility Income Taxes Test Years (2011, 2012)
- Attachment 2: Calculation of Capital Cost Allowance Test Year (2011, 2012)
- Attachment 3: Calculation of Utility Income Taxes Historic Years (2007, 2008)
- Attachment 4: Calculation of Capital Cost Allowance Historic (2007, 2008) &
Forecast Years (2009, 2010)

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Utility Income Taxes
Test Years (2011 and 2012)
Year Ending December 31
(\$ Millions)

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Exhibit C2-5-1
Attachment 1
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Line No.	Particulars	2011 (a)	2012 (b)
	<u>Determination of Taxable Income</u>		
1	Regulatory Net Income (before tax)	\$ 421.4	\$ 450.3
2	Book to Tax Adjustments:		
3	Other Post Employment Benefits expense	20.8	22.0
4	Other Post Employment Benefits payments	(20.8)	(22.1)
5	Inergi pension payments	0.0	0.0
6	Depreciation and amortization	302.9	334.8
7	Capital Cost Allowance	(377.8)	(457.4)
8	Removal costs	(0.1)	(0.1)
9	Environmental costs	(7.3)	(7.8)
10	Hedge loss - amortization	(0.0)	0.2
11	Non-deductible meals & entertainment	3.5	3.5
12	Capital amounts expensed under \$2K	1.5	1.5
13	Research & Development ITC	0.1	0.1
14	Ontario education credits	2.1	2.1
15	Capitalized overhead costs	(34.3)	(33.9)
16	Capitalized pension costs	(17.8)	(18.4)
17		\$ (127.3)	\$ (175.6)
18	Regulatory Taxable Income	\$ 294.1	\$ 274.7
19	Corporate Income Tax Rate	28.25 %	26.25 %
20	Subtotal	\$ 83.1	\$ 72.1
21	Less: R&D ITC / Ontario education credits	(2.2)	(2.2)
22	Regulatory Income Tax	\$ 80.9	\$ 70.0
	<u>Tax Rates</u>		
23	Federal Tax	16.50 %	15.00 %
24	Provincial Tax	11.75 %	11.25 %
25	Total Tax Rate	28.25 %	26.25 %

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Utility Income Taxes
Test Years (2011 and 2012)
Capital Cost Allowance
Year Ending December 31
(\$ Millions)

2011 Transmission:

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate (%)	CCA	Closing UCC
1	2,494.2	-	2,494.2	-	2,494.2	4%	99.8	2,394.4
2	729.9	-	729.9	-	729.9	6%	43.8	686.1
3	271.1	41.5	312.6	20.8	291.9	5%	14.6	298.0
6	25.3	3.9	29.2	1.9	27.3	10%	2.7	26.5
7	0.0	-	0.0	-	0.0	15%	0.0	0.0
8	28.1	8.9	37.1	4.5	32.6	20%	6.5	30.5
9	2.6	0.4	3.0	0.2	2.8	25%	0.7	2.3
10	93.9	52.7	146.6	26.3	120.3	30%	36.1	110.5
12	4.1	1.9	6.1	1.0	5.1	100%	5.1	1.0
13	0.2	0.0	0.3	0.0	0.3	20%	0.1	0.2
17	19.9	3.1	23.0	1.5	21.4	8%	1.7	21.2
35	0.4	0.1	0.5	0.0	0.4	7%	0.0	0.4
42	98.9	15.2	114.1	7.6	106.5	12%	12.8	101.3
45	2.1	-	2.1	-	2.1	45%	0.9	1.1
46	5.4	0.8	6.3	0.4	5.9	30%	1.8	4.5
47	1,510.9	613.8	2,124.7	306.9	1,817.8	8%	145.4	1,979.3
50	-	7.3	7.3	3.6	3.6	55%	2.0	5.3
TX UCC	5,287.2	749.6	6,036.9	374.8	5,662.0		374.0	5,662.9
TX Cumulative Eligible Capital	59.9	-	59.9	-	59.9	7%	4.2	55.7
							Total CCA	378.2
							Less Five Nations	(0.3)
							Total Tx CCA	377.8

2012 Transmission:

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate (%)	CCA	Closing UCC
1	2,394.4	-	2,394.4	-	2,394.4	4%	95.8	2,298.6
2	686.1	-	686.1	-	686.1	6%	41.2	644.9
3	298.0	86.6	384.6	43.3	341.3	5%	17.1	367.6
6	26.5	7.7	34.2	3.8	30.3	10%	3.0	31.2
7	0.0	-	0.0	-	0.0	15%	0.0	0.0
8	30.5	4.2	34.7	2.1	32.6	20%	6.5	28.2
9	2.3	0.7	3.0	0.3	2.6	25%	0.7	2.3
10	110.5	49.4	160.0	24.7	135.2	30%	40.6	119.4
12	1.0	32.8	33.8	16.4	17.4	100%	17.4	16.4
13	0.2	0.1	0.3	0.0	0.3	20%	0.1	0.2
17	21.2	6.2	27.4	3.1	24.3	8%	1.9	25.5
35	0.4	0.1	0.5	0.1	0.5	7%	0.0	0.5
42	101.3	29.4	130.7	14.7	116.0	12%	13.9	116.8
45	1.1	-	1.1	-	1.1	45%	0.5	0.6
46	4.5	1.3	5.8	0.7	5.2	30%	1.6	4.3
47	1,979.3	1,270.7	3,250.0	635.3	2,614.6	8%	209.2	3,040.8
50	5.3	5.6	10.9	2.8	8.1	55%	4.4	6.5
TX UCC	5,662.9	1,494.8	7,157.6	747.4	6,410.3		453.8	6,703.8
TX Cumulative Eligible Capital	55.7	-	55.7	-	55.7	7%	3.9	51.8
							Total CCA	457.7
							Less Five Nations	(0.3)
							Total Tx CCA	457.4

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Utility Income Taxes
Historical Years
2007, 2008
Year Ending December 31
(\$ Millions)

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Exhibit C2-5-1
Attachment 3
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Line No.	Particulars	2007	2008	Notes
	<u>Calculation of Federal and ON Income Tax</u>			
1	Net Income Before Tax (NIBT) per Return	393.6	396.0	(1)
2				
3	<u>Required Adjustments to accounting NIBT</u>			
4	Recurring items included in Revenue Requirement (RR):			
5	Other Post Employment Benefit expense	26.2	23.3	
6	Other Post Employment Benefit payments	(16.2)	(14.9)	(2)
7	Depreciation and amortization	241.0	253.5	
8	Capital Cost Allowance	(309.5)	(348.3)	
9	Removal costs	(0.1)	0.0	
10	Environmental costs paid	(3.3)	(3.5)	(2)
11	Hedge loss net of amortization	1.3	0.0	
12	Non-deductible items (50% Meals & entertainment/interest)	3.4	3.9	
13	Research & Development ITC	0.2	(0.6)	(3)
14	Ontario education credits	0.0	(0.3)	(3)
15	Capitalized overhead costs deducted	(19.2)	(22.0)	(4)
16	Pension payments in excess of amounts capitalized	(12.2)	(14.7)	(2)
17		(88.4)	(123.6)	
18	Deferral accounts not part of RR:			
19	Amounts received (paid) Export credit/Earnings Sharing mechanism	(17.5)	(42.9)	(5)
20	Amounts received (paid) re RDDA/OEB decision/Tax rate changes	77.6	(63.3)	(5)
21		60.1	(106.2)	
22	Reversal of accounting adjustments not part of RR:			
23	Contingent liability movement	(7.8)	(0.1)	(6)
24	Reversal of market ready provision	(12.7)	0.0	(6)
25	Capitalized interest deductible for tax	(19.6)	(25.7)	(6)
26		(40.1)	(25.8)	
27	Recurring items not part of RR:			
28	Cumulative Eligible Capital	(5.5)	(5.1)	
29		(5.5)	(5.1)	
30	Immaterial items not in business plan detail:			
31	Capital additions deducted for accounting	1.3	0.3	
32	Deduction (greater) less than expense -underwriting/finance cost	(1.6)	(0.2)	
33	WSIB	(0.8)	(0.8)	
34	Tenant Inducement	(0.3)	(0.3)	
35	Capital tax provision greater (less than) return	(0.9)	0.5	
36	Landscaping costs deductible	(2.1)	0.0	
37	Capital Gain	0.1	0.0	
38	Apprenticeship/Co op Credits	1.3	0.0	
39	Insurance proceeds	0.0	(8.4)	(6)
40	Other	(0.2)	(0.7)	
41		(3.2)	(9.6)	
42				
43	NET Adjustments to Accounting NIBT	(77.0)	(270.3)	
44				
45	Taxable Income	316.6	125.6	

See Exhibit C1, Tab 7, Schedule 1 for additional Information

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Utility Income Taxes
Historical Years
2007, 2008
Year Ending December 31
(\$ Millions)

Line No.	Particulars	2007	2008
1	Corporate Income Tax Rate	36.1	33.50 %
2			
3	Subtotal	114.3	42.1 \$
4	Less: R&D / Apprenticeship Co op Credits	(1.6)	(0.6)
5	Regulatory Income Tax	<u>112.7</u>	<u>41.5 \$</u>
6			
7			
8	<u>Summary of Utility Income Taxes</u>		
9			
10	Income Taxes (Line 5)	<u>112.7</u>	<u>41.5 \$</u>
11	Total Taxes	<u>112.7</u>	<u>41.5 \$</u>
12			
13	<u>Tax Rates</u>		
14			
15	Federal Tax	21.00	19.50 %
16	Federal Surtax	1.12	0.00 %
17	Provincial Tax	<u>14.00</u>	<u>14.00 %</u>
18	Total Tax Rate	<u>36.12</u>	<u>33.50 %</u>

Notes:

- (1) Starting point is tax return NIBT per financial statements (GAAP basis), whereas forecast year starting point is Revenue requirement ('RR'). Tx amounts Excludes First Nations.
- (2) Deduction on cash basis
- (3) Deduction of capital R&D net of addback re: prior year's claim. Commencing in 2008 tax credits applied to reduce OM
- (4) Represents portion of capitalized overhead deductible for tax. This amount reduces additions for tax purposes.
- (5) Not in RR for forecast years
- (6) No similar item in test year RR

Notes:

- (1) Starting point is tax return NIBT per financial statements (GAAP basis), whereas forecast year starting point is Revenue requirement ('RR').
- (2) Deduction on cash basis
- (3) Deduction of capital R&D net of addback re: prior year's claim
- (4) Represents portion of capitalized overhead deductible for tax. This amount reduces additions for tax purposes.
- (5) Not in RR for forecast years
- (6) No similar item in test year RR

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Utility Income Taxes
Historical and Bridge Years (2009 and 2010)
Capital Cost Allowance
Year Ending December 31
(\$ Millions)

2009 Transmission:

<u>CCA Class</u>	<u>Opening UCC</u>	<u>Net Additions</u>	<u>UCC pre-1/2 yr</u>	<u>50% net additions</u>	<u>UCC for CCA</u>	<u>CCA Rate (%)</u>	<u>CCA</u>	<u>Closing UCC</u>
1	2,701.0	5.3	2,706.3	2.6	2,703.6	4%	108.1	2,598.1
2	826.0	-	826.0	-	826.0	6%	49.6	776.5
3	260.4	(0.1)	260.3	(0.0)	260.4	5%	13.0	247.3
6	22.7	4.1	26.8	2.0	24.7	10%	2.5	24.3
7	0.1	-	0.1	-	0.1	15%	0.0	0.1
8	21.6	7.1	28.7	3.5	25.2	20%	5.0	23.7
9	3.4	0.4	3.8	0.2	3.6	25%	0.9	2.9
10	80.7	17.4	98.1	8.7	89.4	30%	26.8	71.3
12	32.7	90.7	123.4	45.4	78.0	100%	78.0	45.4
13	0.1	0.2	0.3	0.1	0.3	17%	0.1	0.3
17	12.9	7.1	20.0	3.5	16.5	8%	1.3	18.7
35	0.4	-	0.4	-	0.4	7%	0.0	0.4
42	63.3	43.8	107.1	21.9	85.2	12%	10.2	96.9
45	6.9	-	6.9	-	6.9	45%	3.1	3.8
46	8.6	0.7	9.3	0.2	8.7	30%	2.6	6.6
47	768.2	377.2	1,145.4	188.6	956.8	8%	76.5	1,068.8
50	26.3	-	26.3	-	26.3	55%	14.5	11.8
52	-	16.9	16.9	8.4	16.9	100%	16.9	-
TX UCC	4,835.3	570.8	5,406.1	285.2	5,129.1		409.2	4,996.8
TX Cumulative								
Eligible Capital	68.4	0.9	69.3	-	69.3	7%	4.9	64.4
						Total CCA	414.1	
						Less Five Nations	(0.4)	
						Total Tx CCA	413.7	

2010 Transmission:

<u>CCA Class</u>	<u>Opening UCC</u>	<u>Net Additions</u>	<u>UCC pre-1/2 yr</u>	<u>50% net additions</u>	<u>UCC for CCA</u>	<u>CCA Rate (%)</u>	<u>CCA</u>	<u>Closing UCC</u>
1	2,598.1	-	2,598.1	-	2,598.1	4%	103.9	2,494.2
2	776.5	-	776.5	-	776.5	6%	46.6	729.9
3	247.3	37.1	284.4	18.5	265.8	5%	13.3	271.1
6	24.3	3.6	28.0	1.8	26.1	10%	2.6	25.3
7	0.1	-	0.1	-	0.1	15%	0.0	0.0
8	23.7	10.2	33.9	5.1	28.8	20%	5.8	28.1
9	2.9	0.4	3.4	0.2	3.2	25%	0.8	2.6
10	71.3	51.8	123.1	25.9	97.2	30%	29.1	93.9
12	45.4	8.2	53.6	4.1	49.5	100%	49.5	4.1
13	0.3	0.0	0.3	0.0	0.3	20%	0.1	0.2
17	18.7	2.8	21.5	1.4	20.1	8%	1.6	19.9
35	0.4	0.1	0.4	0.0	0.4	7%	0.0	0.4
42	96.9	14.5	111.4	7.3	104.2	12%	12.5	98.9
45	3.8	-	3.8	-	3.8	45%	1.7	2.1
46	6.6	1.0	7.6	0.5	7.1	30%	2.1	5.4
47	1,068.8	549.6	1,618.4	274.8	1,343.6	8%	107.5	1,510.9
50	11.8	8.4	20.2	4.2	16.0	100%	20.2	-
TX UCC	4,996.8	687.8	5,684.5	343.9	5,340.7		397.3	5,287.2
TX Cumulative								
Eligible Capital	64.4	-	64.4	-	64.4	7%	4.5	59.9
						Total CCA	401.8	
						Less Five Nations	(0.3)	
						Total Tx CCA	401.5	

1 **2008 HYDRO ONE NETWORKS INCOME TAX RETURN**

2

3 Attachment A: Federal and Ontario Income Tax Return

4 Attachment B: Calculation of Utility Income Taxes (Transmission and
5 Distribution)

6 Attachment C: Calculation of Capital Cost Allowance (Transmission and
7 Distribution)

1

2

2008 HYDRO ONE NETWORKS INCOME TAX RETURN



Canada Revenue Agency
Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Ontario (for tax years ending before 2009), Quebec, 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 centre or tax services office. 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 or Guide T4012, *T2 Corporation – Income Tax Guide*.

055 Do not use this area

Identification

Business Number (BN) **001** 87086 5821 RC0001

Corporation's name

002 Hydro One Networks Inc.

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)

011 483 Bay Street, 8th Floor

012 South Tower

015 Toronto **016** ON

017 Country (other than Canada) **018** M5G 2P5

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

023

025 City **026** Province, territory, or state

027 Country (other than Canada) **028** Postal code/Zip code

031 City **032** Province, territory, or state

035 Country (other than Canada) **036** Postal code/Zip code

037 City **038** Province, territory, or state

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 2008-01-01 **061** 2008-12-31

YYYY MM DD YYYY MM DD

Has 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 DD

Is 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 ☒

If an election was made under section 261, state the functional currency used **079**

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**

Attachments

Financial statement information: Use GIFL 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?	<input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	<input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	<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	<input type="checkbox"/>	11
If you answered yes 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?	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input checked="" type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input checked="" type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<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?	<input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	<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> ?	<input checked="" type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	<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?	<input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<input type="checkbox"/>	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<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?	<input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input checked="" type="checkbox"/>	3
Is the corporation claiming any type of losses?	<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?	<input type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<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?	<input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	<input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	<input checked="" type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<input checked="" type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<input checked="" type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<input checked="" type="checkbox"/>	
Is the corporation claiming a surtax credit?	<input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	<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?	<input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	<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?	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	<input type="checkbox"/>	92

Attachments – continued from page 2

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input checked="" type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input checked="" type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<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?	<input 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?	<input type="checkbox"/>	54

Additional information

Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter yes for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if yes was entered at line 281)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	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.	284	Electricity	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	319,101,605	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction *	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal		319,101,605	B
Subtotal (amount A minus amount B) (if negative, enter "0")		319,101,605	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360	319,101,605	
Income exempt under paragraph 149(1)(t)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		319,101,605	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	319,101,605	A
Taxable income from line 360, minus 10/3 of the amount on line 632*, minus 3 times the amount on line 636**, and minus any amount that, because of federal law, is exempt from Part I tax	405	319,101,605	B

Calculation of the business limit:

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

$$400,000 \times \frac{\text{Number of days in the tax year after 2006 and before 2009}}{\text{Number of days in the tax year}} \frac{366}{366} = \dots 400,000 \quad 1$$

$$500,000 \times \frac{\text{Number of days in the tax year after 2008}}{\text{Number of days in the tax year}} \frac{366}{366} = \dots \quad 2$$

$$\text{Add amounts at lines 1 and 2} \quad \underline{\underline{400,000}} \quad 4$$

Business limit (see notes 1 and 2 below) 410 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 x 415 *** 1,746,047 D = 11,250 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 F

Small business deduction

Amount A, B, C, or F whichever is the least x $\frac{\text{Number of days in the tax year before January 1, 2008}}{\text{Number of days in the tax year}}$ x 16 % = 5

Amount A, B, C, or F whichever is the least x $\frac{\text{Number of days in the tax year after December 31, 2007}}{\text{Number of days in the tax year}}$ x 17 % = 6

Total of amounts 5 and 6 – 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 $\frac{\text{Number of days in the tax year in 2006}}{\text{Number of days in the tax year}}$ x 5 % = I

Amount H x $\frac{\text{Number of days in the tax year in 2007}}{\text{Number of days in the tax year}}$ x 7 % = J

Note: Resource deduction is no longer available for tax years starting after December 31, 2006.

Resource deduction – Total of amounts I and J 438 K
Enter amount K on line 10.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360	319,101,605	A
Lesser of amounts V and Y (line 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		G
Total of amounts B, C, D, E, F, and G		H
Amount A minus amount H (if negative, enter "0")	319,101,605	I
Amount I	319,101,605 x Number of days in the tax year before January 1, 2008	J
	Number of days in the tax year 366	
Amount I	319,101,605 x Number of days in the tax year after December 31, 2007, and before January 1, 2009	K
	366 x 8.5 % = 27,123,636	
Amount I	319,101,605 x Number of days in the tax year after December 31, 2008, and before January 1, 2010	L
	366 x 9 % =	
Amount I	319,101,605 x Number of days in the tax year after December 31, 2009, and before January 1, 2011	L1
	366 x 10 % =	
General tax reduction for Canadian-controlled private corporations – Total of amounts J, K, L, and L1	27,123,636	M

Enter amount M 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)		N
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		O
Amount QQ from Part 13 of Schedule 27		P
Taxable resource income from line 435		Q
Amount used to calculate the credit union deduction from Schedule 17		R
Total of amounts O, P, Q, and R		S
Amount N minus amount S (if negative, enter "0")		T
Amount T	x Number of days in the tax year before January 1, 2008	U
	Number of days in the tax year 366	
Amount T	x Number of days in the tax year after December 31, 2007, and before January 1, 2009	V
	366 x 8.5 % =	
Amount T	x Number of days in the tax year after December 31, 2008, and before January 1, 2010	W
	366 x 9 % =	
Amount T	x Number of days in the tax year after December 31, 2009, and before January 1, 2011	W1
	366 x 10 % =	
General tax reduction – Total of amounts U, V, W, and W1		X

Enter amount X on line 639.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income **440** x 26 2 / 3 % = A
from Schedule 7

Foreign non-business income tax credit from line 632

Deduct:

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

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

Taxable income from line 360 319,101,605

Deduct:

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

Foreign non-business
income tax credit

from line 632 x 25 / 9 =

Foreign business
income tax credit

from line 636 x 3 =
.....

319,101,605

x 26 2 / 3 % = 85,093,761 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780) 60,964,888

Deduct: Corporate surtax from line 600

Net amount 60,964,888 60,964,888 E

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

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year **460** 52,242

Deduct: Dividend refund for the previous tax year **465** 52,242

Add the total of:

Refundable portion of Part I tax from line 450 above

Total Part IV tax payable from Schedule 3

Net refundable dividend tax on hand transferred from a predecessor corporation on
amalgamation, or from a wound-up subsidiary corporation **480**
.....

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

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 3 120,462,325 x 1 / 3 40,154,108 I

Refundable dividend tax on hand at the end of the tax year from line 485 above J

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

Part I tax

Base amount of Part I tax – Taxable income (line 360 or amount Z, whichever applies) multiplied by 38.00 % **550** 121,258,610 A

Corporate surtax calculation

Base amount from line A above 121,258,610 1

Deduct:

10 % of taxable income (line 360 or amount Z, whichever applies) 31,910,161 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 31,910,161 7

Net amount (line 1 minus line 7) 89,348,449 8

Corporate surtax*

Line 8 89,348,449 x Number of days in the tax year before January 1, 2008 x 4 % = **600** B
Number of days in the tax year 366

* 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 i

Taxable income from line 360 319,101,605

Deduct:

Amount from line 400, 405, 410, or 425, whichever is the least 319,101,605

Net amount 319,101,605 ii

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

Subtotal (add lines A, B, C, and D) 121,258,610 E

Deduct:

Small business deduction from line 430 9

Federal tax abatement **608** 31,910,161

Manufacturing 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 M **638** 27,123,636

General tax reduction from amount X **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** 1,259,925

Subtotal 60,293,722 F

Part I tax payable – Line E minus line F 60,964,888 G

Enter amount G on line 700.

Summary of tax and credits

Federal tax

Part I tax payable	700	60,964,888
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	
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 60,964,888

Add provincial or territorial tax:

Provincial or territorial jurisdiction . . . **750** ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)
Net provincial or territorial tax payable (except Ontario [for tax years ending before 2009], Quebec, and Alberta) . . . **760**
Provincial tax on large corporations (New Brunswick and Nova Scotia) . . . **765**

Total tax payable **770** 60,964,888 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund	784	
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	60,964,888
Total credits	890	60,964,888

60,964,888 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** ALICANDRI **951** VINCENT **954** Vice President, Corporate Tax
Last name in block letters First name in block letters Position, office, or rank

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 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation **956** (416) 345-6778 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 BRIAN SOARES Name in block letters **959** (416) 345-6782 Telephone number

Language of correspondence – Langue de correspondance

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.

990 1



NOTES CHECKLIST

Corporation's name	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the "accountant") who prepared or reported on the financial statements.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI) for Corporations* and Guide T4012, *T2 Corporation – Income Tax Guide*.
- Complete this schedule, and include it with your T2 return along with the other GIFI schedules.

If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.

Part 1 – Information on the accountant preparing or reporting on the financial statements

Does the accountant have a professional designation? **095** 1 Yes ☒ 2 No ☐

Is the accountant connected* with the corporation? **097** 1 Yes ☒ 2 No ☐

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note: If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4, as applicable.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: **198**

Completed an auditor's report 1 ☐

Completed a review engagement report 2 ☐

Conducted a compilation engagement 3 ☐

Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation? **099** 1 Yes ☐ 2 No ☐

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options:

Prepared the tax return (financial statements prepared by client) **110** 1 ☒

Prepared the tax return and the financial information contained therein
(financial statements have not been prepared) 2 ☐

Were notes to the financial statements prepared? **101** 1 Yes ☒ 2 No ☐

If **yes**, complete lines 102 to 107 below:

Are any values presented at other than cost? **102** 1 Yes ☐ 2 No ☒

Has there been a change in accounting policies since the last return? **103** 1 Yes ☐ 2 No ☒

Are subsequent events mentioned in the notes? **104** 1 Yes ☒ 2 No ☐

Is re-evaluation of asset information mentioned in the notes? **105** 1 Yes ☐ 2 No ☒

Is contingent liability information mentioned in the notes? **106** 1 Yes ☒ 2 No ☐

Is information regarding commitments mentioned in the notes? **107** 1 Yes ☒ 2 No ☐

Does the corporation have investments in joint venture(s) or partnership(s)? **108** 1 Yes ☐ 2 No ☒

If **yes**, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)? **109** 1 Yes ☐ 2 No ☐

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

- 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 473,264,424 A

Add:

Provision for income taxes – current	101	102,068,400	
Interest and penalties on taxes	103	325,218	
Amortization of tangible assets	104	519,915,243	
Scientific research expenditures deducted per financial statements	118	3,116,162	
Non-deductible club dues and fees	120	6,101,462	
Reserves from financial statements – balance at the end of the year	126	1,265,300,644	
Subtotal of additions		1,896,827,129	1,896,827,129

Other additions:

Capital items expensed	206	3,114,912	
Debt issue expense	208	3,661,603	

Miscellaneous other additions:

600 Other additions (see attached)	290	48,639,843	
601 Capital tax expensed (a/c 683010)	291	23,951,773	
602 OCI-Unrealized hedge loss	292	24,942	
604			
Subtotal of other additions	199	79,393,073	79,393,073
Total additions	500	1,976,220,202	1,976,220,202

Deduct:

Capital cost allowance from Schedule 8	403	597,254,720	
Cumulative eligible capital deduction from Schedule 10	405	7,935,997	
Deferred and prepaid expenses	409	3,857,541	
Scientific research expenses claimed in year from Form T661	411	2,369,984	
Reserves from financial statements – balance at the beginning of the year	414	1,135,520,433	
Subtotal of deductions		1,746,938,675	1,746,938,675

Other deductions:

Miscellaneous other deductions:

700 Interest cap for acct, exp for tax (761410-12)	390	33,283,804	
701 Capital tax deduction	391	23,006,847	
702 Federal apprenticeship credit/ITC's in OM&A	392	3,042,523	
703 Deduct OPEB costs capitalized in Sch013 addback	393	36,222,502	
704 Other deductions (see attached)			
Reverse Pinard Proceeds		8,370,000	
Total	394	287,888,670	287,888,670
Subtotal of other deductions	499	383,444,346	383,444,346
Total deductions	510	2,130,383,021	2,130,383,021

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 319,101,605

* For reference purposes only

Line 290 – Amount for line 600

Description	Amount
Deferred tax change not picked up in schedule 1	6,871,325 00
Hedging loss amortization, add back accounting (761770)	1,199,917 00
OEB decision	2,335,694 00
Landscaping adjustments	330,986 00
Market Ready	4,893,897 00
Revenue received-RARA (275400,1,2)	32,989,001 00
Tx deferred pension adjustment to opening balance	19,023 00
Unrealized gains for the MTN swap	
Total	48,639,843 00

Attached Schedule with Total

Line 409 – Deferred and prepaid expenses

Title D-Sch 001 - Deferred or prepaid expenses deducted for tax(line 409)

Description	Amount	
Def Underwriting costs deductible for tax	2,901,105	00
Def Prospectus fees deductible for tax	191,436	00
Bond Discount amortization	765,000	00
Total	3,857,541	00

Attached Schedule with Total

Line 206 – Capital items expensed

Title A-Sch 001 - Capital items expensed added back for tax (line 206)

Description	Amount	
Computer system software (A/C 620040)	207,378	00
Computer Application Software (A/C 620046)	481,032	00
Equipment under 2k (A/C 620510)	2,426,502	00
Total	3,114,912	00

Line 208 – Debt issue expense

Description

Acc amortization of Prospectus fees (761780)	1,917,360	00
Acc amortization of Underwriting fees (761790)	531,949	00
Bond Discount (761120,761130)	1,212,294	00
Total	3,661,603	00

Line 704 – Amount

Description	Amount
Removal Costs	1,880,510 00
Amortization-Capital Contribution	234,036 00
Enviromental vaulation not reflected on T2S-13	193,362,833 00
Enviromental interest not reflected on T2S-13	6,193,282 00
Amortization of WSIB gain included in income	1,769,496 00
Capitalized Overhead general and administration	32,319,293 00
Pension Cost Deductions	39,964,423 00
Smart Meter Revenue	2,449,951 00
Hedge loss deductible for tax	1,224,859 00
Unrealized gains for the MTN swap	119,987 00
Total	279,518,670 00

Attached Schedule with Total

Line 392 – Amount for line 702

Title Line 392 – Amount for line 702

Description	Amount	
2008 Reduction to OMA for 2006 Federal ATC which was taxed in 2007	461,219	00
2008 Federal credits in OMA reduction to be taxed in 2009	969,000	00
2008 Reduction to OMA overstated for Ontari Credits taxed in 2008	866,126	00
2007 Federal ITC claim already added via OMA and T661	746,178	00
Total	3,042,523	00

Attached Schedule with Total

Prior year – Line 704 – Amount

Title Prior year – Line 704 – Amount



Canada Revenue Agency
Agence du revenu du Canada

**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND
PART IV TAX CALCULATION**

SCHEDULE 3

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

- This schedule is for the use of any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid for purposes of a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation:
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the sections about Schedule 3 in the *T2 Corporation Income Tax Guide*.
- "X" under column A if dividend received from a foreign source (connected corporation only).
- "1" under column B if the payer corporation is connected.
- Enter in column F1, the amount of dividends received reported in column 240 that are eligible.
- Under column F2, enter the code that applies to the deductible taxable dividend.

Part 1 – Dividends received during the taxation year

Do not include dividends received from foreign non-affiliates.

Do not include dividends received from foreign non-affiliates.		Complete if payer corporation is connected			
	A	B	C	D	E
			Business Number	Taxation year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YYYY/MM/DD	Non-taxable dividend under section 83

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

			If payer corporation is not connected, leave these columns blank.		
F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	F1 Eligible dividends	F2	G Total taxable dividends paid by connected payer corporation	H Dividend refund of the connected payer corporation	I Part IV tax before deductions F x 1 / 3 *
240			250	260	270
1					
Total (enter amount of column F on line 320 of the T2 return)					

J

For dividends received from connected corporations: Part IV tax equals: $\frac{\text{Column F} \times \text{Column H}}{\text{Column G}}$

* Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1)

Deduct:

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

Subtotal

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**

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
400	410	420	430
1 Hydro One Inc.	86999 4731 RC0001	2008-12-31	120,462,325
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 120,462,325

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** 120,462,325

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) 120,462,325

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

Total dividends paid in the taxation year **500** 120,462,325

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 120,462,325



CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

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 (See Note)	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)
200		201	203	205	207	211		212	213	215	217	220
1	1	4,856,805,093	314,601		8,403,503		4,848,716,191	4	0	0	193,948,648	4,654,767,543
2	2	1,275,203,666			0		1,275,203,666	6	0	0	76,512,220	1,198,691,446
3	3	289,052,969			0		289,052,969	5	0	0	14,452,648	274,600,321
4	6	31,578,214	2,632,090		0	1,316,045	32,894,259	10	0	0	3,289,426	30,920,878
5	7	78,730			0		78,730	15	0	0	11,810	66,920
6	8	66,209,357	21,309,871		4,975	10,652,448	76,861,805	20	0	0	15,372,361	72,141,892
7	9	3,012,530	6,029,014		0	3,014,507	6,027,037	25	0	0	1,506,759	7,534,785
8	10	155,359,757	51,308,688		367,600	25,470,544	180,830,301	30	0	0	54,249,090	152,051,755
9	12	6,064,616	125,740,415		0	62,870,208	68,934,823	100	0	0	68,934,823	62,870,208
10	13 Leases	1,468,570		-33,009	0		1,435,561	N/A	0	0	287,112	1,148,449
11	17	16,459,476	417,457		0	208,729	16,668,204	8	0	0	1,333,456	15,543,477
12	35	423,462			0		423,462	7	0	0	29,642	393,820
13	42	65,534,977	6,256,639		0	3,128,320	68,663,296	12	0	0	8,239,596	63,552,020
14	45 Computers - old cl.10 post Mar 2	20,431,244			0		20,431,244	45	0	0	9,194,060	11,237,184
15	46 cl.8 post Mar 22/04	11,906,412	310,238		0	155,119	12,061,531	30	0	0	3,618,459	8,598,191
16	47 Electricity Assets > 22-02-2005	1,237,070,432	535,196,656		0	267,598,328	1,504,668,760	8	0	0	120,373,501	1,651,893,587
17	50 Computers	32,016,713	30,152,425		0	15,076,213	47,092,925	55	0	0	25,901,109	36,268,029
Total		8,068,676,218	779,668,094	-33,009	8,776,078	389,490,461	8,450,044,764				597,254,720	8,242,280,505

Note: Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed.
Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

- * 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)





CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation Hydro One Networks Inc.	Business Number 87086 5821 RC0001	Tax year end Year Month Day 2008-12-31
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- 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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") **200** 113,204,517 **A**

Add:

Cost of eligible capital property acquired during the taxation year **222** 222,485

Other adjustments **226**

Subtotal (line 222 plus line 226) 222,485 x 3 / 4 = 166,864 **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 **228** x 1 / 2 = **C**

amount B minus amount C (if negative, enter "0") 166,864 **D**

Amount transferred on amalgamation or wind-up of subsidiary **224** **E**

Subtotal (add amounts A, D, and E) **230** 113,371,381 **F**

Deduct:

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year **242** **G**

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) **244** **H**

Other adjustments **246** **I**

(add amounts G,H, and I) x 3 / 4 = **248** **J**

Cumulative eligible capital balance (amount F minus amount J) 113,371,381 **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 **249**

amount K 113,371,381

less amount from line 249

Current year deduction 113,371,381 x 7.00 % = **250** 7,935,997 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 7,935,997 **L**

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") **300** 105,435,384 **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.

(complete this part only if the amount at line K is negative)

Page 2 of 2

Continuity of 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	OPEB Liability Short Term	39,382,000				39,382,000
2	OPEB Liability Long Term	830,924,889		53,585,535		884,510,424
3	Enviromental Short Term	11,300,000		2,002,250		13,302,250
4	Environmental Long Term	43,767,042		185,032,866		228,799,908
5	Contingent Liabilities	21,716,495			4,389,416	17,327,079
6	Deferred export Tx Svs Cr	38,278,556			14,551,076	23,727,480
7	RSVA Liabilities	41,411,013			20,718,431	20,692,582
8	Earnings Sharing - TX	27,101,310			28,350,000	-1,248,690
9	RDDA	73,153,259			74,620,738	-1,467,479
10	Tax changes deferral a/c	9,444,416		260,188		9,704,604
11	Deferred Tx pension-oma	1,285,001			1,797,035	-512,034
12	Tenant Inducement	1,151,159			544,867	606,292
13	RCVA Liabilities	255,107		1,414,942		1,670,049
14	RRRP	-3,649,814			13,447,474	-17,097,288
15	Rate Ryder 111			70,933,467		70,933,467
16	Dx rate adjustment				25,030,000	-25,030,000
17						
	Reserves from Part 2 of Schedule 13					
	Totals	1,135,520,433		313,229,248	183,449,037	1,265,300,644
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.						



SCHEDULE 14

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

- This schedule must be completed by all corporations who made the following payments to residents of Canada: royalties for which the corporation has not filed a T5 slip; research and development fees; management fees; technical assistance fees; and similar payments.
- Please enter the name and address of the recipient and the amount of the payment in the applicable column. If several payments of the same type (i.e., management fees) were made to the same person, enter the total amount paid. If similar types of payments have been made, but do not fit into any of the categories, enter these amounts in the column entitled "Similar payments".

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Hydro One Inc.	483 Bay Street Toronto ON CA M5G 2P5			5,077,152		
2	Hydro One Telecom Inc.	65 Kelfield St Rexdale ON CA M9W 5A3			9,908,212		
3	Hydro One Brampton Network	175 Sandalwood Parkway We Brampton ON CA L7A 1E8			1,581,116		
4	Hydro One Communities Inc.	483 Bay Street Toronto ON CA M5G 2P5			82,414		

T2 SCH 14 (99)

Canada

DEFERRED INCOME PLANS

Name of corporation Hydro One Networks Inc.	Business Number 87086 5821 RC0001	Tax year end Year Month Day 2008-12-31
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- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

Type of plan (see note 1)	Amount of contribution \$ (see note 2)	Registration number (RPP, RSUBP, and DPSP only)	Name of EPSP trust	Address of EPSP trust	T4PS slip(s) filed by: (see note 3) (EPSP only)
100	200	300	400	500	600
1	100,920,260	1059104			

Note 1: Enter the applicable code number:

- 1 – RPP
- 2 – RSUBP
- 3 – DPSP
- 4 – EPSP

Note 2: You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:

Total of all amounts indicated in column 200 of this schedule 100,920,260 **A**

Less:

Total of all amounts for deferred income plans deducted in your financial statements 100,920,260 **B**

Deductible amount for contributions to deferred income plans (amount A **minus** amount B) (if negative, enter "0") **C**

Enter amount C on line 417 of Schedule 1

Note 3: T4PS slip(s) filed by: 1 – Trustee
2 – Employer

**FIRST-TIME FILER AFTER INCORPORATION, AMALGAMATION, OR WINDING-UP OF A
SUBSIDIARY INTO A PARENT**

Name of corporation	Business Number	Tax year end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

This schedule must be filed by corporations for the first year of filing after incorporation, amalgamation, or by parent corporations filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act* during the current taxation year.

Part 1 – Type of operation

100 For those corporations filing for the first time after incorporation or amalgamation, please identify the type of operation that applies to your corporation:

Part 2 – First year of filing after amalgamation

For the first year of filing after an amalgamation, please provide the following information:

Name of predecessor corporation(s)	Business Number (If a corporation is not registered, enter "NR")
200	300

Part 3 – First year of filing after wind-up of subsidiary corporation(s)

For the parent corporation filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act*, please provide the following information:

Name of subsidiary corporation(s)	Business Number (If a corporation is not registered, enter "NR")	Commencement date of wind-up (YYYY/MM/DD)	Date of wind-up (YYYY/MM/DD)
400	500	600	700
1 Brighton Distribution Inc.	86369 3594 RC0001	2001-08-24	2008-05-21



INVESTMENT TAX CREDIT – CORPORATIONS

General information

- 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.
- 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.
- 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.
- 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, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
 - 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).
- Attach a completed copy of this schedule with the *T2 Corporation Income Tax Return*.
- 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*.
- 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 T4088, *Guide to Form T661 Scientific Research and Experimental Development (SR&ED) Expenditures Claim*.

Detailed information

- 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.
- 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.
- Property acquired has to be "available for use" before a claim for an ITC can be made.
- 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.
- 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.
- 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
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

Part 1 – Investments, expenditures and percentages

	Specified percentage
Investments	
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 %
Expenditures	
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 %
Note: 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 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 qualifying income limit for the particular tax 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 their qualifying income limit for the particular tax year.

Note: A CCPC calculating a refundable ITC for tax years ending after March 22, 2004, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), 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		
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	240	
Credit allocated from a partnership	250	
	Subtotal	
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	
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 901
2nd previous tax year				Credit to be applied 902
3rd previous tax year				Credit to be applied 903
				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 Hydro One Networks Inc.	Business Number 87086 5821 RC0001	Tax year-end Year Month Day 2008-12-31
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SR&ED

Part 8 – Qualified expenditures for SR&ED

Current expenditures (including contributions to agricultural organizations for SR&ED)*	350	3,116,162
Capital expenditures	360	
Repayments made in the year (from line 560 on Form T661)	370	
Total (this must equal the amount from line 570 on Form T661)*	380	3,116,162

* 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 after March 22, 2004, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), 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, 395 and 398, 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	
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	
c) Enter your taxable capital employed in Canada for the previous tax year minus \$10 million. If this amount is nil or negative, enter "0". If this amount is over \$40 million, enter \$40 million.	398	

* 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 1: tax year ends before February 26, 2008.

$[(\$6,000,000 \text{ minus } (10 \times (\text{line 390 from Part 9 or } \$400,000, \text{ whichever is more})) \times ((\text{line 395 from Part 9}) \text{ divided by line 4 on page 4 of the T2 return})]$

Calculation 2: tax year starts after February 26, 2008.

$[(\$7,000,000 \text{ minus } (10 \times (\text{line 390 from Part 9 or } \$400,000, \text{ whichever is more})) \times ((\$40,000,000 \text{ minus line 398 from Part 9}) \text{ divided by } \$40,000,000)]$

Calculation 3: tax year includes February 26, 2008.

$AA + [(BB \text{ minus } AA) \times (CC \text{ divided by } DD)]$ where,

AA = $[(\$6,000,000 \text{ minus } (10 \times (\text{line 390 from Part 9 or } \$400,000, \text{ whichever is more})) \times ((\text{line 395 from Part 9}) \text{ divided by line 4 on page 4 of the T2 return})];$

BB = $[(\$7,000,000 \text{ minus } (10 \times (\text{line 390 from Part 9 or } \$400,000, \text{ whichever is more})) \times ((\$40,000,000 \text{ minus line 398 from Part 9}) \text{ divided by } \$40,000,000)];$

CC = number of days in the tax year after February 25, 2008;

DD = number of days in the tax year.

Enter the amount from Calculation 1, 2 or 3, whichever is applicable ***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 \times Number of days in the tax year $\frac{366}{365} =$ **I**

Your SR&ED expenditure limit for the year (enter the amount from line G, H, or I, whichever applies) **410**

* Amount G or H cannot be more than \$3,000,000 (\$2,000,000 if tax year ending 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	3,116,162	x	20 %	= 623,232 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. Enter the amount of the repayment on the line that corresponds to the appropriate rate.	460	x	35 %	=	
	480	x	20 %	=	
		Total			O

Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line 540 in Part 12) 623,232

* 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				
		Subtotal			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	623,232			
Credit allocated from a partnership	550				
		Subtotal	623,232		623,232
Total credit available					623,232
Deduct:					
Credit deducted from Part I tax (enter on line B2 in Part 30)	560	623,232			
Credit carried back to the previous year(s) (from Part 13)					P
Credit transferred to offset Part VII tax liability	580				
		Subtotal	623,232		623,232
Credit balance before refund					Q
Deduct:					
Refund of credit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies)	610				
ITC closing balance on SR&ED	620				

* 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
Total (enter on line P in Part 12)				

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

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 Rate percentage that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement	B 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	C 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
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

- 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.

<p>D</p> <p>Amount determined by the formula (A x B) - C</p>	<p>E</p> <p>ITC earned by the transferee for the qualified expenditures that were transferred</p>	<p>F</p> <p>Amount from column D or E, whichever is less</p>
	<p>750</p>	

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
Total recapture of SR&ED investment tax credit – Add lines LL, MM and NN	.....	<u> </u>	OO
Enter amount OO at line A1 in Part 29.			

PRE-PRODUCTION MINING

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

List of minerals
800

For each of the minerals reported in column 800 above, identify each project, mineral title, and mining division where title is registered. If there is no mineral title, identify the project and mining division only.

Project name	Mineral title	Mining division
805	806	807

Pre-production mining expenditures *

Pre-production mining expenditures that the corporation incurred in the tax year for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	PP
Geological, geophysical, or geochemical surveys	811	QQ
Drilling by rotary, diamond, percussion, or other methods	812	RR
Trenching, digging test pits, and preliminary sampling	813	SS

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	TT
Sinking a mine shaft, constructing an adit, or other underground entry	821	UU

Other pre-production mining expenditures incurred in the tax year:

Description	Amount
825	826

Add amounts at column 826 VV

Total pre-production mining expenditures (add amounts PP to VV) 830

Deduct: Total of all assistance (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 830 above 832

Excess (line 830 minus line 832) (if negative, enter "0") WW

Add: Repayments of government and non-government assistance 835 XX

Pre-production mining expenditures (amount WW plus amount XX) YY

* A pre-production mining expenditure is defined under subsection 127(9) and does not include an amount renounced under subsection 66(12.6).

Name of corporation Hydro One Networks Inc.	Business Number 87086 5821 RC0001	Tax year-end Year Month Day 2008-12-31
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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 **850**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **860**

Expenditures from line YY in Part 18 **870** x 10 % = **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 **890**

* The credit expires after 20 tax years if it was earned in a tax year ending after 1997 and 10 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 Credit to be applied **921**

2nd previous tax year Credit to be applied **922**

3rd previous tax year Credit to be applied **923**

Total (enter on line CCC in Part 19)

Year	Month	Day

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) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or \$ 2,000 605
1.	Apprentice No. 1	434A	60,518	6,052	2,000
2.	Apprentice No. 2	434A	57,863	5,786	2,000
3.	Apprentice No. 3	309A	22,140	2,214	2,000
4.	Apprentice No. 4	309A	120,613	12,061	2,000
5.	Apprentice No. 5	309A	30,830	3,083	2,000
6.	Apprentice No. 6	309A	27,073	2,707	2,000
7.	Apprentice No. 7	434A	78,996	7,900	2,000
8.	Apprentice No. 8	309A	44,391	4,439	2,000
9.	Apprentice No. 9	309A	46,798	4,680	2,000
10.	Apprentice No. 10	434A	34,065	3,407	2,000
11.	Apprentice No. 11	309A	69,172	6,917	2,000
12.	Apprentice No. 12	309A	36,412	3,641	2,000
13.	Apprentice No. 13	434A	58,626	5,863	2,000
14.	Apprentice No. 14	309A	28,195	2,820	2,000
15.	Apprentice No. 15	434A	6,402	640	640
16.	Apprentice No. 16	434A	53,607	5,361	2,000
17.	Apprentice No. 17	309A	26,623	2,662	2,000
18.	Apprentice No. 18	434A	48,139	4,814	2,000
19.	Apprentice No. 19	434A	31,528	3,153	2,000
20.	Apprentice No. 20	434A	69,137	6,914	2,000
21.	Apprentice No. 21	434A	49,222	4,922	2,000
22.	Apprentice No. 22	434A	37,963	3,796	2,000
23.	Apprentice No. 23	309A	41,331	4,133	2,000
24.	Apprentice No. 24	434A	57,975	5,798	2,000
25.	Apprentice No. 25	434A	27,243	2,724	2,000
26.	Apprentice No. 26	434A	53,161	5,316	2,000
27.	Apprentice No. 27	309A	1,951	195	195
28.	Apprentice No. 28	434A	52,067	5,207	2,000
29.	Apprentice No. 29	434A	6,281	628	628
30.	Apprentice No. 30	426A	87,982	8,798	2,000
31.	Apprentice No. 31	309A	66,295	6,630	2,000
32.	Apprentice No. 32	434A	36,984	3,698	2,000
33.	Apprentice No. 33	434A	43,392	4,339	2,000
34.	Apprentice No. 34	434A	33,045	3,305	2,000
35.	Apprentice No. 35	309A	40,440	4,044	2,000
36.	Apprentice No. 36	434A	48,788	4,879	2,000
37.	Apprentice No. 37	434A	8,069	807	807
38.	Apprentice No. 38	434A	43,768	4,377	2,000
39.	Apprentice No. 39	309A	23,611	2,361	2,000
40.	Apprentice No. 40	309A	90,686	9,069	2,000
41.	Apprentice No. 41	434A	44,384	4,438	2,000
42.	Apprentice No. 42	434A	44,392	4,439	2,000
43.	Apprentice No. 43	434A	13,947	1,395	1,395
44.	Apprentice No. 44	434A	48,738	4,874	2,000

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45.	Apprentice No. 45	309A	30,983	3,098	2,000
46.	Apprentice No. 46	309A	12,218	1,222	1,222
47.	Apprentice No. 47	434A	53,067	5,307	2,000
48.	Apprentice No. 48	434A	45,334	4,533	2,000
49.	Apprentice No. 49	309A	62,557	6,256	2,000
50.	Apprentice No. 50	434A	62,578	6,258	2,000
51.	Apprentice No. 51	309A	87,189	8,719	2,000
52.	Apprentice No. 52	434A	49,284	4,928	2,000
53.	Apprentice No. 53	426A	45,705	4,571	2,000
54.	Apprentice No. 54	434A	58,542	5,854	2,000
55.	Apprentice No. 55	434A	73,315	7,332	2,000
56.	Apprentice No. 56	309A	46,216	4,622	2,000
57.	Apprentice No. 57	434A	29,725	2,973	2,000
58.	Apprentice No. 58	309A	97,145	9,715	2,000
59.	Apprentice No. 59	434A	38,829	3,883	2,000
60.	Apprentice No. 60	434A	39,600	3,960	2,000
61.	Apprentice No. 61	434A	59,793	5,979	2,000
62.	Apprentice No. 62	434A	48,072	4,807	2,000
63.	Apprentice No. 63	309A	24,111	2,411	2,000
64.	Apprentice No. 64	309A	10,032	1,003	1,003
65.	Apprentice No. 65	434A	15,490	1,549	1,549
66.	Apprentice No. 66	309A	33,486	3,349	2,000
67.	Apprentice No. 67	309A	17,565	1,757	1,757
68.	Apprentice No. 68	434A	58,385	5,839	2,000
69.	Apprentice No. 69	309A	25,222	2,522	2,000
70.	Apprentice No. 70	309A	9,597	960	960
71.	Apprentice No. 71	434A	47,351	4,735	2,000
72.	Apprentice No. 72	434A	62,488	6,249	2,000
73.	Apprentice No. 73	309A	35,566	3,557	2,000
74.	Apprentice No. 74	434A	41,772	4,177	2,000
75.	Apprentice No. 75	434A	33,254	3,325	2,000
76.	Apprentice No. 76	434A	49,278	4,928	2,000
77.	Apprentice No. 77	434A	54,245	5,425	2,000
78.	Apprentice No. 78	309A	35,611	3,561	2,000
79.	Apprentice No. 79	434A	59,564	5,956	2,000
80.	Apprentice No. 80	309A	2,470	247	247
81.	Apprentice No. 81	309A	44,355	4,436	2,000
82.	Apprentice No. 82	434A	57,431	5,743	2,000
83.	Apprentice No. 83	434A	55,172	5,517	2,000
84.	Apprentice No. 84	434A	53,534	5,353	2,000
85.	Apprentice No. 85	309A	101,368	10,137	2,000
86.	Apprentice No. 86	434A	45,279	4,528	2,000
87.	Apprentice No. 87	434A	35,924	3,592	2,000
88.	Apprentice No. 88	309A	21,898	2,190	2,000
89.	Apprentice No. 89	309A	71,814	7,181	2,000
90.	Apprentice No. 90	309A	32,511	3,251	2,000
91.	Apprentice No. 91	434A	69,647	6,965	2,000
92.	Apprentice No. 92	434A	26,455	2,646	2,000
93.	Apprentice No. 93	434A	51,616	5,162	2,000
94.	Apprentice No. 94	309A	39,025	3,903	2,000
95.	Apprentice No. 95	309A	521	52	52
96.	Apprentice No. 96	309A	27,023	2,702	2,000
97.	Apprentice No. 97	309A	38,039	3,804	2,000
98.	Apprentice No. 98	434A	66,876	6,688	2,000

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99.	Apprentice No. 99	309A	58,276	5,828	2,000
100	Apprentice No. 100	309A	1,816	182	182
101	Apprentice No. 101	426A	44,446	4,445	2,000
102	Apprentice No. 102	434A	50,957	5,096	2,000
103	Apprentice No. 103	426A	44,361	4,436	2,000
104	Apprentice No. 104	309A	53,100	5,310	2,000
105	Apprentice No. 105	434A	57,578	5,758	2,000
106	Apprentice No. 106	434A	31,369	3,137	2,000
107	Apprentice No. 107	434A	83,440	8,344	2,000
108	Apprentice No. 108	309A	42,794	4,279	2,000
109	Apprentice No. 109	434A	55,356	5,536	2,000
110	Apprentice No. 110	434A	52,067	5,207	2,000
111	Apprentice No. 111	309A	19,675	1,968	1,968
112	Apprentice No. 112	434A	58,630	5,863	2,000
113	Apprentice No. 113	434A	51,501	5,150	2,000
114	Apprentice No. 114	434A	57,708	5,771	2,000
115	Apprentice No. 115	434A	64,696	6,470	2,000
116	Apprentice No. 116	434A	31,783	3,178	2,000
117	Apprentice No. 117	309A	10,488	1,049	1,049
118	Apprentice No. 118	434A	60,825	6,083	2,000
119	Apprentice No. 119	434A	52,146	5,215	2,000
120	Apprentice No. 120	434A	57,362	5,736	2,000
121	Apprentice No. 121	434A	64,897	6,490	2,000
122	Apprentice No. 122	309A	19,983	1,998	1,998
123	Apprentice No. 123	434A	36,748	3,675	2,000
124	Apprentice No. 124	434A	56,973	5,697	2,000
125	Apprentice No. 125	434A	33,262	3,326	2,000
126	Apprentice No. 126	434A	46,334	4,633	2,000
127	Apprentice No. 127	434A	42,576	4,258	2,000
128	Apprentice No. 128	434A	63,172	6,317	2,000
129	Apprentice No. 129	309A	49,632	4,963	2,000
130	Apprentice No. 130	434A	45,518	4,552	2,000
131	Apprentice No. 131	434A	51,978	5,198	2,000
132	Apprentice No. 132	309A	36,685	3,669	2,000
133	Apprentice No. 133	309A	41,635	4,164	2,000
134	Apprentice No. 134	434A	72,255	7,226	2,000
135	Apprentice No. 135	309A	41,548	4,155	2,000
136	Apprentice No. 136	434A	57,592	5,759	2,000
137	Apprentice No. 137	434A	35,157	3,516	2,000
138	Apprentice No. 138	434A	17,409	1,741	1,741
139	Apprentice No. 139	434A	6,678	668	668
140	Apprentice No. 140	434A	37,467	3,747	2,000
141	Apprentice No. 141	434A	57,377	5,738	2,000
142	Apprentice No. 142	434A	63,412	6,341	2,000
143	Apprentice No. 143	434A	49,527	4,953	2,000
144	Apprentice No. 144	434A	31,811	3,181	2,000
145	Apprentice No. 145	434A	31,968	3,197	2,000
146	Apprentice No. 146	434A	51,955	5,196	2,000
147	Apprentice No. 147	309A	106,123	10,612	2,000
148	Apprentice No. 148	434A	57,781	5,778	2,000
149	Apprentice No. 149	434A	15,751	1,575	1,575
150	Apprentice No. 150	309A	49,781	4,978	2,000
151	Apprentice No. 151	309A	30,972	3,097	2,000
152	Apprentice No. 152	434A	7,538	754	754

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153	Apprentice No. 153	309A	27,446	2,745	2,000
154	Apprentice No. 154	434A	7,044	704	704
155	Apprentice No. 155	309A	7,189	719	719
156	Apprentice No. 156	309A	1,981	198	198
157	Apprentice No. 157	309A	65,736	6,574	2,000
158	Apprentice No. 158	309A	2,124	212	212
159	Apprentice No. 159	309A	14,943	1,494	1,494
160	Apprentice No. 160	434A	54,480	5,448	2,000
161	Apprentice No. 161	309A	2,355	236	236
162	Apprentice No. 162	309A	4,736	474	474
163	Apprentice No. 163	434A	38,643	3,864	2,000
164	Apprentice No. 164	434A	47,618	4,762	2,000
165	Apprentice No. 165	309A	13,914	1,391	1,391
166	Apprentice No. 166	434A	60,821	6,082	2,000
167	Apprentice No. 167	434A	56,631	5,663	2,000
168	Apprentice No. 168	309A	55,635	5,564	2,000
169	Apprentice No. 169	434A	59,790	5,979	2,000
170	Apprentice No. 170	434A	8,627	863	863
171	Apprentice No. 171	434A	52,521	5,252	2,000
172	Apprentice No. 172	434A	52,047	5,205	2,000
173	Apprentice No. 173	434A	8,644	864	864
174	Apprentice No. 174	309A	27,921	2,792	2,000
175	Apprentice No. 175	310T	33,542	3,354	2,000
176	Apprentice No. 176	309A	33,533	3,353	2,000
177	Apprentice No. 177	434A	37,078	3,708	2,000
178	Apprentice No. 178	434A	35,326	3,533	2,000
179	Apprentice No. 179	434A	27,235	2,724	2,000
180	Apprentice No. 180	426A	84,258	8,426	2,000
181	Apprentice No. 181	434A	63,420	6,342	2,000
182	Apprentice No. 182	309A	46,732	4,673	2,000
183	Apprentice No. 183	434A	44,888	4,489	2,000
184	Apprentice No. 184	434A	33,847	3,385	2,000
185	Apprentice No. 185	434A	43,538	4,354	2,000
186	Apprentice No. 186	434A	52,430	5,243	2,000
187	Apprentice No. 187	309A	65,984	6,598	2,000
188	Apprentice No. 188	309A	43,861	4,386	2,000
189	Apprentice No. 189	434A	33,332	3,333	2,000
190	Apprentice No. 190	434A	39,467	3,947	2,000
191	Apprentice No. 191	434A	51,759	5,176	2,000
192	Apprentice No. 192	434A	46,493	4,649	2,000
193	Apprentice No. 193	309A	29,756	2,976	2,000
194	Apprentice No. 194	309A	33,847	3,385	2,000
195	Apprentice No. 195	434A	26,074	2,607	2,000
196	Apprentice No. 196	426A	101,582	10,158	2,000
197	Apprentice No. 197	309A	22,239	2,224	2,000
198	Apprentice No. 198	309A	27,278	2,728	2,000
199	Apprentice No. 199	309A	30,050	3,005	2,000
200	Apprentice No. 200	309A	23,170	2,317	2,000
201	Apprentice No. 201	434A	57,707	5,771	2,000
202	Apprentice No. 202	309A	29,091	2,909	2,000
203	Apprentice No. 203	434A	27,413	2,741	2,000
204	Apprentice No. 204	30A	67,937	6,794	2,000
205	Apprentice No. 205	434A	30,843	3,084	2,000
206	Apprentice No. 206	309A	48,243	4,824	2,000

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207	Apprentice No. 207	309A	37,810	3,781	2,000
208	Apprentice No. 208	434A	39,717	3,972	2,000
209	Apprentice No. 209	434A	13,842	1,384	1,384
210	Apprentice No. 210	309A	35,235	3,524	2,000
211	Apprentice No. 211	309A	36,033	3,603	2,000
212	Apprentice No. 212	434A	48,089	4,809	2,000
213	Apprentice No. 213	434A	14,325	1,433	1,433
214	Apprentice No. 214	434A	13,966	1,397	1,397
215	Apprentice No. 215	309A	43,207	4,321	2,000
216	Apprentice No. 216	434A	16,619	1,662	1,662
217	Apprentice No. 217	309A	35,277	3,528	2,000
218	Apprentice No. 218	434A	61,299	6,130	2,000
219	Apprentice No. 219	434A	15,293	1,529	1,529
220	Apprentice No. 220	434A	57,539	5,754	2,000
221	Apprentice No. 221	434A	34,460	3,446	2,000
222	Apprentice No. 222	434A	31,685	3,169	2,000
223	Apprentice No. 223	434A	59,918	5,992	2,000
224	Apprentice No. 224	434A	68,407	6,841	2,000
225	Apprentice No. 225	434A	34,540	3,454	2,000
226	Apprentice No. 226	434A	32,651	3,265	2,000
227	Apprentice No. 227	434A	46,557	4,656	2,000
228	Apprentice No. 228	434A	48,111	4,811	2,000
229	Apprentice No. 229	309A	21,851	2,185	2,000
230	Apprentice No. 230	434A	32,592	3,259	2,000
231	Apprentice No. 231	310T	54,629	5,463	2,000
232	Apprentice No. 232	434A	55,558	5,556	2,000
233	Apprentice No. 233	434A	56,023	5,602	2,000
234	Apprentice No. 234	434A	57,313	5,731	2,000
235	Apprentice No. 235	434A	34,547	3,455	2,000
236	Apprentice No. 236	434A	55,602	5,560	2,000
237	Apprentice No. 237	426A	76,574	7,657	2,000
238	Apprentice No. 238	434A	64,679	6,468	2,000
239	Apprentice No. 239	434A	54,794	5,479	2,000
240	Apprentice No. 240	434A	58,765	5,877	2,000
241	Apprentice No. 241	434A	52,622	5,262	2,000
242	Apprentice No. 242	434A	27,515	2,752	2,000
243	Apprentice No. 243	309A	47,616	4,762	2,000
244	Apprentice No. 244	309A	32,543	3,254	2,000
245	Apprentice No. 245	434A	46,964	4,696	2,000
246	Apprentice No. 246	434A	65,508	6,551	2,000
247	Apprentice No. 247	434A	69,113	6,911	2,000
248	Apprentice No. 248	434A	45,194	4,519	2,000
249	Apprentice No. 249	309A	50,366	5,037	2,000
250	Apprentice No. 250	310T	33,768	3,377	2,000
251	Apprentice No. 251	434A	65,350	6,535	2,000
252	Apprentice No. 252	434A	49,098	4,910	2,000
253	Apprentice No. 253	434A	56,438	5,644	2,000
254	Apprentice No. 254	434A	34,578	3,458	2,000
255	Apprentice No. 255	434A	61,562	6,156	2,000
256	Apprentice No. 256	434A	53,940	5,394	2,000
257	Apprentice No. 257	434A	6,313	631	631
258	Apprentice No. 258	434A	33,210	3,321	2,000
259	Apprentice No. 259	434A	57,384	5,738	2,000
260	Apprentice No. 260	309A	23,477	2,348	2,000

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261	Apprentice No. 261	434A	47,898	4,790	2,000
262	Apprentice No. 262	310T	48,787	4,879	2,000
263	Apprentice No. 263	434A	49,128	4,913	2,000
264	Apprentice No. 264	434A	48,398	4,840	2,000
265	Apprentice No. 265	309A	48,305	4,831	2,000
266	Apprentice No. 266	434A	47,302	4,730	2,000
267	Apprentice No. 267	434A	74,756	7,476	2,000
268	Apprentice No. 268	434A	51,457	5,146	2,000
269	Apprentice No. 269	434A	34,779	3,478	2,000
270	Apprentice No. 270	434A	40,102	4,010	2,000
271	Apprentice No. 271	309A	51,154	5,115	2,000
272	Apprentice No. 272	434A	28,958	2,896	2,000
273	Apprentice No. 273	434A	35,316	3,532	2,000
274	Apprentice No. 274	434A	34,228	3,423	2,000
275	Apprentice No. 275	309A	30,743	3,074	2,000
276	Apprentice No. 276	309A	23,629	2,363	2,000
277	Apprentice No. 277	434A	68,342	6,834	2,000
278	Apprentice No. 278	309A	16,343	1,634	1,634
279	Apprentice No. 279	309A	39,235	3,924	2,000
280	Apprentice No. 280	434A	45,160	4,516	2,000
281	Apprentice No. 281	309A	7,538	754	754
282	Apprentice No. 282	434A	55,923	5,592	2,000
283	Apprentice No. 283	434A	3,747	375	375
284	Apprentice No. 284	309A	43,447	4,345	2,000
285	Apprentice No. 285	309A	12,556	1,256	1,256
286	Apprentice No. 286	310T	20,461	2,046	2,000
287	Apprentice No. 287	434A	60,390	6,039	2,000
288	Apprentice No. 288	434A	17,335	1,734	1,734
289	Apprentice No. 289	434A	51,356	5,136	2,000
290	Apprentice No. 290	309A	24,828	2,483	2,000
291	Apprentice No. 291	310T	45,900	4,590	2,000
292	Apprentice No. 292	434A	82,646	8,265	2,000
293	Apprentice No. 293	434A	31,969	3,197	2,000
294	Apprentice No. 294	310T	37,942	3,794	2,000
295	Apprentice No. 295	309A	18,095	1,810	1,810
296	Apprentice No. 296	434A	52,528	5,253	2,000
297	Apprentice No. 297	434A	13,935	1,394	1,394
298	Apprentice No. 298	434A	54,100	5,410	2,000
299	Apprentice No. 299	309A	51,690	5,169	2,000
300	Apprentice No. 300	434A	39,538	3,954	2,000
301	Apprentice No. 301	309A	19,635	1,964	1,964
302	Apprentice No. 302	309A	30,597	3,060	2,000
303	Apprentice No. 303	434A	56,922	5,692	2,000
304	Apprentice No. 304	309A	104,042	10,404	2,000
305	Apprentice No. 305	434A	59,466	5,947	2,000
306	Apprentice No. 306	309A	63,093	6,309	2,000
307	Apprentice No. 307	434A	63,664	6,366	2,000
308	Apprentice No. 308	434A	49,793	4,979	2,000
309	Apprentice No. 309	434A	36,172	3,617	2,000
310	Apprentice No. 310	434A	43,503	4,350	2,000
311	Apprentice No. 311	309A	20,007	2,001	2,000
312	Apprentice No. 312	309A	1,907	191	191
313	Apprentice No. 313	309A	44,809	4,481	2,000
314	Apprentice No. 314	434A	54,236	5,424	2,000

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or \$ 2,000 605
315	Apprentice No. 315	310T	32,387	3,239	2,000
316	Apprentice No. 316	309A	25,247	2,525	2,000
317	Apprentice No. 317	309A	46,146	4,615	2,000
318	Apprentice No. 318	309A	89,046	8,905	2,000
319	Apprentice No. 319	434A	32,821	3,282	2,000
320	Apprentice No. 320	434A	61,950	6,195	2,000
321	Apprentice No. 321	434A	65,809	6,581	2,000
322	Apprentice No. 322	434A	55,910	5,591	2,000
323	Apprentice No. 323	434A	42,276	4,228	2,000
324	Apprentice No. 324	434A	46,426	4,643	2,000
325	Apprentice No. 325	434A	56,650	5,665	2,000
326	Apprentice No. 326	434A	32,334	3,233	2,000
327	Apprentice No. 327	434A	60,422	6,042	2,000
328	Apprentice No. 328	309A	111,105	11,111	2,000
329	Apprentice No. 329	309A	33,564	3,356	2,000
330	Apprentice No. 330	434A	58,124	5,812	2,000
331	Apprentice No. 331	434A	30,150	3,015	2,000
332	Apprentice No. 332	434A	41,742	4,174	2,000
333	Apprentice No. 333	434A	32,634	3,263	2,000
334	Apprentice No. 334	434A	46,111	4,611	2,000
335	Apprentice No. 335	434A	32,717	3,272	2,000
336	Apprentice No. 336	434A	65,809	6,581	2,000
337	Apprentice No. 337	309A	42,854	4,285	2,000
338	Apprentice No. 338	434A	58,730	5,873	2,000
339	Apprentice No. 339	309A	103,049	10,305	2,000
340	Apprentice No. 340	309A	45,898	4,590	2,000
341					
342					
343					
344					
345					
346					
347					
348					
349					
350					
351					
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361					
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363					
364					
365					
366					
367					
368					

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or \$ 2,000 605
369					
370					
371					
372					
373					
374					
375					
376					
377					
378					
379					
380					
381					
382					
383					
384					
385					
386					
387					
388					
389					
390					
391					
392					
393					
394					
395					
396					
397					
398					
399					
Total current-year credit (enter at line 640)					636,693
* 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	▶
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	636,693
Credit allocated from a partnership	.....	655	
		Subtotal	▶ 636,693
Total credit available	.....		636,693
Deduct:			
Credit deducted from Part I tax (enter on line B4 in Part 30)	.....	660	636,693
Credit carried back to the previous year(s) (from Part 23)	.....		DDD
		Subtotal	▶ 636,693
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.

	<table border="1"> <tr> <th>Year</th> <th>Month</th> <th>Day</th> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </table>	Year	Month	Day										Credit to be applied	931	
Year	Month	Day															
1st previous tax year		Credit to be applied	932													
2nd previous tax year		Credit to be applied	933													
3rd previous tax year																
Total (enter on line DDD in Part 22)																	

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

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.				
Total 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	

* CCA: capital cost allowance

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

	<table border="1"> <thead> <tr> <th>Year</th> <th>Month</th> <th>Day</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>12</td> <td>31</td> </tr> <tr> <td>2006</td> <td>12</td> <td>31</td> </tr> <tr> <td>2005</td> <td>12</td> <td>31</td> </tr> </tbody> </table>	Year	Month	Day	2007	12	31	2006	12	31	2005	12	31	Credit to be applied	941	_____
Year	Month	Day															
2007	12	31															
2006	12	31															
2005	12	31															
1st previous tax year		Credit to be applied	942	_____												
2nd previous tax year		Credit to be applied	943	_____												
3rd previous tax year			Total (enter on line NNN in Part 26)		=====												

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro One Networks Inc.	87086 5821 RC0001	2008-12-31

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)) **792** 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 OOO

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, OOO, 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 OO in Part 17 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 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) 623,232 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) 636,693 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) 1,259,925 B6
Enter amount B6 at line 652 of the T2 return.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

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)
623,232	623,232			

Prior years

Taxation year

ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
---------------------------------	--------------------	--------------------------------	-------------------------------

2007-12-31
2006-12-31
2005-12-31
2004-12-31
2003-12-31
2002-12-31
2001-12-31
2000-12-31
1999-12-31
1999-03-31
1998-03-31
1997-03-31
1996-03-31
1995-03-31
1994-03-31
1993-03-31
1992-03-31
1991-03-31
1990-03-31
1989-03-31

Total

B+C+D+G

Total ITC utilized 623,232

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th 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.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

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)
636,693	636,693			

Prior years

Taxation year

	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2000-12-31				
1999-12-31				
1999-03-31				*
1998-03-31				
1997-03-31				
1996-03-31				
1995-03-31				
1994-03-31				
1993-03-31				
1992-03-31				
1991-03-31				
1990-03-31				
1989-03-31				*
Total				

B+C+D+G

Total ITC utilized 636,693

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th 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.



Ontario

Ministry of Revenue

Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

2007

CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2004

Corporations Tax Act – Ministry of Finance (MOF)
Corporations Information Act – Ministry of Government Services (MGS)

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)			Ontario Corporations Tax Account No. (MOF)																		
Hydro One Networks Inc.			1800029																		
Mailing Address			This Return covers the Taxation Year																		
483 Bay Street, 8th Floor South Tower Toronto ON CA M5G 2P5			<table border="1"> <tr> <td>Start</td> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td></td> <td>2008</td> <td>01</td> <td>01</td> </tr> <tr> <td>End</td> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td></td> <td>2008</td> <td>12</td> <td>31</td> </tr> </table>			Start	year	month	day		2008	01	01	End	year	month	day		2008	12	31
Start	year	month	day																		
	2008	01	01																		
End	year	month	day																		
	2008	12	31																		
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes			Date of Incorporation or Amalgamation																		
Date of Change			<table border="1"> <tr> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td>1999</td> <td>03</td> <td>04</td> </tr> </table>			year	month	day	1999	03	04										
year	month	day																			
1999	03	04																			
Registered/Head Office Address			Ontario Corporation No. (MGS)																		
483 Bay Street, 8th Floor South Tower Toronto ON CA M5G 2P5			1344260																		
Location of Books and Records			Canada Revenue Agency Business No.																		
			If applicable, enter																		
			87086 5821 RC0001																		
Name of person to contact regarding this CT23 Return		Telephone No.	Fax No.		Jurisdiction Incorporated																
BRIAN SOARES		(416) 345-6782	(416) 345-6978		Ontario																
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MGS)																					
Ontario Canada																					
Former Corporation Name (Extra-Provincial Corporations only)			No. of Schedule(s)																		
<input checked="" type="checkbox"/> Not Applicable			<table border="1"> <tr> <td></td> </tr> </table>																		
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). ▶																					
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MGS, please check (X) this box. Schedule(s) A and K are not required (MGS). ▶ <input checked="" type="checkbox"/> No Change																					
Preferred Language / Langue de préférence																					
<input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français																					
Ministry Use																					

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)

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.

Hydro One Networks Inc.

1800029

2008-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

Type of corporation

1 ☒ 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 100 (nearest percent) %

- 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.)

88810119

111217418

Specify major business activity

Transmission & Dist

of Electricity

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	318,395,827	●
Subtract: Charitable donations	- - - - -	-		1		●
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		●
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		●
Taxable Income (Non-capital loss)	- - - - -	=		10	318,395,827	●
Addition to taxable income for unused foreign tax deduction for federal purposes	- - - - -	+	11			●
Adjusted Taxable Income	10 + 11 (if 10 is negative, enter 11)	=	20	318,395,827	●	

Taxable Income

From	10 (or 20 if applicable)	318,395,827 ● x	30	100.0000 %	x	12.5 %	x	33	÷	73	366	= +	29		●
				Ontario Allocation											
From	10 (or 20 if applicable)	318,395,827 ● x	30	100.0000 %	x	14 %	x	34	366 ÷	73	366	= +	32	44,575,416	●
				Ontario Allocation											
Income Tax Payable (before deduction of tax credits)	29 + 32	- - - - -										=	40	44,575,416	●

Number of Days in Taxation Year

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

Total Days

Days after Dec. 31, 2003

Total Days

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		●
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+	51		●
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		●
	=	54		●
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	- - - - -	55		●

Ontario Business Limit Calculation

320,000 x	31	÷	**	366	= +	46		●				
	Days after Dec. 31, 2002 and before Jan. 1, 2004											
400,000 x	34	366 ÷	**	366	= +	47		●				
	Days after Dec. 31, 2003											
Business Limit for Ontario purposes	46 + 47	=	44	500,000 ● x	48	100.0000 %	=	45	500,000 ●			
						Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated.						
Income eligible for the IDSBC	- - - - -	From	30	100.0000 %	x	56		●	=	60		●
				***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

Income Tax *continued from Page 4*

		Number of Days in Taxation Year			
		<small>Days after Dec. 31, 2002 and before Jan. 1, 2004</small> <small>Total Days</small> <div style="display: flex; justify-content: space-between;"> 31 ÷ 73 366 </div>			
Calculation of IDSBC Rate		7 %		x	
		<small>Days after Dec. 31, 2003</small> <small>Total Days</small> <div style="display: flex; justify-content: space-between;"> 34 366 ÷ 73 366 </div>			
		8.5 %		x	
				= + 89	
IDSBC Rate for Taxation Year		89 + 90		= 78 8.5000	
Claim		From 60		x From 78 8.5000 % = 70	

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 500,000 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)		+ 80 318,395,827	
If you are a member of an associated group (X) 81 <input checked="" type="checkbox"/> (Yes)					
Name of associated corporation (Canadian & foreign) <small>(if insufficient space, attach schedule)</small>	Ontario Corporations Tax Account No. (MOF) <small>(if applicable)</small>	Taxation Year End	* Taxable Income <small>(if loss, enter nil)</small>		
See schedule			+ 82		
			+ 83		
			+ 84		
Aggregate Taxable Income	80 + 82 + 83 + 84, etc.		= 85 318,395,827		

		Number of Days in Taxation Year			
		<small>Days after Dec. 31, 2002 and before Jan. 1, 2004</small> <small>Total Days</small> <div style="display: flex; justify-content: space-between;"> 31 ÷ 73 366 </div>			
320,000	x	<small>Days after Dec. 31, 2003</small> <small>Total Days</small> <div style="display: flex; justify-content: space-between;"> 34 366 ÷ 73 366 </div>			
400,000	x			= + 116	
		115 + 116		= 500,000	
(If negative, enter nil)				- 114 500,000	
				= 86 317,895,827	

		Number of Days in Taxation Year			
		<small>Days after Dec. 31, 2002</small> <small>Total Days</small> <div style="display: flex; justify-content: space-between;"> 38 ÷ 73 366 </div>			
Calculation of Specified Rate for Surtax		4.6670 %		x	
		<small>Days after Dec. 31, 2003</small> <small>Total Days</small> <div style="display: flex; justify-content: space-between;"> 34 366 ÷ 73 366 </div>			
		4.2500 %		x	
				= + 97 4.2500	
From 86 317,895,827		x From 97 4.2500 %		= 87 13,510,573	
From 87 13,510,573		x From 60		÷ From 114 500,000 = 88	
Surtax Lesser of		70 or 88		= 100	

*** 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

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

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

Add: Adjustment for Surtax on Canadian-controlled private corporations

$$\frac{\text{From } 100}{100} \div \frac{\text{From } 30}{100.0000\%} \div \frac{\text{From } 78}{8.5000\%} = 121$$

*Ontario Allocation

Lesser of 56 or 121 - - - - - + 122

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

Taxable Income - - - - - + From 10 318,395,827

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

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

Subtract: Taxable Income 10 318,395,827 X Allocation % to jurisdictions outside Canada - - - - - 140

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

10 - 56 + 122 - 140 - 141 - - - - - = 142 318,395,827

Claim**Number of Days in Taxation Year**

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

$$\frac{143}{\text{Lesser of } 130 \text{ or } 142} \times \frac{\text{From } 30}{100.0000\%} \times 1.5\% \times \frac{33}{73} \div 366 = + 154$$

Ontario Allocation

$$\frac{143}{\text{Lesser of } 130 \text{ or } 142} \times \frac{\text{From } 30}{100.0000\%} \times 2\% \times \frac{34}{73} \div 366 = + 156$$

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 44,575,416

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) - - - - - + 192 330,000

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.

No. of Apprentices From 5896
202 347
Eligible Credit From 5898 CT23 Schedule 114 (Attach Schedule 114) - - - - - + 203 1,399,641
Other (specify) - - - - - + 203.1

Total Specified Tax Credits 191 + 192 + 193 + 195 + 196 + 197 + 198 + 199 + 200 + 201 + 203 + 203.1 = 220 1,729,641

Specified Tax Credits Applied to reduce Income Tax - - - - - = 225 1,729,641

Income Tax 190 - 225 OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative) - - - - = 230 42,845,775

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**.

CORPORATE TAXPREP - 2007 CT23 - 2009 V.1 - 080A

Total Assets of the corporation	- - - - - + [240]	<u>12,902,900,168 ●</u>
Total Revenue of the corporation	- - - - - + [241]	<u>4,168,579,102 ●</u>

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
			+ 243	+ 244
			+ 245	+ 246
			+ 247	+ 248
Aggregate Total Assets	240 + 243 + 245 + 247, etc.	- - - - -	= 249 12,902,900,168	
Aggregate Total Revenue	241 + 244 + 246 + 248, etc.	- - - - -	= 250	4,168,579,102

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	<div style="border: 1px solid black; padding: 2px;">2136</div>	<div style="border: 1px solid black; padding: 2px;">575,332,824</div>	X From	<div style="border: 1px solid black; padding: 2px;">30</div>	<div style="border: 1px solid black; padding: 2px;">100.0000</div>	% X	4 % =	<div style="border: 1px solid black; padding: 2px;">276</div>	<div style="border: 1px solid black; padding: 2px;">23,013,313</div>
					If negative, enter zero			Ontario Allocation				
Subtract: Foreign Tax Credit for CMT purposes (<i>Attach Schedule</i>)	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	-	<div style="border: 1px solid black; padding: 2px;">277</div>	<div style="border: 1px solid black; padding: 2px;"></div>
Subtract: Income Tax	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- From	<div style="border: 1px solid black; padding: 2px;">190</div>	<div style="border: 1px solid black; padding: 2px;">44,575,416</div>

Net CMT Payable	(If negative, enter Nil on Page 17.)	- - - - - =	280	-21,562,103 ●
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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]	44,575,416 ●
Gross CMT Payable	-	-	-	-	-	-	-	+ From [276]	23,013,313 ●
Subtract: Foreign Tax Credit for CMT purposes	-	-	-	-	-	-	-	- From [277]	●
If [276] - [277] is negative, enter NIL in [290]	=						[290]	23,013,313 ● ▶	
Income Tax eligible for CMT Credit	-	-	-	-	-	-	-	= [300]	21,562,103 ●

B.	Income Tax (after deduction of specified credits)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	+	From	230	42,845,775 ●
	Subtract: CMT credit used to reduce income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		310	●	
	Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	=		320	42,845,775 ●	

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.

Hydro One Networks Inc.

1800029

2008-12-31

DOLLARS ONLY

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	3,362,893,010
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	±	351	1,384,134,548
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	- - - - -	+	352	
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+	353	6,172,725,369
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	
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	- - - - -	+	360	1,240,772,504
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	- - - - -	+	361	
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	- - - - -	+	362	
Subtotal	- - - - -	=	370	12,160,525,431

Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- - - - -	-	371	1,906,590,191
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Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	- - - - -	-	372	
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Total Paid-up Capital	- - - - -	=	380	10,253,935,240
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Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	- - - - -	-	381	
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Electrical Generating Corporations Only – 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	
Net Paid-up Capital	- - - - -	=	390	10,253,935,240

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	15,437,333
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	

Total Eligible Investments	- - - - -	=	410	15,437,333
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continued on Page 10

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

Total Assets per balance sheet	- - - - -	+	420	12,902,900,168 ●
Mortgages or other liabilities deducted from assets	- - - - -	+	421	●
Share of partnership(s)/joint venture(s) total assets (<i>Attach schedule</i>)	- - - - -	+	422	●
Subtract: Investment in partnership(s)/joint venture(s)	- - - - -	-	423	●
Total Assets as adjusted	- - - - -	=	430	12,902,900,168 ●
Amounts in 360 and 361 (if deducted from assets)	- - - - -	+	440	●
Subtract: Amounts in 371, 372 and 381	- - - - -	-	441	1,906,590,191 ●
Subtract: Appraisal surplus if booked	- - - - -	-	442	●
Add or Subtract: Other adjustments (specify on an attached schedule)	- - - - -	±	443	●
Total Assets	- - - - -	=	450	10,996,309,977 ●

Investment Allowance (410 ÷ 450) × 390	- - - - -	Not to exceed 410	=	460	14,395,139 ●
Taxable Capital 390 - 460	- - - - -		=	470	10,239,540,101 ●

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	- - -	480	4,168,579,102 ●
Total Assets (as adjusted)	- - - - -	From 430	12,902,900,168 ●

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	366	= +	501 ●
Days after Dec. 31, 2005 and before Jan. 1, 2007	Total Days		
10,000,000 × 37 ÷ 73	366	= +	502 ●
Days after Dec. 31, 2006 and before Jan. 1, 2008	Total Days		
12,500,000 × 38 ÷ 73	366	= +	504 ●
Days after Dec. 31, 2007	Total Days		
15,000,000 × 39 ÷ 73	366	= +	505 15,000,000 ●
Taxable Capital Deduction (TCD) 501 + 502 + 504 + 505		=	503 15,000,000 ●

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	366	= +	511 %
Days after Dec. 31, 2006 and before Jan. 1, 2009	Total Days		
0.225 % × 557 ÷ 73	366	= +	512 0.2250 %
Capital Tax Rate 511 + 512		=	516 0.2250 %

continued on Page 11

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

Taxable Capital From 470 on page 10 - - - - - + From 470 10,239,540,101 ●

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

See schedule	+ 531	488,069,303 ●
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+ 532 •

+ 533 •

Aggregate Taxable Capital	470 + 531 + 532 + 533 , etc.	- - - - -	= 540	10,727,609,404 ●
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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 10,239,540,101 ● ÷ From 10,727,609,404 ● X From 15,000,000 ● = 14,274,828 ●

Transfer to **542** in Section E 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 523 to 543, and complete the return from that point.

+	From	470	10,239,540,101 ●		Total Capital Tax for the taxation year
		542	14,274,822		

$$= \frac{542}{471} \times \frac{14,274,828}{10,225,265,273} \times \frac{\text{Days in taxation year}}{366} = + \frac{523}{555} \times \frac{100.0000}{0.2250} \times \frac{\text{the taxation year}}{23,006,847}$$
$$= + \frac{523}{23,006,847} \bullet$$

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

$$+ \text{ From } 470 \times \text{ From } 30 \text{ Ontario Allocation } 100.0000 \% \times \text{ From } 516 \text{ Capital Tax Rate } 0.2250 \% - - - - - = + 561$$

— Capital tax deduction from 995 relating to **your corporation's** Capital Tax deduction, on Schedule 591 - - — From 995 ●

= 562 ●

$$\text{Capital Tax} \quad - \quad - \quad - \quad - \quad - \quad - \quad - \quad - \quad \boxed{562} \quad \text{_____} \quad \bullet \quad \times \quad \begin{array}{c} \text{Days in taxation year} \\ \boxed{555} \quad \underline{366} \\ * \quad 366 \quad (366 \text{ if leap year}) \end{array} \quad - \quad - \quad - \quad - \quad - \quad = \quad \boxed{563} \quad \text{_____} \quad \bullet$$

Total Capital Tax for the taxation year
Transfer to 543 and complete

* If floating taxation year, refer to Guide.

Capital Tax before application of specified credits	- - - - -	=	543	23,006,847 ●
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Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide)	- - - - -	- 546	
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Capital Tax 543 – 546 (*amount cannot be negative*) - - - - - = 550 23,006,847 ●

Transfer to Page 17

DOLLARS ONLY

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

- - - - - ± 600 319,101,605 ●
Transfer to Page 15

Add:

Federal capital cost allowance	- - - - -	+	601	597,254,720 ●
Federal cumulative eligible capital deduction	- - - - -	+	602	7,935,997 ●
Ontario taxable capital gain	- - - - -	+	603	●
Federal non-allowable reserves. Balance beginning of year	- - - - -	+	604	1,135,520,433 ●
Federal allowable reserves. Balance end of year	- - - - -	+	605	●
Ontario non-allowable reserves. Balance end of year	- - - - -	+	606	1,265,300,644 ●
Ontario allowable reserves. Balance beginning of year	- - - - -	+	607	●
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-arm's length non-residents ▼				

Number of Days in Taxation Year

$$\begin{array}{c} \text{Days after} \\ \text{Dec. 31, 2002 and} \\ \text{before Jan. 1, 2004} \end{array} \quad \begin{array}{c} \text{Total Days} \\ 366 \end{array}$$

$$\text{[612]} \times 5 / 12.5 \times \text{[33]} \div \text{[73]} \text{[366]} = + \text{[633]} \quad \bullet$$

$$\begin{array}{c} \text{Days after} \\ \text{Dec. 31, 2003} \end{array} \quad \begin{array}{c} \text{Total Days} \\ 366 \end{array}$$

$$\text{[612]} \times 5 / 14 \times \text{[34]} \div \text{[73]} \text{[366]} = + \text{[634]} \quad \bullet$$

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 2,369,984 ●

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 - - - = 3,008,381,778 ● ▶ 640 3,008,381,778 ●
Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	- - - - -	+	650	597,254,720 ●
Ontario cumulative eligible capital deduction	- - - - -	+	651	7,935,997 ●
Federal taxable capital gain	- - - - -	+	652	●
Ontario non-allowable reserves. Balance beginning of year	- - - - -	+	653	1,135,520,433 ●
Ontario allowable reserves. Balance end of year	- - - - -	+	654	●
Federal non-allowable reserves. Balance end of year	- - - - -	+	655	1,265,300,644 ●
Federal allowable reserves. Balance beginning of year	- - - - -	+	656	●
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 3,006,011,794 ●
Transfer to Page 15

continued on Page 15

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 ±	600	319,101,605 ●
Total of Additions on page 14	- - - - -	From =	640	3,008,381,778 ●
Sub Total of deductions on page 14	- - - - -	From =	681	3,006,011,794 ●

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:

$$\begin{array}{rcl} \text{Gross-up of CCA} & & \\ \left[\begin{array}{l} \text{From } 662 \text{ } \bullet \times \\ \text{From } 30 \text{ } 100.0000 \\ \text{Ontario Allocation} \end{array} \right] \times \frac{100}{100.0000} - \text{From } 662 \text{ } \bullet & = & 663 \text{ } \bullet \end{array}$$

Workplace Child Care Tax Incentive (WCCT)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

$$\begin{array}{rcl} \text{Qualifying expenditures: } 665 \text{ } \bullet \times 30 \% \times \frac{100}{100.0000} - \text{From } 30 \text{ } 100.0000 & = & 666 \text{ } \bullet \end{array}$$

Ontario allocation

Workplace Accessibility Tax Incentive (WATI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

$$\begin{array}{rcl} \text{Qualifying expenditures: } 667 \text{ } \bullet \times 100 \% \times \frac{100}{100.0000} - \text{From } 30 \text{ } 100.0000 & = & 668 \text{ } \bullet \end{array}$$

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)

$$\begin{array}{rcl} \text{Qualifying expenditures: } 670 \text{ } \bullet \times 30 \% \times \frac{100}{100.0000} - \text{From } 30 \text{ } 100.0000 & = & 671 \text{ } \bullet \end{array}$$

Ontario allocation

Educational Technology Tax Incentive (ETTI)

(Applies to eligible expenditures incurred prior to January 1, 2005.)

$$\begin{array}{rcl} \text{Qualifying expenditures: } 672 \text{ } \bullet \times 15 \% \times \frac{100}{100.0000} - \text{From } 30 \text{ } 100.0000 & = & 673 \text{ } \bullet \end{array}$$

Ontario allocation

Ontario allowable business investment loss

+ 678 ●

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

+ 679 3,075,762 ●

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 ●

Total of other deductions allowed by Ontario (Attach schedule)

+ 664 ●

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 3,009,087,556 ● ▶ 680 3,009,087,556 ●

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 318,395,827 ●

Transfer to Page 4

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
Add:						
Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract:						
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	
Subtotal	707	717	727	737	747	757
Balance at End of Year	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 1999-12-31	817 (9)	860 (9)		850	870
801 8th preceding taxation year 2000-12-31	818 (9)	861 (9)		851	871
802 7th preceding taxation year 2001-12-31	819 (9)	862 (9)		852	872
803 6th preceding taxation year 2002-12-31	820	830	840	853	873
804 5th preceding taxation year 2003-12-31	821	831	841	854	874
805 4th preceding taxation year 2004-12-31	822	832	842	855	875
806 3rd preceding taxation year 2005-12-31	823	833	843	856	876
807 2nd preceding taxation year 2006-12-31	824	834	844	857	877
808 1st preceding taxation year 2007-12-31	825	835	845	858	878
809 Current taxation year 2008-12-31	826	836	846	859	879
Total	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.

Hydro One Networks Inc.

1800029

2008-12-31

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)	901	911	921	931
Taxation Year Ending year month day	2005-12-31	912	922	932
i) 3 rd preceding	902	913	923	933
ii) 2 nd preceding	903	From 706	From 716	From 726
iii) 1 st preceding				From 736
Total loss to be carried back				
Balance of loss available for carry-forward	919	929	939	949

Summary

Income Tax	- - - - - +	From 230 or 320	42,845,775 ●
Corporate Minimum Tax	- - - - - +	From 280	●
Capital Tax	- - - - - +	From 550	23,006,847 ●
Premium Tax	- - - - - +	From 590	●
Total Tax Payable	- - - - - =	950	65,852,622 ●
Subtract: Payments	- - - - - -	960	67,670,595 ●
Capital Gains Refund (s.48)	- - - - - -	965	●
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- - - - - -	985	●
Specified Tax Credits (Refer to Guide)	- - - - - -	955	●
Other, specify	- - - - - -		●
Balance	- - - - - =	970	-1,817,973 ●
If payment due	- - - - - Enclosed *	990	●
If overpayment: Refund (Refer to Guide)	- - - - - =	975	●
year month day			
Apply to	2009-12-31	980	1,817,973 ●
(Includes credit interest)			

* 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.)

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)

VINCENT ALICANDRI

Title

Vice President, Corporate Tax

Full Residence Address

c/o 483 Bay Street
 South Tower, 8th floor
 Toronto,
 ON CA M5G 2P5

Signature

Date

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

Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)

Description	Amount
NBV	11745629132 00
Future Use Land	-115,730,484 00
Less: Land	-303,118,653 00
Less: Construction in progress	-963,629,132 00
UCC	-8,242,280,498 00
ECE	-105,435,385 00
Goodwill per F/S	-72,236,592 00
Unamortized ADS/DRS Hedges (486000, 551000)	8,979,501 00
Undeducted Prospectus & underwriting costs (book)	25,909,814 00
Undeducted Prospectus & underwriting costs (tax)	-7,077,828 00
1999-2007 Permanent Difference (ECE 25% portion)	-64,539,671 00
	119,987 00
Total	1,906,590,191 00

Attached Schedule with Total

Loans and advances to unrelated corporations

Title Line 405 - CT23 - Supplementary Schedule

Description	Amount	
Trade receivables over 365 days	2,807,187	00
Prepaid OEB Expense (277950)	2,170,015	00
Prepaid insurance(277180)	229,636	00
Prepaid GWL insurance(277290)	1,298,688	00
Prepaid Inergi (277190)	8,931,807	00
Total	15,437,333	00

Attached Schedule with Total

Retained earnings (if deficit, deduct) (Int.B. 3012R)

Title Retained earnings (line 351)

Description	Amount	
Retained earnings, opening	1,031,307,507	00
Net income	473,289,366	00
Dividends	-120,462,325	00
Total	1,384,134,548	00

Attached Schedule with Total

Contingent, investment, inventory and similar reserves (Int.B. 3012R)

Title Contingent, investment, inventory and similar reserves (Int.B. 3012R)

Description	Amount	
Schedule 13 reserves	1,265,300,644	00
Rate Ryder 1	18,682,263	00
Rate Ryder 2	-43,286,565	00
Oeb Costs	3,210,588	00
Interest Improvement not in S13 reserves	6,617,755	00
Market Ready Deferral (275022)	-7,810,126	00
Smart Meters	-1,942,055	00
Total	1,240,772,504	00



Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Paid-Up Capital: Loans and Advances

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

Loans or Advances Credited or Advanced to Corporation

(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)

[illegible]

Corporation's Legal Name Hydro One Networks Inc.	Ontario Corporations Tax Account No. (MOF) 1800029	Taxation Year End 2008-12-31
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Is the corporation electing under regulation 1101(5q)? 1 ☐ Yes 2 ☒ No

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)
1	4,856,805,093	314,601		8,403,503	4,848,716,191		4,848,716,191	4	0	0	193,948,648	4,654,767,543
2	1,275,203,666			0	1,275,203,666		1,275,203,666	6	0	0	76,512,220	1,198,691,446
3	289,052,969			0	289,052,969		289,052,969	5	0	0	14,452,648	274,600,321
6	31,578,214	2,632,090		0	34,210,304	1,316,045	32,894,259	10	0	0	3,289,426	30,920,878
7	78,730			0	78,730		78,730	15	0	0	11,810	66,920
8	66,209,357	21,309,871		4,975	87,514,253	10,652,448	76,861,805	20	0	0	15,372,361	72,141,892
9	3,012,530	6,029,014		0	9,041,544	3,014,507	6,027,037	25	0	0	1,506,759	7,534,785
10	155,359,757	51,308,688		367,600	206,300,845	25,470,544	180,830,301	30	0	0	54,249,090	152,051,755
12	6,064,616	125,740,415		0	131,805,031	62,870,208	68,934,823	100	0	0	68,934,823	62,870,208
See schedule	1,385,311,286	572,333,415	-33,009		1,957,611,692	286,166,709	1,671,444,983				168,976,935	1,788,634,757
Totals	8,068,676,218	779,668,094	-33,009	8,776,078	8,839,535,225	389,490,461	8,450,044,764				597,254,720	8,242,280,505

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).

Enter in boxes **650** **650** **650** on the CT23.

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	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

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)
13	1,468,570		-33,009	0	1,435,561		1,435,561	N/A	0	0	287,112	1,148,449
17	16,459,476	417,457		0	16,876,933	208,729	16,668,204	8	0	0	1,333,456	15,543,477
35	423,462			0	423,462		423,462	7	0	0	29,642	393,820
42	65,534,977	6,256,639		0	71,791,616	3,128,320	68,663,296	12	0	0	8,239,596	63,552,020
45	20,431,244			0	20,431,244		20,431,244	45	0	0	9,194,060	11,237,184
46	11,906,412	310,238		0	12,216,650	155,119	12,061,531	30	0	0	3,618,459	8,598,191
47	1,237,070,432	535,196,656		0	1,772,267,088	267,598,328	1,504,668,760	8	0	0	120,373,501	1,651,893,587
50	32,016,713	30,152,425		0	62,169,138	15,076,213	47,092,925	55	0	0	25,901,109	36,268,029
Totals	1,385,311,286	572,333,415	-33,009		1,957,611,692	286,166,709	1,671,444,983				168,976,935	1,788,634,757



Ontario

Ministry of Revenue

Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Ontario Cumulative Eligible Capital Deduction

Schedule 10 Page 1 of 2

For taxation years 2002 and later

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

- 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) = + 113,204,517 **A**

Add: Cost of eligible capital property acquired during the taxation year + 222,485 **B**

Other adjustments + **C**

B + C = 222,485 x 3 / 4 = 166,864 **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 x 1 / 2 = - **E**

D minus E (if negative, enter zero) = 166,864 > + 166,864 **F**

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

Subtotal A + F + G = 113,371,381 **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 = x 3 / 4 = - **L**

Ontario cumulative eligible capital balance H minus L = 113,371,381 **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** 113,371,381

From **N** -

Current year deduction M minus N = 113,371,381 x 7 % = + 7,935,997 **O**

N + O = 7,935,997 > - 7,935,997 **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) = 105,435,384 **Q**

See page 2 - Part 2

Ontario Cumulative Eligible Capital Deduction
Schedule 10 Page 2 of 2

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

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 =



Ontario

Ministry of Revenue

Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Ontario Continuity of Reserves Schedule 13

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

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					
Totals	A	B			C

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					
Totals	D	E			F

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
OPEB Liability Short Term	39,382,000					39,382,000
OPEB Liability Long Term	830,924,889		53,585,535			884,510,424
Enviromental Short Term	11,300,000		2,002,250			13,302,250
See schedule	253,913,544		257,641,463	183,449,037		328,105,970
Reserves from Part 2						
Totals	1,135,520,433		313,229,248	183,449,037		1,265,300,644

Enter in box **653** of the CT23

Enter in box **606** of the CT23

Ontario Continuity of Reserves Schedule 13

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Environmental Long Term	43,767,042		185,032,866			228,799,908
Contingent Liabilities	21,716,495			4,389,416		17,327,079
Deferred export Tx Svs Cr	38,278,556			14,551,076		23,727,480
RSVA Liabilities	41,411,013			20,718,431		20,692,582
Earnings Sharing - TX	27,101,310			28,350,000		-1,248,690
RDDA	73,153,259			74,620,738		-1,467,479
Tax changes deferral a/c	9,444,416		260,188			9,704,604
Deferred Tx pension-oma	1,285,001			1,797,035		-512,034
Tenant Inducement	1,151,159			544,867		606,292
RCVA Liabilities	255,107		1,414,942			1,670,049
RRRP	-3,649,814			13,447,474		-17,097,288
Rate Ryder 111			70,933,467			70,933,467
Dx rate adjustment				25,030,000		-25,030,000
Totals	253,913,544		257,641,463	183,449,037		328,105,970

**First-time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent**

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

This schedule must be filed by corporations for the first year of filing after incorporation, amalgamation, or by parent corporations filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act* during the current taxation year.

Part 1 - Type of operation

For those corporations filing for the first time after incorporation or amalgamation, please identify the type of corporation that applies to your corporation.

- | | |
|---|--|
| <input type="checkbox"/> 01 Crown corporation that is an agent of Her Majesty | <input type="checkbox"/> 11 Mortgage investment corporation |
| <input type="checkbox"/> 02 Life insurance corporation | <input type="checkbox"/> 12 Travelling corporation |
| <input type="checkbox"/> 03 Deposit insurance corporation | <input type="checkbox"/> 13 Subject corporation |
| <input type="checkbox"/> 04 General insurance corporation | <input type="checkbox"/> 14 Labour-sponsored venture capital corporation |
| <input type="checkbox"/> 05 Co-operative corporation | <input type="checkbox"/> 15 Investment public corporation subject to Part IV tax |
| <input type="checkbox"/> 06 Credit union | <input type="checkbox"/> 16 Crown corporation that is not an agent of Her Majesty |
| <input type="checkbox"/> 07 Bank | <input type="checkbox"/> 17 Non-resident insurer exempt from Part XIII withholding tax |
| <input type="checkbox"/> 09 Investment public corporation | <input type="checkbox"/> 99 Other - if none of the previous descriptions apply |
| <input type="checkbox"/> 10 Mutual fund corporation | |

Part 2 - First year of filing after amalgamation

For the first year of filing after an amalgamation, please provide the following information

If insufficient space, attach list.

Name of predecessor corporation(s)	Ontario Corporations Tax Account No. (If a corporation is not registered, enter "N/A")
1	

Part 3 - First year of filing after wind-up of subsidiary corporation(s)

For the parent corporation filing for the first time after winding-up a subsidiary corporation(s) under section 88 of the *Income Tax Act*, please provide the following information.

If insufficient space, attach list.

Name of subsidiary corporation(s)	Ontario Corporations Tax Account No. (If a corporation is not registered, enter "N/A")	Commencement date of wind-up YYYY MM DD	Date of wind-up YYYY MM DD
1 Brighton Distribution Inc.	1448434	2001-08-24	2008-05-21
2			



Ministry of Revenue
Corporations Tax
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Ontario Scientific Research and
Experimental Development Expenditures
CT23 Schedule 161
Page 1 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

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 before January 1, 2009.
 - **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**

Page 2 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

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 3,116,162.

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)) - 435 746,178.

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 $\div \frac{100.0000}{100} \% - - - = - 444$
(From 30 of the CT23 or CT8)

Subtotal: 400 - 430 - 435 - 440 - 444 = 445 2,369,984.

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) + 462 705,778.
(From 575 on Page 3)

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

Subtotal 462 + 465 = 468 705,778.

Gross-up for Ontario allocation factor From 468 $\div \frac{100.0000}{100} \% - - - = + 470$ 705,778.
(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 3,075,762.

Amount available for deduction = 475 3,075,762.

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 3,075,762.

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**

Page 3 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

**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**

Page 4 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

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
1998-03-31					
1999-03-31					
1999-12-31					
2000-12-31					
2001-12-31					
2002-12-31					
2003-12-31					
2004-12-31					
2005-12-31					
2006-12-31					
2007-12-31		746,178	746,178		
Totals (see note 1, 2 and 3)	725	740 746,178	755 746,178	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**

Page 5 of 5

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOR)	Taxation Year End
Hydro One Networks Inc.	1800029	2008-12-31

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
2000-12-31				
2001-12-31				
2002-12-31				
2003-12-31				
2004-12-31				
2005-12-31				
2006-12-31				
2007-12-31		705,778	705,778	
Totals (see note 1 - 6)	825	840 705,778	855 705,778	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.

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Utility Income Taxes
Historic Year
2008 Networks Tax Return Allocation to DX and TX
Year Ending December 31
(\$ Millions)

Line No.	Particulars	NETWORKS	TX	DX
	<u>Calculation of Federal and ON Taxable Income</u>			
1	Net Income Before Tax (NIBT)	\$ 575.3	\$ 397.0	\$ 178.3
2	<u>Required Adjustments to accounting NIBT</u>			
3	Recurring items included in Revenue Requirement (RR):			
4	Other Post Employment Benefit expense	53.7	23.3	30.4
5	Other Post Employment Benefit payments	(36.3)	(14.9)	(21.4)
6	Depreciation and amortization	519.9	253.5	266.4
7	Capital Cost Allowance	(597.3)	(348.7)	(248.6)
8	Removal costs	(1.9)	0.0	(1.9)
9	Environmental costs paid	(12.6)	(3.5)	(9.1)
10	Non-deductible items (50% Meals & entertainment / interest)	6.4	3.9	2.6
11	R & D Fed ITC/ Apprenticeship (prior yr addback)	(1.0)	(0.6)	(0.4)
12	Ontario hiring credits (Co op & Apprentice)	(0.5)	(0.3)	(0.2)
13	Capitalized overhead costs deducted	(32.3)	(22.0)	(10.3)
14	Pension cost deductions	(39.9)	(14.7)	(25.2)
15		\$ (141.7)	\$ (124.0)	\$ (17.7)
16	Deferral accounts not part of RR:			
17	RSVA	38.4	0.0	38.4
18	RARA and other Revenues deferred	(34.5)	(68.7)	34.2
19	Smart meter costs deferred	(2.5)	0.0	(2.5)
20	Tx Export credit/Earnings Sharing mechanism	(42.9)	(42.9)	0.0
21	Dx Revenue accrued not received	(25.0)	0.0	(25.0)
22	Tx Regulatory costs previously deducted	5.4	5.4	0.0
23		\$ (61.1)	\$ (106.2)	\$ 45.1
24	Reversal of accounting adjustments not part of RR:			
25	Contingent liability movement	(4.4)	(0.1)	(4.3)
26	Capitalized interest deductible for tax	(33.3)	(25.7)	(7.6)
27		\$ (37.7)	\$ (25.8)	\$ (11.9)
28	Recurring items not part of RR:			
29	Cumulative Eligible Capital	(7.9)	(5.14)	(2.8)
30		(7.9)	(5.1)	(2.8)
31	Immaterial items not in business plan detail:			
32	Capital additions deducted for accounting	3.1	0.3	2.8
33	Reverse Insurance proceeds included in NIBT	(8.4)	(8.4)	0.0
34	Net Underwriting/Finance costs	(0.2)	(0.2)	0.0
35	WSIB	(1.8)	(0.8)	(1.0)
36	Tenant Inducement	(0.6)	(0.3)	(0.2)
37	Capital tax provision vs. return	0.9	0.5	0.4
38	Other	(0.8)	(0.3)	(0.5)
39		(7.7)	(9.2)	1.5
40				
41	NET Adjustments to Accounting NIBT	\$ (256.2)	\$ (270.3)	\$ 14.2
42				
43	Taxable Income	\$ 319.1	\$ 126.6	\$ 192.5

HYDRO ONE NETWORKS INC.
TRANSMISSION
Calculation of Capital Cost allowance (CCA)
Historic Year
2008 Networks Tax Return CCA Allocation to TX and DX
Year Ending December 31
(\$ Millions)

2008 Distribution Schedule 8 :

2008 DX

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate	CCA	Closing UCC
1	2,034.8	0.2	2,035.0	0.1	2,035.2	4%	81.2	1,953.7
2	396.4	-	396.4	-	396.4	6%	23.8	372.6
3	14.9	-	14.9	-	14.9	5%	0.7	14.1
6	8.3	0.8	9.1	0.4	8.7	10%	0.9	8.3
8	45.7	15.5	61.2	7.7	53.4	20%	10.7	50.5
9	1.3	3.5	4.8	1.8	3.1	25%	0.8	4.1
10	64.9	30.4	95.4	15.2	80.1	30%	24.0	71.3
12	3.7	60.4	64.1	30.2	33.9	100%	33.9	30.2
13	1.5	-	1.5	-	1.5	10	0.2	1.3
17	2.7	0.1	2.8	0.1	2.8	8%	0.2	2.6
42	0.3	-	0.3	-	0.3	12%	0.0	0.3
45	8.0	-	8.0	-	8.0	45%	3.6	4.4
47	619.4	326.7	946.1	163.4	782.8	8%	62.6	883.5
50	5.6	10.3	15.9	5.2	10.8	55%	5.9	10.0
Dx CCA	3,207.5	447.9	3,655.5	223.9	3,431.8		248.6	3,406.9
Dx CEC Continuity	39.6		39.6		39.6	7%	2.8	36.8
					Less goodwill portion		(2.1)	
					Total ECE for RR		0.7	

2008 Transmission Schedule 8 :

2008 TX

CCA Class	Opening UCC	Net Additions	UCC pre-1/2 yr	50% net additions	UCC for CCA	CCA Rate (CCA	Closing UCC	
1	2,821.8	(8.3)	2,813.5	-	2,813.5	4%	112.8	2,701.0
2	878.8	(0.0)	878.8	(0.0)	878.8	6%	52.7	826.0
3	274.1	0.0	274.1	0.0	274.1	5%	13.7	260.4
6	23.3	1.8	25.1	0.9	24.2	10%	2.4	22.7
7	0.1	(0.0)	0.1	(0.0)	0.1	15%	0.0	0.1
8	20.5	5.8	26.3	2.9	23.4	20%	4.7	21.6
9	1.7	2.5	4.2	1.2	2.9	25%	0.7	3.4
10	90.4	20.4	110.8	10.2	100.6	30%	30.2	80.7
12	2.4	65.5	67.8	32.7	35.1	100%	35.1	32.7
13	-	(0.0)	(0.0)	(0.0)	(0.0)	6.0	(0.1)	0.1
17	13.7	0.3	14.1	0.2	13.9	8%	1.1	12.9
35	0.4	0.1	0.4	0.0	0.4	7%	0.0	0.4
42	65.3	6.2	71.5	3.1	68.4	12%	8.2	63.3
45	12.5	0.1	12.6	0.0	12.6	45%	5.7	6.9
46	11.9	0.3	12.2	0.2	12.1	30%	3.6	8.6
47	617.8	208.2	825.9	104.1	721.8	8%	57.7	768.2
50	26.5	19.9	46.3	9.9	36.4	55%	20.0	26.3
TX UCC	4,861.0	322.7	5,183.7	165.5	5,018.2		348.7	4,835.3