

Appendix L



Brampton

G2-1

Report

Planning, Design & Development Committee

Standing Committee of the Council
of the Corporation of the City of Brampton

Date: April 20, 2009

PLANNING, DESIGN & DEVELOPMENT COMMITTEE

File: P00 GR

Subject: Brampton City-Wide Population and Employment Forecasts

DATE: May 4, 2009

Contact: Janice Given, Manager, Growth Management and Special Policy (905-874-3459)

OVERVIEW:

- The last population and employment forecast for the City of Brampton formally adopted by Council is contained in the City's 2006 Official Plan and was based on the 2001 Census;
- As part of the Growth Plan conformity exercise, the Province requires that all municipalities in the Greater Golden Horseshoe adopt official plans that conform to the Growth Plan, including planning to accommodate the population and employment numbers contained in *Places to Grow*
- In June, 2008, Council received the preliminary forecasts prepared by Hemson for the purpose of undertaking the various Growth Plan studies, including the TTMP update and the Infrastructure Capacity review, and used for regional studies such as the regional water and wastewater update;
- Hemson Consulting Ltd. (Hemson) is contracted to prepare final population and employment forecasts for the City to form part of the final Growth Plan conformity amendment;
- To facilitate the progression of a number of significant projects dependant on current forecasts, City staff have requested that Hemson prepare updated population and employment forecast generally consistent with the findings of the background studies;
- Adopting a more up to date forecast is important at this time for the following purposes:
 - to complete the TTMP Update which informs the DC By-law
 - to establish a Brampton Council position to be further advanced through the regional forecast and growth plan conformity exercise

- The City-wide forecasts include a projected population of 738,000 and 318,800 employees by 2031, both nominal increases over the forecast in the City's Official Plan;
- Higher than expected household sizes reflected in the 2006 Census account for some of the change in the population forecast;
- This forecast shows a total of 217,600 units by 2031, compared to 230,000 units forecast in the Official Plan for 2031;
- The 2006 census showed significantly less employment in 2006 than forecasted for both Brampton and Peel for 2006, due to declining employment densities;
- The current global economic recession impacts the short term projections but reflects more typical economic performance returning before 2031;
- The recommended forecast reflects suitable Brampton contributions to the Growth Plan requirements for distribution of growth and density of new development, including achieving a Greenfield density of 50 persons and jobs per hectare across all regional greenfields; 40% of new residential units within the built boundary after 2015; a planned density in the urban growth centre of 200 persons and jobs per hectare; and, planning for increased densities in intensification areas;
- The Region of Peel is requested to use this City-wide forecast in the preparation of the regional forecast and Growth Plan conformity work;
- Final detailed forecasts will be adopted by Brampton Council following the completion of the background studies and together with the final Official Plan Amendment to implement the Growth Plan; and,
- Given that the Region of Peel has not completed its Growth Plan conformity exercise, it is premature for the Region of Peel to adopt any population or employment forecast from Mississauga or any local municipality.

Recommendations:

1. That the report entitled "Population and Employment Forecasts" and attachments dated April 20, 2009 be received;
2. That the population and employment forecasts set out in this report be endorsed by the City of Brampton for use in completing the Growth Plan studies and further, that the Region of Peel be requested to use these forecasts in furthering its preparation of a Regional Official Plan Amendment conforming to the Growth Plan.

3. Notwithstanding Recommendation 2 above, it is acknowledged that minor changes to this forecast may be required by the Region of Peel to ensure Growth Plan conformity, subject to the concurrence of the City of Brampton. Further, following the completion of the remaining studies, including the market demand and feasibility study in respect of the employment forecast (as set out in the *Growth Plan Status Report Addendum: Employment Lands Study and Strategic Growth Plan Timelines*-March 23, 2009), minor changes may be required to reflect the final growth plan Official Plan recommendations.
4. That the Region of Peel be requested not to adopt any local, municipal population and employment forecast ahead of the consideration of a regional forecast by Regional Council, prepared in collaboration with the City of Brampton, Town of Caledon and City of Mississauga.
5. That this report be forwarded to the Region of Peel for direction as set out in Recommendation 4, and the City of Mississauga and the Town of Caledon and the Ministry of Energy and Infrastructure (Growth Secretariat) for information.

Background:

The last population and employment forecast for the City of Brampton formally adopted by Council was contained in the 2006 Development Outlook Report and was based on the 2001 Census. The Development OUTLOOK forecast was adjusted to include census undercount and incorporated into the 2006 Official Plan, adopted by the OMB in 2008. As part of the Growth Plan conformity exercise, the Province requires that all GTA municipalities adopt official plans that conform to the Growth Plan, including planning to accommodate the population and employment numbers contained in Schedule 3 in *Places to Grow* for upper tier municipalities.

Current Situation:

To facilitate the completion of a series of background studies necessary to inform the Growth Plan conformity official plan amendment, the City commissioned Hemson Consulting to undertake a preliminary population and employment forecast in the spring of 2008. This forecast was received by Council in June, 2008 to be used for the modeling related to major transportation projects including the Transportation and Transit Master Plan update undertaken by iTrans and the joint Brampton/Mississauga Hurontario Higher Order Transit Study undertaken by MMM. The preliminary forecasts were also prepared for use in the Region's Water and Wastewater Master Plan Update, Brampton's Infrastructure Capacity study undertaken by UMA/Aecom, the Employment Lands Study and the Intensification and Greenfield Background studies. It also facilitated early discussion and preliminary analyses of growth management at the Region of Peel level for their Official Plan review.

While generally intended to be Growth Plan compliant, it was always envisioned that following the completion of the background studies, that the forecast would be updated to reflect the outcome of the further research and policy direction flowing from the studies. Given the recent release of the background papers for public review and comment, the City is not yet in a position to adopt final forecasts; this will only be done together with the final amendment reflecting the policy direction on all elements of the policies, in the fall of 2009.

However, at this point in the conformity process, a number of significant related projects and processes depend on an update and refinement to the City-wide forecast. These include:

- Incorporating final forecasts into the transportation model to complete the TTMP update which provides the needs analysis for the roads infrastructure component of the DC By-law Update,
- Establishing forecasts for use in the City's DC By-law, required for adoption in June;
- Establishing a Brampton Council position on a forecast that reflects the goals and vision for the City reflective of the directions arising from the Growth Plan conformity exercise
- Establishing a Brampton Council position on forecasts for final consideration by Regional Council, given that both Caledon and Mississauga now have Council endorsed forecasts

Methodology and Data Sources

The forecasts were undertaken by Hemson Consulting utilizing a broad range of resources, including the 2006 forecast included in the City's Development OUTLOOK Report, the 2006 Census information as a key basis, detailed secondary plan level data derived from corporate databases, preliminary planning information for communities without secondary plans, historic demographic and forecasting work undertaken by Hemson, and recent information about the state of the global and local economies.

Some of the general findings of the background studies: Employment Lands Inventory, Inventory of Intensification Opportunities and Greenfield Analysis provide integral foundational elements to the formulation of the forecasts; these will be discussed in more detail later in the report.

The forecast is intended to reflect the Growth Plan policies and respect the Growth Plan targets, notwithstanding that some of the targets are regional level targets and the City forecast must be considered at a regional level for regional Growth Plan conformity.

2006 Census

The population and employment forecast is built on the 2006 Census information, available City-wide and by Census Dissemination Area. Since the 2006 Census forms the basis for the forecast going forward, it is helpful to understand some of the underlying characteristics of Brampton through this census data. Table 1 provides a summary only of some of the key Census data for both 2001 and 2006, acknowledging that the Census summarizes 30 datasets, including Households and Housing and Population and Demographics.

**Table 1-Comparison of Key 2006 Census Findings to 2001 Census
City of Brampton**

	2006		2001	
Census Population	434,000		325,000	
Total Population (Including Undercount)	453,000		340,000	
Units	125,930		97,550	
	Singles	65,565	Singles	52,135
	Semis	17,000	Semis	13,455
	Row	14,125	Row	11,790
	Ap't	29,240	Ap't	20,160
Household Size (Average of all types)	3.4 ppu		3.3 ppu	
Total Employment	156,000		133,600	
	Major Office	9,300	Major Office	6,900
	Employment Land	79,200	Employment Land	76,600
	Population Based	67,400	Population Based	50,200

Between the 2001 Census and the 2006 Census, the average household size in Peel Region has seen a slight increase despite the long term trend of gradual decline in household size. Since the household size in both Caledon and Mississauga is gradually declining, the increase for the Region of Peel is a direct result of the increase in household size in Brampton. Brampton's average household size across all household types increased from the 2001 Census value of 3.3 to 3.4 in the 2006 Census, the same average size as that of both Vaughan and Markham, notwithstanding the long term trend of gradual declines in the average household size. The average household size across all of Ontario is 2.5. This has an impact on Peel's ability to plan for a 2031 population which aligns with that set out in the Growth Plan. This will be discussed in more depth later in the report.

Residential Forecast

Brampton's current population is approximately 487,000 persons and it is expected to reach approximately 738,000 by 2031. This would represent close to full build out (93%) for Brampton's Greenfield residential neighbourhoods.

Table 2: Summary of Horizon Year Forecasts

	2006	2011	2021	2031
Population Forecast	453,000	510,000	646,000	738,000

By identifying broad historic economic cycles of growth, the relative performance of the City can be anticipated. Between about 1996 and 2008, Brampton experienced unprecedented levels of residential growth, following a '90's recession and commensurate with an economic and housing boom throughout Ontario and across Canada. Brampton's supply of serviceable greenfield land coupled with the near depletion of Mississauga greenfields were contributors to the high demand. This peaked in 2002 when Brampton had 6287 housing starts and issued permits for 6462 units.

Similar to the low activity of the '90's, the 2008-2011 period is forecast to mark the bottom of the current decline in housing starts, with slow recovery reflected in an increase in housing completions in 2012. Housing activity is expected to peak again around 2015/2016 driven by demographic changes but subject to the overall economic market recovery. As Brampton's land supply diminishes toward 2031, housing completions taper off.

Table 3 below shows the 5 year trends in housing completions derived from the forecast.

Table 3: Average Annual Housing Completions

5 year period	Average Annual Housing completions
1986-1991	2940 units/year
1991-1996	1800 units/year
1996-2001	3020 units/year
2001-2006	6200 units/year
2006-2011	3482 units/year
2011-2016	4658 units/year
2016-2021	3996 units/year
2021-2026	3434 unit/year
2026-2031	2770 units/year

Census Undercount

There are two conventional ways of expressing population, with and without census undercount/undercoverage. The 2006 Census information recorded Brampton as having a population of 433,800. While the Statistics Canada survey is the prime source for recording population in Canada, there is a known undercounting of actual population in the order of 4% for Peel region. The City's forecasts in the 1993 Official Plan did not include the undercount; the City's 2006 DEVELOPMENT OUTLOOK forecast also does not include the undercount, so it is important that any historic comparisons take into account these differences or make the appropriate adjustments. The City's 2006 Official Plan forecast does include the undercount, consistent with the makeup of the forecasts in the Growth Plan.

Table 4 below compares the currently adopted forecast as found in the City's Official Plan with the revised forecast. The difference of 13,000 units in 2031 represents approximately 1 year of growth based on Brampton's growth rate

Table 4 – Comparison of Brampton's New Population Forecast to the 2006 Official Plan Population Forecast (all with census undercount)

	2011	2021	2031
NEW Population Forecast	510,000	646,000	738,000
2006 OP Population Forecast	522,000	652,000	725,000
Difference in Population	- 12,000	- 6,000	13,000

Appendix I, Table 1 shows the further breakdown of the population forecast, with Census population comprised of private households and institutions such as seniors and nursing homes and student residences, and the total population then comprised of Census population plus the undercoverage.

Housing Unit Type and Household Size

The forecast is based on the assumption that Brampton will continue to respond to a strong market demand for ground related product (singles, semi's and row dwellings) in the short term but will increasingly shift to a higher proportion of row dwellings and apartment units as land prices, the depletion of greenfield land, demographics, and land use planning policy changes influence both the demand for and supply of higher density housing. It should be noted that already in 2006, Brampton's share of row and apartment housing (34%) exceeded that of Vaughan (23%) and Markham (28%). Tables 2 and 3 in Appendix I include a more detailed breakdown of housing growth by type of dwelling.

Household size is expected to gradually decline from an average for all housing types of 3.4 in 2006, to an average of 3.2 by 2031. The trends in household size can be seen in Table 4 of Appendix I.

Employment Forecast

Brampton currently employs approximately 176,300 people. By 2031, this number is projected to nearly double, to approximately 318,800 jobs.

Table 5: Summary of Horizon Year Employment Forecasts

	2006	2011	2021	2031
Employment Forecast	155,900	181,900	273,600	318,800

Compared to the current forecast contained in the 2006 Official Plan, the new forecast shows lower than originally anticipated employment through 2021 but exceeding the current forecast by 2031.

Table 6: Comparison of Brampton's Employment Forecast to the 2006 Official Plan Employment Forecast

	2011	2021	2031
NEW Employment Forecast	181,900	273,600	318,800
2006 OP Employment Forecast	225,000	280,000	310,000
Difference in Employment	- 43,100	- 6,400	8,800

This overall forecast period shows continued strong economic performance by Brampton. Historically, Brampton has consistently outperformed the GTA as a whole in employment growth and industrial construction alone, contributing 15% of the average annual total construction in the Toronto CMA (2001-2008) (Hemson Employment Lands Study; November, 2008).

Notwithstanding Brampton's strong historic performance, the total employment in Peel and in the City of Brampton in 2006 fell short of the forecast expectations. For the Region the employment forecast was 36,000 short of the 2006 forecast. And 21,000 short for Brampton. This difference is largely a result of the trend toward transportation, warehousing and wholesale sectors, which contributed 30% of Brampton's employment growth between 2001 and 2006.

The short term employment forecasts are reflective of the OECD and the Bank of Canada views that 2009 will have recessionary performance and restrained recovery in 2010. Any changes to this prediction or significant deviations such as the potential closure of the Chrysler plant in Brampton, could impact the short term forecasts but the long term trend is consistent with both previous forecasts and the Places to Grow forecast for Peel.

Growth is expected to peak around 2015/16, consistent with the next projected peak in housing growth, with an average annual growth rate of approximately 5%,

whereas the average annual increase is about 2.9%. Table 5 in Appendix II demonstrates the 5 year average growth rates to 2031.

Employment Type

Traditional forecasting is based on 3 distinct types of employment: which together provide the range of employment opportunities required to drive a local economy:

1. employment land employment which is jobs accommodated on those lands which were traditionally known as industrial areas and includes a wide range of uses such as: manufacturing and distribution, warehousing, research and development and small offices.
2. Population-related employment is that employment which is a direct result of residential development and generally accommodated on residentially designated lands, including schools, institutions, health care, retail and other commercial, and work at home.
3. Major Office Development is defined as those more discreet office employment areas which provide for office buildings over 20,000 square feet (1,858 square metres) in size.

It is imperative that municipalities continue to plan for all types of employment to maintain economic viability and strive to achieve a healthy activity rate (the proportion of jobs to population). A healthy activity rate is generally considered to be one in which the proportion of employees to residents is close to 50%, or the "live/work" ratio is 2:1. This forecast results in an activity rate of 43%, an increase over the current activity rate of 36%.

Resulting from a maturing office market over the forecast period, the forecast contemplates an increase in the proportion of office employment, from 6% of all jobs in 2006 to 13% in 2031.

To accommodate an increase of 163,000 jobs between 2006 and 2031, the forecast anticipates that more than half of the employment growth will be in employment land employment, distinct from population-related employment which is absorbed in residentially designated land, and major office development, having its own distinct discreet designation and market niche. This results in the need to accommodate approximately 76,300 employment land jobs on newly developed land, requiring approximately 2,000 hectares of new employment land.

Places to Grow

The Provincial Growth Plan (Schedule 3) establishes the distribution of population and employment that upper tier municipalities must use in the planning and management of growth, shown below for Peel.

	Population (000's)				Employment (000's)			
I	2001	2011	2021	2031	2001	2011	2021	2031
Region of Peel	1,030	1,320	1,490	1,640	530	730	820	870

Places to Grow, Schedule 3

In accordance with the Growth Plan, the upper tier municipalities are responsible for

- Allocating the growth forecasts set out in Schedule 3 to the Growth Plan
- Identifying intensification targets for lower-tier municipalities
- Identifying greenfield density targets
- Provide Policy direction on matters that cross municipal boundaries.

Lower tier municipalities such as Brampton are required to work with upper tier municipalities and the Province to establish forecasts and policies that achieve all of the Growth Plan policies.

Region of Peel planning staff have endeavoured to develop regional forecasts based on the consolidation of the area municipal forecasts and analyses to determine what changes may need to be made to the distribution of growth over the region to achieve the Growth Plan policies. The initial consolidation of forecasts is based on Caledon's population and employment forecast endorsed by its Council in 2007, in OPA 203, which adds 23,500 people between 2021 and 2031, including some population and employment that would be assigned to a newly expanded urban boundary which would require an additional local official plan amendment and regional official plan amendment. This amendment would be required to meet the Provincial Policy Statement and Growth Plan policy requirements for a settlement area boundary expansion, which is aimed at ensuring regions fully develop existing urban lands in a compact and sustainable manner. A "municipal comprehensive review" is required to demonstrate the need for the expansion and the ability to maintain the Growth Plan targets and densities. Caledon is awaiting the outcome of the Regional Official Plan Review process before adopting OPA 203 as part of their conformity amendment.

For Mississauga, Hemson Consulting prepared two forecast scenarios, a Reference Scenario and a High Growth Scenario. Mississauga Planning and Design Committee considered a staff report on January 12, 2009 which recommended the adoption of the High Growth Scenario. In the January 12 staff report, it is noted that the lower reference Scenario is what Hemson Consulting Ltd. considers the most likely scenario for growth, whereas the High Growth Scenario would require stronger demand for high density forms. The High Growth Scenario provides for extensive intensification opportunities in support of their City's vision set out in the Draft Strategic Plan. It is recommended by staff to help direct growth to Hurontario Street in support of infrastructure funding for higher order transit, and generally, seen as a means of garnering more development charge revenue. On January 21, Mississauga Council referred the report back to staff to provide additional information including financial impacts. On March 30, Mississauga Planning and

Development Committee considered a supplementary staff report, which recommended:

- That the Region of Peel be requested to amend the Peel Official Plan to provide for the High Growth Scenario; and,
- That the High Growth Scenario be endorsed for the purpose of service and infrastructure planning and Development Charges Review.

Following a lengthy discussion during which time councilors expressed concerns over the potential impacts of the high residential forecast in neighbourhoods, and inquired as to how this forecast would fit in the regional context, the Committee moved to receive the report without a recommendation to Council. On April 8, Mississauga Council endorsed the High Growth Scenario forecast.

Using Brampton's new forecast, and each of the area municipal forecasts without any adjustments, the following Table 7 presents the total of these area municipal forecasts, including the Mississauga High Growth forecast. It can be seen that the total population by 2031 is relatively close to the Growth Plan control total, with only a variance of approximately 1.5%.

TABLE 7: Regional Population and Employment Forecast (Mississauga High)						
	Population			Employment		
	2011	2021	2031	2011	2021	2031
Brampton	510,000	646,000	738,000	181,900	273,600	318,800
Caledon	75,000	88,000	113,000	28,000	38,000	49,000
Mississauga (high)	738,000	775,000	812,000	455,000	500,000	519,000
Total	1,323,000	1,509,000	1,663,000	664,900	811,600	886,800
Places to Grow	1,320,000	1,490,000	1,640,000	730,000	820,000	870,000
Difference	3,000	19,000	23,000	-65,100	-8,400	16,800

Greenfield Density

The Growth Plan requires that the designated Greenfield area of each upper tier municipality (that area outside of the built boundary as defined by the Province) "be planned to achieve a minimum density target that is not less than 50 residents and jobs combined per hectare" (often expressed as PPJ/HA). Peel's Greenfield of nearly 12,000 gross hectares, is made up primarily of lands in Brampton (8,979 hectares) and Caledon (2,828 hectares), while Mississauga has a small amount of greenfield area (188 hectares). The Growth Plan defines the methodology for calculating Greenfield area, exclusive of features both identified in an applicable Official Plan or provincial plan where such policy prohibits development. In accordance with the Growth Plan definition, Brampton staff have calculated that these "take-outs" would amount to just over 2400 hectares. Brampton's Growth Plan conformity exercise demonstrates our ability to plan to achieve a Greenfield density of 50 persons and jobs per hectare. As shown in Table 8, with Brampton's 2031 forecast, Brampton would exceed the minimum required density. Because the greenfields will have some vacant higher density sites and undeveloped office space

at 2031, by the time the greenfields are fully built out (at capacity), the density would be even higher. The Growth Plan does not require that the Greenfield density be reached by 2031. Brampton's forecast allows the City's vision to guide development of the remaining Greenfield lands, where viable, sustainable and transit oriented communities can develop in accordance with the policies of the Growth Plan. The Region of Peel policies will need to ensure the minimum density is maintained over all of the Peel greenfields, as historically low densities in Caledon create challenges to Caledon reaching 50 ppj/ha.

TABLE 8: Brampton Greenfield Forecast Density

	2,006	2031
Greenfield Population	5,490	231,000
Greenfield Employment	5,580	106,500
Total Persons + Jobs	11,070	337,500
Greenfield Area	8974 ha	
Environmental Take Outs	2456 ha	
Growth Plan Greenfield Area	6,518	
Greenfield Density (PPJ/HA)		52

Intensification

The Growth Plan policies state that from 2015 onward, a minimum of 40 per cent of all new residential development in the Region of Peel must be within the built up area (inside the built boundary). Brampton's forecast directs the majority of intensification the UGC, with significant amounts also to the remainder of the Downtown and Queen Street Corridor, Hurontario/Main Street Corridor and the other intensification corridors identified in the City's Official Plan. Intensification units are projected to build out in the later stages of the forecast and more opportunity exists to continue to intensify post 2031. Between 2015 and 2031, approximately 57,300 new housing units are forecast within the built boundary, at an average annual rate of just over 1,100 units. All three local municipalities are required to contribute to the intensification target. It is expected that all of Mississauga's new housing growth post 2015 will be deemed intensification (having only 188 hectares of Greenfield expected to be built out by that date). Brampton contributes approximately 36% of all intensification units, a realistic contribution given Brampton's state of maturity compared to that of a fully built out Mississauga.

Urban Growth Centre Density

Brampton's Urban Growth Centre is required to be planned to achieve, by 2031 or earlier, a minimum gross density target of 200 residents and jobs combined per hectare. Using 2007 employment survey information and GIS housing unit data, staff determined that existing density of persons and jobs/hectare in the UGC is approximately 94 residents and jobs per hectare. Brampton's draft UGC is approximately 245 hectares and is the third largest UGC in the GTA.

The forecast provides for approximately 18,000 new residents and 10,000 new employees by 2031, achieving a density in excess of 200 ppj/ha by 2031, as shown on Table 9 below.

TABLE 9: Brampton Urban Growth Centre Density					
	2011	2016	2021	2026	2031
People	6,600	10,600	15,200	20,300	24,500
Jobs	10,800	14,200	17,000	19,000	21,100
People+Jobs	17,400	24,800	32,200	39,300	45,600
Area	219 ha	219 ha	219 ha	219 ha	219 ha
Density	79 ppj/ha	113 ppj/ha	147 ppj/ha	179 ppj/ha	208 ppj/ha

Peel Process and Timelines

The Region and area municipal staff continue to work toward adjustments to the forecasts to meet the Schedule 3 requirements as found in the Growth Plan, together with Greenfield and UGC densities and the intensification target. It is intended that the revised City-wide forecasts contained in this report be utilized in the further discussion and analyses with the Region of Peel Planning Department.

Regional planning staff have scheduled a workshop of Regional Councillors, area and regional staff and stakeholders April 30 to consider and discuss the regional growth management issues and the options for developing a Regional forecast that is Growth Plan compliant and which allocates population and employment to the 3 area municipalities in a way that respects both local and regional interests. This is a critical time to ensure Brampton's vision as set out in its Official Plan, growth plan studies and revised forecasts is articulated by both Brampton Council and staff. The draft ROPA on Managing Growth is intended to be brought to Regional Council on June 18 for direction to consult agencies and the public.

Brampton's Growth Plan Conformity- Next Steps

These new City-wide population and employment forecasts are intended to provide a frame of reference for advancing the Growth Plan conformity exercise and the detailed policies and distribution of these overall numbers would be contingent upon the further steps in the Growth Plan conformity exercise discussed below, including the completion of the market feasibility study for employment lands.

Consideration of these forecasts will also allow the modeling exercise for the TTMP update to be completed, which provides the needs analysis for the roads infrastructure component of the DC By-law Update.

It is recognized that in order to finalize forecasts and a managing growth strategy for the Region's Official Plan Amendment, some adjustments to area municipal forecasts may be necessary.

In accordance with the timelines and process set out in the staff report dated March 23, 2009, ***Growth Plan Status Report Addendum: Employment Lands Study and Strategic Growth Plan Timelines***, scheduled for consideration by Planning Design and Development Committee on April 6, the Growth Plan Conformity Amendment would be completed within the following general timeframe:

- Preparation of Draft Official Plan Amendment-Spring 2009
- Public Consultation-Spring through Fall 2009
- Public Meeting-Fall 2009
- Council Adoption –Fall 2009


The formal public meeting of Council to consider the full Growth Plan Official Plan Amendment will be held late in the fall of 2009. On or before that date, final detailed SGU level forecasts will be prepared for adoption by Council in the final Official Plan Amendment.

Conclusion:


The revised City-wide forecasts represent an important step in Brampton's Growth Plan conformity process, allowing the completion of both Brampton background studies but also regional level studies and analyses related to growth distribution. These City-wide forecasts represent Brampton's ability to conform to the Growth Plan while maintaining the City's vision for vibrant and sustainable communities, set out in the 2006 Official Plan.

Respectfully submitted,

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List of Appendices

Appendix I – Brampton City-Wide Residential Forecast (Tables 1-4)

Appendix II –Brampton City-Wide Employment Forecast (Tables 5, 6)

APPENDIX I

Table 1: Brampton Forecast Population

Brampton Forecast Population					
	Private Household Pop.	Non-Household Population	Census Population	Net Census Undercoverage	Total Population
1986	187,000	1,000	188,000	9,000	197,000
1991	233,000	2,000	234,000	11,000	245,000
1996	267,000	1,000	268,000	12,000	280,000
2001	324,000	1,000	325,000	15,000	340,000
2006	431,000	3,000	434,000	19,000	453,000
2011	486,000	3,000	489,000	21,000	510,000
2016	557,000	3,000	561,000	24,000	585,000
2021	615,000	4,000	619,000	27,000	646,000
2026	664,000	4,000	668,000	29,000	697,000
2031	703,000	4,000	707,000	31,000	738,000

Note: Non-household population is mainly persons living institutions such as some seniors facilities, nursing homes, some student residences and correctional facilities.

Table 2: Brampton Total Occupied Housing Units by Type

Brampton Total Housing Units by Type					
	Single	Semi-Detached	Row Apartment (inc. Duplex)	Total	
1986	25,000	9,500	6,300	15,300	56,100
1991	32,700	9,900	7,700	20,500	70,800
1996	36,800	10,700	9,200	23,100	79,800
2001	44,500	10,800	11,700	27,900	94,900
2006	65,600	17,000	14,100	29,200	125,900
2011	76,000	19,600	15,900	31,800	143,300
2016	88,700	24,100	19,200	34,600	166,600
2021	98,000	27,800	22,500	38,300	186,600
2026	104,500	31,100	25,800	42,400	203,800
2031	108,500	33,800	29,300	46,000	217,600

Table 3: Brampton Forecast Housing Growth

Brampton Housing Unit Growth					
	Single	Semi-Detached	Row	Apartment (inc. Duplex)	Total
1986-91	7,700	400	1,400	5,200	14,700
1991-96	4,100	800	1,500	2,600	9,000
1996-01	7,700	100	2,500	4,800	15,100
2001-06	21,100	6,200	2,400	1,300	31,000
2006-11	10,400	2,600	1,800	2,600	17,400
2011-16	12,700	4,500	3,300	2,700	23,300
2016-21	9,200	3,700	3,300	3,700	20,000
2021-26	6,500	3,200	3,300	4,200	17,200
2026-31	4,000	2,700	3,500	3,600	13,900

Note: Measured in occupied housing units by the Census definition.
Due to a data discontinuity between 2001 and 2006, the historic data is based on 2006 Census "Period of Construction" data.

Table 4: Person per Unit Factors by Unit Type

Brampton Persons per Unit by Unit Type					
	Single	Semi-Detached	Row	Apartment (inc. Duplex)	Total
1986	3.53	3.86	3.57	2.12	3.29
1991	3.63	3.71	3.37	2.23	3.29
1996	3.61	3.57	3.38	2.48	3.29
2001	3.64	3.52	3.25	2.42	3.32
2006	3.73	3.52	3.20	2.78	3.42
2011	3.68	3.47	3.16	2.75	3.39
2016	3.62	3.42	3.11	2.71	3.34
2021	3.57	3.38	3.07	2.67	3.30
2026	3.54	3.34	3.04	2.64	3.26
2031	3.52	3.32	3.02	2.62	3.23

APPENDIX II

G2-17

Table 5: Employment and Employment Growth

Brampton Forecast Employment			
Employment		Growth	Growth Rate
1986	80,000	---	---
1991	93,000	13,000	3.1%
1996	104,000	11,000	2.3%
2001	134,000	30,000	5.2%
2006	156,000	22,000	3.1%
2011	182,000	26,000	3.1%
2016	234,000	52,000	5.1%
2021	274,000	40,000	3.2%
2026	296,000	22,000	1.6%
2031	319,000	23,000	1.5%

Table 6: Employment by Type

Brampton Employment by Type				
	Major Office	Population Related	Employment Land	Total
1986	4,400	31,400	43,800	79,600
1991	5,800	39,100	47,700	92,600
1996	5,700	41,400	56,700	103,800
2001	6,900	50,200	76,600	133,600
2006	9,300	67,400	79,200	155,900
2011	13,000	76,900	92,100	182,000
2016	19,800	91,800	122,100	233,800
2021	26,900	101,500	145,200	273,600
2026	31,700	107,800	156,100	295,600
2031	37,400	113,500	167,900	318,800

Appendix M

2010 Depreciation Service Life Review

*Hydro One Brampton
Networks Inc.*

Prepared by
Foster Associates, Inc.



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EXECUTIVE SUMMARY

INTRODUCTION

This report presents a review and summary of proposed service lives for depreciable property, plant and equipment owned and operated by Hydro One Brampton Networks Inc. (Company or Hydro One Brampton). The review, conducted by Foster Associates, Inc. (Foster Associates), commenced in December 2009 and progressed through mid-April 2010, at which time the project was completed. The review has been prepared in anticipation of the Company's first IFRS-compliant rate filing for 2011 rates. This is the first external, independent depreciation review conducted for Hydro One Brampton.

Foster Associates is a public utility economic consulting firm headquartered in Bethesda, Maryland offering economic research and consulting services on issues and problems arising from governmental regulation of business. Areas of specialization supported by our Fort Myers office include property life forecasting, technological forecasting, depreciation estimation, and valuation of industrial property.

Foster Associates has undertaken numerous depreciation engagements for both public and privately owned business entities, including detailed statistical life studies, analyses of required net salvage rates, and the selection of depreciation systems that will most nearly achieve the goals of depreciation accounting under the constraints of either government regulation or competitive market pricing. Foster Associates is widely recognized for industry leadership in the development of depreciation systems, life analysis techniques and computer software for conducting depreciation and valuation studies.

Depreciation rates (and service lives) currently used by Hydro One Brampton were initially prescribed by the former Ontario Hydro for utilities that were subject to reporting under the Accounting for Municipal Electric Utilities in Ontario manual (MUManual).¹ The guidance for depreciation practices provided in the MUManual was superseded as of January 1, 2000 by the Accounting Procedures Handbook for Electric Distribution Utilities (APHandbook) prepared and admin-

¹In 1906 the Ontario legislature adopted a statute creating the Hydro Electric Power Commission of Ontario (Hydro). The Commission was given a mandate to provide all citizens with electricity at the lowest possible cost. In 1974, the Commission was dissolved and Hydro became incorporated as a crown corporation, adopting the name Ontario Hydro. In April 1999, Ontario Hydro was re-organized under the Energy Competition Act of 1998 into five successor companies: Ontario Power Generation; the Ontario Hydro Service Company; the Independent Electricity System Operator (originally named the Independent Electricity Market Operator); the Electrical Safety Authority; and Ontario Electricity Financial Corporation. On May 1, 2000 the Ontario Hydro Services Company was renamed Hydro One Incorporated and reorganized as a holding company with four subsidiaries: Hydro One Networks Inc.; Hydro One Remote Communities Inc.; Hydro One Telecom Inc.; and Hydro One Brampton.

istered by the Ontario Energy Board. The APHandbook prescribes a Uniform System of Accounts with cross-references in Appendix E to the plant accounts, service lives and depreciation rates previously prescribed in the MUManual. Article 410 of the APHandbook directs Municipal Utilities to "... use these rates until a change can be supported by an objective study and the change has been authorized by the Board." Accordingly, Hydro One Brampton has continued to use the MUManual service lives and depreciation rates in compliance with the APHandbook.

In January 2006 the Canadian Accounting Standards Board (AcSB) announced its decision to replace Canadian GAAP (CGAAP) with International Financial Reporting Standards (IFRS) for all Canadian publicly accountable enterprises. To allow affected companies sufficient time to prepare for the transition, the AcSB announced a five-year transition period, with an expected changeover date of January 1, 2011.² Canadian companies are now required to prepare an opening IFRS balance sheet effective the beginning of the comparative year preceding the transition date. For companies with a calendar year end, the effective transition date is January 1, 2010 (which is different than the official IFRS adoption date of January 1, 2011).

In July 2009 the Ontario Energy Board issued its report and findings (arising from its IFRS stakeholder process) setting forth regulatory policy regarding the transition to IFRS.³ The Board concluded that: "...the basis of the current regulatory accounting system, CGAAP, will be replaced by IFRS, and will no longer be available for financial or regulatory accounting. The current system is CGAAP, including modifications for regulatory purposes. The new system at January 1, 2011, will be IFRS, with modifications for regulatory purposes." All utilities will be required, however, to report financial results for regulatory reporting through December 31, 2010 using CGAAP.

The transition to IFRS for both financial and regulatory reporting will require changes to various depreciation accounting practices previously permitted by CGAAP and the Ontario Energy Board. The new rules for depreciation accounting are prescribed in International Accounting Standard 16 Property Plant and Equipment (IAS 16). Among the changes affecting Hydro One Brampton is the requirement to disaggregate property, plant and equipment classified in accounts maintained in conformance with Article 220 of the APHandbook Uniform System of Accounts (USoA) into "items of property" and depreciate each item and significant parts of an item separately. IAS 16 also requires abandonment of group depreciation accounting. The new standard prescribes item accounting with recognition of gain or loss upon derecognition (*i.e.*, retirement) of each item or significant part of PPE.

The 2010 Depreciation Service Life Review addresses the disaggregation of USoA plant accounts in conformance with IAS 16 and provides service life estimates for the disaggregated asset categories. The report also addresses transition issues peculiar to Hydro One Brampton and the proposed treatment of these issues to achieve compliance with IAS 16.

The principal conclusions from the Hydro One Brampton Depreciation Service Life Review are contained in the Summary section of this report. The section identifies current USoA plant accounts and newly defined asset categories for implementation of IAS 16 depreciation accounting rules. The section also contains a summary of current USoA service lives and service lives estimated for the newly defined asset categories contained within USoA plant accounts. Plant investments, recorded depreciation reserves and net plant at December 31, 2009 are shown for each USoA plant account.

SCOPE OF REVIEW

The principal activities undertaken in the 2010 review included:

- Analysis of IAS 16 requirements;
- Collaboration with Hydro One Networks and Hydro One Brampton IFRS transition teams;
- Discussions with Hydro One Brampton plant accounting personnel;
- Onsite visits and discussions with Hydro One Brampton operations personnel;
- Disaggregation of USoA plant accounts; and
- Estimation of projection lives for disaggregated asset categories.

²In February 2008 the AcSB confirmed the mandatory transition date to IFRS for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011.

³Report of the Board, Transition to International Financial Reporting Standards, File Number EB-2008-0408, July 28, 2009.

COMPANY PROFILE

GENERAL

Hydro One Brampton was incorporated on April 25, 2000 under the Business Corporations Act (Ontario). The Company is a wholly-owned subsidiary of Hydro One Inc. (Hydro One). The principal business of the Company is the ownership, operation and management of electricity distribution systems and facilities within the City of Brampton, Ontario. The Ontario Energy Board (OEB or Board) regulates the business of the Company.

DISTRIBUTION OPERATIONS

Hydro One Brampton services all customers within the City of Brampton boundary. The supply is sourced from four Hydro One Networks owned 230 kV Transformers Stations and one Hydro One Brampton Networks owned 230 kV Transformer Station built in 2001. The utility transforms the 44 kV and 27.6 kV sub-transmission voltages through its 13 sub-stations to primary distribution voltages of 13.8 kV, 8.32 kV and 4.16 kV. All new facilities are supplied directly from 27.6 kV and there is an on-going program to convert 4.16 kV and 8.32 kV to 27.6 kV.

The distribution network contains 12 feeders at 44 kV, 57 feeders at 27.6 kV and additional feeders at 13.8 kV, 8.32 kV and 4.16 kV. The system also contains 18 municipal station transformers, approximately 15,610 distribution transformers and approximately 13,500 poles.

Hydro One Brampton owns 2,231 km of overhead primary feeder/distribution lines and 2,926 km of underground primary feeder/distribution lines covering its service territory. About 75% of its distribution network is underground. It has a control center operating on a “24/7” basis utilizing an Outage Management System and a SCADA system for “real time” distribution system monitoring.

COMPETITIVE ENVIRONMENT

In common with other jurisdictions across North America, Ontario’s electricity market has undergone significant changes as part of a shift towards an open and competitive market. On May 1, 2002, Ontario’s electricity market was fully opened to competition. Since this “open access” date, transmitters and distributors of electricity have been required to provide generators, retailers and consumers with non-discriminatory access to their transmission and distribution systems.

While the new market rules allow for multiple distributors, it has been Hydro One Brampton’s assessment that the requirement for distributors to have a specific service area included in its license and the potential for operational inefficiency if multiple distributors compete, will result in the continuance of the past practice of having a single licensed distributor serving a single service area.

IFRS COMPLIANCE

INTRODUCTION

The transition to IFRS requires Hydro One Brampton to retrospectively restate its financial statements at January 1, 2010 to incorporate IFRS standards, with certain exceptions as specified in IFRS 1 (First-time Adoption of International Financial Reporting Standards). Hydro One Brampton undertook an internal review of its property, plant and equipment accounts to assess how the Company could comply with the requirements of IAS 16 and developed work-around solutions for those instances in which compliance was challenging. This section provides a discussion of the treatments developed by the Company as they relate to the disaggregation of USoA plant accounts and the estimation of service lives for the disaggregated asset categories.

ACCOUNT STRUCTURE

APHandbook

Prior to January 1, 2000 Hydro One Brampton recorded property plant and equipment using the account structure and account descriptions prescribed in the MUMManual. Effective January 1, 2000 the Company mapped the former MU-Manual accounts to the uniform system of accounts prescribed in the APHandbook Article 210 Uniform System of Accounts and adopted the USoA account descriptions. The USoA account structure used by Hydro One Brampton contains 11 distribution accounts and 10 general plant accounts as shown in Table 1 below. Depreciation expense is calculated and recorded in accumulated depreciation maintained by USoA account.

Distribution Function	General Plant
1806 Land Rights	1908 Buildings and Fixtures
1808 Buildings and Fixtures	1915 Office Furniture and Equipment
1815 Transformer Station Equip. > 50 kV	1920 Computer Hardware - Major
1820 Distribution Station Equip. < 50 kV	1930 Vehicles
1830 Poles, Towers and Fixtures	1935 Stores Equipment
1835 Overhead Conduct. & Devices	1940 Tools, Shop and Garage Equip.
1840 Underground Conduit	1950 Power Operated Equipment
1845 Underground Conduct. & Devices	1955 Communication Equipment
1850 Line Transformers	1960 Miscellaneous Equipment
1855 Services	1980 System Supervisory Equipment
1860 Meters	

Table 1. USoA Plant Accounts

IFRS

Unlike the USoA account structure, which contemplates group depreciation accounting, IAS 16 requires asset recognition of individual *items* of property, plant and equipment within property *classes* of a similar nature and used in an entity's operations. Examples of property classes include: buildings; machinery; ships; aircraft; motor vehicles; furniture and fixtures; and office equipment. Items within a

property class and each part of an item with a cost that is significant in relation to the total cost of the item are to be depreciated separately.

The definitional standards of IAS 16 prescribe a system of accounting in which the carrying amount (*i.e.*, cost less accumulated depreciation) of a plant item is “derecognized” (*i.e.*, retired) on disposal or when no further economic benefits are expected from its use. The gain or loss arising from derecognition of a property unit is the difference between the net disposal proceeds, if any, and the carrying amount of the item or unit. Importantly, IAS 16 does not prescribe the unit of measure for recognition, *i.e.*, what constitutes an item of property plant and equipment. Moreover, IAS 16 provides that individually insignificant items may be aggregated and the Recognition Principle applied to the aggregated value. Based on these principles and recognizing that a USoA category may include a greater diversity of plant items than contemplated under an item procedure, a Profile ID is considered to be an appropriate and practical aggregation of plant items under IAS 16.

Hydro One Brampton

Consistent with other subsidiaries of Hydro One Inc., Hydro One Brampton identified appropriate sub-groups (*Profile IDs* or *Profiles*) within USoA accounts sharing common physical or functional attributes.⁴ All vintages of transformers and tap changers classified in USoA Account 1815 (Transformer Station Equipment > 50 kV), for example, will be classified in Profile ID 1815001. Other types of plant and equipment classified in Account 1815 will be similarly classified in newly defined Profile IDs.

Profile IDs were initially identified based on established sub-groups that Hydro One Networks inherited from Ontario Hydro upon demerger in 1999. The Hydro One Networks’ account structure was then modified to more appropriately reflect the composition of Hydro One Brampton’s asset base. USoA plant accounts used by Hydro One Brampton and Profile IDs adopted within USoA categories are displayed in the Summary section of this report.

SERVICE LIVES

APHandbook

Depreciation service lives currently used by Hydro One Brampton were initially prescribed in the Municipal MUManual published by Ontario Hydro. The guidance for depreciation practices contained in the MUManual was superseded as of January 1, 2000 by the Ontario Energy Board APHandbook. Appendix E of the

⁴ The Company initially identified 101 potential Profile IDs. The number of Profiles was subsequently reduced to 54 based upon further discussions with Foster Associates and Hydro One Brampton operations personnel.

APHandbook contains service lives and depreciation rates previously prescribed in the MUMannual. Article 410 of the APHandbook directs Municipal Utilities to "... use these rates until a change can be supported by an objective study and the change has been authorized by the Board." Accordingly, Hydro One Brampton has continued to use the MUMannual prescribed service lives and depreciation rates in compliance with the APHandbook.

IFRS

IAS 16 provides that the depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The useful life of an asset is defined as the time period over which an asset is expected to be available for use by an entity; it is the period over which economic benefits are provided. The estimation of the useful life of an asset is a matter of judgment based on the experience of the entity with similar assets.⁵

Hydro One Brampton

The disaggregation by Hydro One Brampton of USoA plant accounts into Profile IDs necessitates estimating service lives for each newly defined sub-group. Service lives for each Profile ID were estimated by Foster Associates in consultation with the Company.

Service lives estimated in a comprehensive depreciation study ideally include statistical analyses of recorded retirement activity. Statistical techniques are used to obtain a mathematical description of the forces of retirement acting upon a plant category and an estimate of service life known as the *projection life* of the category. The mathematical expressions used to describe these life characteristics are known as *survival functions* or *survivor curves*.

The second step in estimating service lives is concerned with predicting the expected remaining life of property units still exposed to the forces of retirement. It is a process of blending the results of the life analysis with informed judgment (including expectations about the future) to obtain an appropriate projection life and survival function. The amount of weight given to the life analysis will depend upon the extent to which past retirement experience is considered descriptive of the future.

While the Profile ID classification of plant and equipment is consistent with the principles of IAS 16, information constraints prohibit the same componentization of legacy assets. Hydro One Brampton can identify the vintage year of plant in service at December 31, 2009 at the USoA level. The Company cannot, however, identify the vintage year or plant classified in USoA accounts that will be recorded in Profile ID categories prospectively. Given these data limitations, statis-

⁵IAS 16, Paragraph 57.

tical techniques could not be applied in estimating Profile ID service lives.

Service life estimates proposed for plant installed after January 1, 2010 were developed in onsite visits and discussions with Hydro One Brampton operations personnel. Foster Associates served as the facilitator for these discussions offering guidance and experience from conducting numerous depreciation studies of comparable plant and equipment. Consideration was also given to service lives currently prescribed for USoA categories and service lives estimated for Hydro One Networks for comparable Profile ID categories.

It is the opinion of Foster Associates that service lives estimated for Hydro One Brampton in the 2010 Review are well within a zone of reasonableness and will remain appropriate until such time as statistical life studies can be conducted or operational factors indicate a need for reconsideration of the current estimates.⁶

DEPRECIATION PROCEDURES

APHandbook

A depreciation rate is formed by combining the elements of a depreciation system. A depreciation system is composed of a method, a procedure and a technique. A depreciation method (*e.g.*, straight-line) describes the component of the system that determines the acceleration or deceleration of depreciation accruals in relation to either time or use. A depreciation procedure (*e.g.*, vintage group) identifies the level of grouping or sub-grouping of assets within a plant category. The level of grouping specifies the weighting used to obtain composite life statistics for an account. A depreciation technique (*e.g.*, remaining-life) describes the life statistic used in the system. The sub-elements most widely used in constructing a depreciation system are shown in Table 2 below.

Methods	Procedures	Techniques
Retirement	Total Company	Whole-Life
Compound-Interest	Broad Group	Remaining-Life
Sinking-Fund	Vintage Group	Probable-Life
Straight-Line	Equal-Life Group	
Declining Balance	Unit Summation	
Sum-of-Years'-Digits	Item	
Expensing		
Unit-of-Production		
Net Revenue		

Table 2. Elements of a Depreciation System

⁶IAS 16, Paragraph 51 provides that the residual value and useful life of an asset shall be reviewed at least at each financial year-end.

APHandbook, Article 410 provides depreciation accounting guidance for two described types of assets: Readily identifiable assets and grouped assets. The following guidance is provided for grouped assets:

Grouped assets are those assets that by their nature make identification of individual components impractical. The group basis of amortization refers to a system of grouping assets for amortization purposes using an amortization method that will allocate the combined cost of the assets over their estimated useful life in a rational and systematic manner. This accounting treatment recognizes that individual units are not readily identifiable.

The amortization provision determined for the group should be determined based on the estimated average useful life of the respective assets in the group. Assets remaining in use after reaching the end of their average useful life are not regarded as fully depreciated until actual retirement. On retirement of such assets the Accumulated Amortization account shall be charged with the book cost of the property retired and the cost of removal and disposal, and shall be credited with the salvage value and any other amounts recovered.

Group depreciation accounting neither reports nor recognizes gains or losses resulting from the retirement of property units before or after the expiration of an estimated service life. Under-depreciation of property units retired earlier than predicted is offset by over-depreciation of property units remaining in service beyond the estimated average service life of a group.

IFRS

Unlike the APHandbook which permits group depreciation accounting, IAS 16 provides that the cost of an item of property, plant and equipment that qualifies for separate recognition as an asset shall be depreciated over the estimated useful life of the asset. The carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item shall be included in profit or loss when the item or significant part is derecognized.⁷

The requirement of IAS 16 to recognize gain or loss on derecognition of an item or property, plant and equipment can be achieved by maintaining depreciation reserves by vintages within Profile IDs. The gain or loss arising from derecognition of a property unit is the difference between the net disposal proceeds, if

⁷ IAS 16, Paragraphs 50, 67 and 68.

any, and the carrying amount of the item derived from an allocation of the accumulated depreciation.

Hydro One Brampton

As noted earlier, Hydro One Brampton can identify the vintage year of plant in service at December 31, 2009 at the USoA level, but is unable to identify the vintage year or plant classified in USoA accounts that will be recorded in Profile ID categories prospectively. Given these data limitations, the Company proposes to retain legacy investments classified in current USoA categories and estimate gains or losses on pre-2010 vintages using a systematic allocation procedure. Post January 1, 2010 vintages will be recorded in Profile ID accounts with accumulated depreciation maintained by vintage year of placement.

The procedure developed for recognizing gains or losses on retirements from pre-2010 vintages first derives the carrying amount of each vintage within a USoA category by allocating accumulated depreciation to each vintage in proportion to plant. The vintage year of a retired item will be obtained from field information. Absent knowledge of the vintage year, the oldest vintage will be assigned to the retired item.

The installed cost of a retired item will be derived by applying a set of proprietary cost indexes to the replacement cost at January 1, 2010 based on existing engineering standards.

The carrying amount at January 1, 2010 of a plant item will be estimated by:

$$\text{Carrying Amount} = (\text{Deflated Replacement Cost}) \left(1.0 - \frac{2010 - \text{Vintage Year}}{\text{USoA Service Life}} \right).$$

Depreciation accruals between January 1, 2010 and the year of actual retirement will be given by:

$$\text{Accruals} = (\text{Deflated Replacement Cost}) \left(\frac{\text{Year of Retirement} - 2010}{\text{USoA Service Life} - \text{Age at January 1, 2010}} \right).$$

The carrying amount of the retired item at the date of retirement will be given by:

$$\text{Carrying Amount} = \text{Carrying Amount at January 1, 2010} - \text{Subsequent Accruals}.$$

Upon transition to IFRS and consistent with the practice of Hydro One Networks, Hydro One Brampton intends to adopt a “pure” amortization accounting treatment for general plant assets summarized in Table 3 below. Limited use of this form of accounting for low value assets has been determined to be in conformance with IAS 16.

Account Number	Description	Amortization Period
A	B	C
1915	Office Furniture and Equipment	10 yrs.
1935	Stores Equipment	10 yrs.
1940	Tools, Shop and Garage Equipment	10 yrs.
1960	Miscellaneous Equipment	10 yrs.

Table 3. Proposed Amortization Accounts

The term *amortization accounting* is commonly used in depreciation parlance to distinguish cost allocation over service life (*i.e.*, depreciation accounting) from cost allocation over a defined amortization period. Unlike depreciation accounting in which assets are depreciated over an estimated service life and retired when removed from service, amortization accounting provides cost allocation over a selected amortization period with retirements posted when an asset achieves an age equal to the amortization period. This treatment has been approved by the OEB for Hydro One Networks and confirmed to be consistent with IAS 16 based on materiality. Amortization accounting for the selected general plant categories will relieve Hydro One Brampton of the burden of maintaining detailed plant records for numerous plant items in which the unit cost is small in relation to the cost of tracking the disposition of the assets. Upon adoption of amortization accounting, plant older than the proposed amortization periods will be retired from service and future retirements will be posted as each vintage achieves an age equal to the selected amortization period.

SUMMARY

INTRODUCTION

The section summarizes current USoA plant accounts and identifies newly defined Profile IDs within USoA accounts for implementation of IAS 16 depreciation accounting rules. The accompanying Schedule A also contains a summary of current USoA service lives and service lives estimated for the newly defined Profile ID categories. Plant investments, recorded depreciation reserves and net plant at December 31, 2009 are shown for each USoA plant account.

HYDRO ONE BRAMPTON
USoA and Profile ID Categories
December 31, 2009

Schedule A

Description A	Service Life		Plant D	Recorded Reserve E	Net Plant F=D-E
	USoA B	IFRS C			
1610 Intangible Plant					
001 INTANGIBLE ASSETS - COMPUTER SOFTWARE	5	5			
002 INTANGIBLE ASSETS - T.S.CONTRIBUTIONS	40	40			
Total Intangible Plant			\$ 10,998,220	\$ 1,366,507	\$ 9,631,713
1806 Land Rights					
001 LAND RIGHTS - INDETERMINATE		Perpetual			
002 LAND RIGHTS - FINITE		Contract			
Total Land Rights			\$ 1,412,508	\$ 220,964	\$ 1,191,543
1808 Buildings and Fixtures					
001 SANDALWOOD BUILDING	50	50			
002 BUILDINGS - BRICK	50	50			
Total Buildings and Fixtures			\$ 26,581,220	\$ 8,013,158	\$ 18,568,062
1815 Transformer Station Equip. > 50 kV					
001 TS TRANSFORMERS AND TAP CHANGERS	40	40			
002 TS PRIMARY HV SWITCHES	40	30			
003 TS PROTECTION/AUTO TRANSFER SYS & ANCILLIARY EQUIP	40	20			
004 TS BUS WORK AND CUBICLES	40	40			
005 TS BREAKERS AND RECLOSURES AND LOCAL CONTROL SYS	40	40			
006 TS BATTERY SYSTEMS AND CHARGES / INVERTERS	40	10			
007 TS STATION SERVICE EQUIPMENT	40	40			
008 TS CABLES AND TERMINATIONS	40	30			
009 TS INSTRUMENT TRANSFORMERS (IT'S)	40	40			
010 TS STATION METERS	40	10			
012 TS ANCILLIARY METERING EQUIPMENT	40	10			
Total Transformer Station Equip. > 50 kV			\$ 14,909,471	\$ 2,655,626	\$ 12,253,845
1820 Distribution Station Equip. < 50 kV					
001 MS TRANSFORMERS AND TAP CHANGERS	30	40			
002 MS PRIMARY HV SWITCHES	30	30			
003 MS PROTECTION/AUTO TRANSFER SYS & ANCILLIARY EQUIP	30	20			
004 MS BUS WORK AND CUBICLES	30	40			
005 MS BREAKERS AND RECLOSURES AND LOCAL CONTROL SYS	30	40			
006 MS BATTERY SYSTEMS AND CHARGERS / INVERTERS	30	10			
007 MS STATION SERVICE EQUIPMENT	30	40			
008 MS CABLES AND TERMINATIONS	30	30			
009 MS INSTRUMENT TRANSFORMERS (IT'S)	30	40			
010 MS STATION METERS	30	15			
Total Distribution Station Equip. < 50 kV			\$ 40,637,279	\$ 27,932,761	\$ 12,704,518
1830 Poles, Towers and Fixtures					
001 POLES - WOOD	25	40			
002 POLES - NON WOOD	25	50			
Total Poles, Towers and Fixtures			\$ 61,098,800	\$ 21,713,492	\$ 39,385,308
1835 Overhead Conduct. & Devices					
001 O/H PRIM MAIN LN CONDUCTORS INC. NEUTRAL & LN ARRES	25	50			
002 SECONDARY MAIN LINE CONDUCTORS	25	50			
004 SWITCHES	25	25			
Total Overhead Conduct. & Devices			\$ 19,376,229	\$ 3,732,776	\$ 15,643,453
1840 Underground Conduit					
001 UNDERGROUND CONDUIT - DIRECT BURIED	25	50			
002 UNDERGROUND CONDUIT - CONCRETE ENCASED	25	75			
Total Underground Conduit			\$ 17,738,414	\$ 2,494,933	\$ 15,243,481
1845 Underground Conduct. & Devices					
001 PRIMARY CABLES	25	30			
004 SWITCHES AND SWITCHGEAR	25	30			
010 UNDERGROUND SECONDARY CABLES	25	50			
Total Underground Conduct. & Devices			\$ 215,034,537	\$ 94,946,248	\$ 120,088,289
1850 Line Transformers					
001 OVERHEAD TRANSFORMERS	25	40			
002 UNDERGROUND TRANSFORMERS	25	40			
Total Line Transformers			\$ 88,592,205	\$ 43,852,782	\$ 44,739,423

HYDRO ONE BRAMPTON
USoA and Profile ID Categories
December 31, 2009

Schedule A

Description A	Service Life		Plant D	Recorded Reserve E	Net Plant F=D-E
	USoA B	IFRS C			
1855 Services					
001 ALL LOW VOLTAGE (120 - 600 V) O/H SERVICES	25	50			
002 ALL U/G/LOW VOLTAGE (120 - 600 V) SERVICES	25	50			
Total Services			\$ 23,014,363	\$ 11,907,316	\$ 11,107,047
1860 Meters					
001 NON-IT BASED METERS	15	15			
002 IT BASED METERS	15	15			
Total Meters			\$ 38,316,089	\$ 12,561,711	\$ 25,754,379
1908 Buildings and Fixtures					
001 SOLAR PANELS	25	25			
Total Buildings and Fixtures			\$ 310,348	\$ 33,853	\$ 276,496
1915 Office Furniture and Equipment					
001 OFFICE FURNITURE AND EQUIPMENT	10	10			
Total Office Furniture and Equipment			\$ 1,702,247	\$ 1,581,833	\$ 120,413
1920 Computer Hardware - Major					
001 SERVERS, DESKTOPS, SANS	5	5			
Total Computer Hardware - Major			\$ 3,199,798	\$ 2,846,894	\$ 352,904
1930 Vehicles					
001 AUTOMOBILES	4	7			
002 TRUCKS UNDER 3 TONNES	5	10			
003 TRUCKS OVER 3 TONNES/TRAILERS	8	10			
Total Vehicles			\$ 9,376,602	\$ 5,981,990	\$ 3,394,612
1935 Stores Equipment					
001 STORES EQUIPMENT	10	10			
Total Stores Equipment			\$ 219,670	\$ 120,212	\$ 99,458
1940 Tools, Shop and Garage Equip.					
001 TOOLS, SHOP AND GARAGE EQUIP.	10	10			
Total Tools, Shop and Garage Equip.			\$ 2,847,869	\$ 1,999,230	\$ 848,639
1950 Power Operated Equipment					
001 POWER OPERATED EQUIPMENT	8	8			
Total Power Operated Equipment			\$ 37,250	\$ 24,835	\$ 12,416
1955 Communication Equipment					
001 COMMUNICATION EQUIPMENT	10	10			
Total Communication Equipment			\$ 605,068	\$ 183,893	\$ 421,175
1960 Miscellaneous Equipment					
001 MISCELLANEOUS EQUIPMENT	10	10			
Total Miscellaneous Equipment			\$ 140,982	\$ 58,741	\$ 82,241
1980 System Supervisory Equipment					
001 REMOTE SWITCH SCADA BATTERY	15	7			
002 REMOTE SWITCH SCADA MOTOR OPERATOR	15	15			
003 REMOTE SWITCH SCADA ENCLOSURES AND EQUIPMENT	15	15			
Total System Supervisory Equipment			\$ 4,511,464	\$ 3,219,842	\$ 1,291,622
Total BU 660			\$ 580,660,634	\$ 247,449,598	\$ 333,211,036

Appendix N



OPA Letter of Comment: Hydro One Brampton Networks Inc. Basic Green Energy Act Plan

July 29, 2010

Introduction

On March 25, 2010, The Ontario Energy Board (the “OEB”) issued its Filing Requirements for Distribution System Plans. As a condition of Licence, Ontario Distributors are required to file a Green Energy Act Plan (“GEA Plan”) as part of their cost of service application.

The Filing Requirements distinguish between Basic and Detailed Green Energy Act Plans and outline the specific information and level of detail which must be provided for each type of plan. Recognizing the importance of coordinated planning in achieving the goals of the *Green Energy and Green Economy Act, 2009* (“GEA”), distributors must consult with embedded and host distributors, upstream transmitters and the OPA in preparing their GEA Plans. For both Basic and Detailed GEA Plans, distributors are required to submit as part of the GEA Plan, a letter of comment from the OPA.

The OPA will review distributors’ Basic GEA Plans to ensure consistency with regard to FIT and microFIT applications received from renewable generators that would connect in the distributor’s service area.

Hydro One Brampton Networks Inc. (“HOBNI”) Green Energy Act Plan

On June 29, 2010, the OPA received a Basic GEA Plan from Hydro One Brampton (the “plan”). HOBNI’s plan covers Green Energy spending for 2011-2015 in the areas of enabling renewable energy generation, smart grid development and the promotion of energy conservation. The OPA has reviewed this plan and provides the following comments.

OPA FIT/microFIT Applications Received

The OPA has reviewed FIT applications within the Hydro One Brampton service territory and established that a total 50 FIT applications have applied to date. These numbers represent data from October 1, 2009 to July 29, 2010. In total these applications represent 14 MW of generation that may need to be accommodated on Hydro One Brampton’s distribution system. The total represents 32 FIT applications (9 MW), which are complete and 18 FIT applications (5 MW), which are currently being reviewed by the OPA. To date, the OPA has received 66 applications to the microFIT program (527 kW) in HOBNI’s service territory. By comparison, on page 12 of its plan HOBNI has estimated the FIT and microFIT applications as follows:

70 FIT applications totaling approximately 23.8 MW

- All but one under 500 kW
- Only one over 500 kW – 3.2 MW Biomass Unit

28 microFIT applications totaling approximately 208.1 kW

- 8 commercial solar
- 20 residential solar

In addition, page 16 of HOBNI's plan, indicates that it "plans on connecting over 40 MW of renewable generation per year for the next five years. The numbers of connections in the forecast include 25 MicroFIT and 75 FIT projects per year."

Due to the challenges that FIT proponents encounter in finalizing development and connection details, not all applications will necessarily materialize or be awarded a contract. The 40 MW/year estimated by HOBNI may therefore be high.

Upstream Transmission Constraints

The OPA sees that along with the constraints identified by HOBNI, there could also be possible constraints on Woodbridge TS 44kV, Goreway TS 44kV, and the JQ bus at Bramalea TS, all of which have the potential to limit FIT projects applying in that area.

Additionally, the OPA has noticed that Table 1 – HOBNI Feeder Capacity may not provide an accurate representation of the available capacity for renewable generation on the integrated T & D system. The table shows the total thermal capacity of all feeders to be close to 720MW, but does not represent the availability of capacity on the supplying transformer stations. The OPA recognizes that the majority of these assets are not owned or operated by HOBNI, but since these limits can be significantly more constraining than those of feeders, their inclusion would assist in providing a complete measure of how much generation the system can accommodate without upgrades. For comparison, the Connection Availability Table published in late 2009 and available on the OPA FIT website estimated the total available capacity at the same transformer stations at approximately 240MW. This value does not include FIT applications received to date, and is expected to be updated soon.

Economic Connection Test Results

There has been no Economic Connection Test performed for this region to date, but OPA expects to have these results available in 2011.

The OPA appreciates the opportunity to comment on Hydro One Brampton's Basic GEA Plan.

Appendix O

2011 Smart Meter Rate Rider Application

Final Disposition Rider

Revenue Requirement:

2006 Rate Year Entitlement	-	Previously Filed	5,207.00
2007 Rate Year Entitlement	343,540		438,974.82
2008 Rate Year Entitlement	1,115,769		1,271,192.84
2009 Rate Year Entitlement	2,526,775		2,678,081.38
	<u>3,986,083</u>		<u>4,393,456.04</u>

Smart Rate Rider Billed:

2006 Rate Year Billed May 1/06 - April 30/07	-	(397,303.59)
2007 Rate Year Billed May 1/07 - April 30/08	(964,337)	(964,336.70)
2008 Rate Year Billed May 1/08 - April 30/09	(978,674)	(1,273,225.16)
2009 Rate Year Billed May 1/09 - Dec 31/09	(1,191,228)	(1,191,228.30)
	<u>(3,134,239)</u>	<u>(3,826,093.75)</u>

Smart Meter Costs for Recovery

851,845	567,362.29
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Forecasted Number of Customers

132,427	132,427
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Number of Months

12	12
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Rate Rider

0.54	0.36
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Hydro One Brampton Networks Inc.
EB-2010-
2011 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values				Actual 2006				Actual 2007				Actual 2008				Actual 2009				
OH & UG Services	\$	-		\$	-		\$	-		\$	-		\$	-		\$	-			
General Office	\$	-		\$	-		\$	-		\$	-		\$	-		\$	-			
Building Renovations	\$	-		\$	-		\$	-		\$	-		\$	-		\$	-			
Smart meters	\$	-		\$	-		\$	-		\$	-		\$	-		\$	-			
Computer Hardware	\$	-		\$	-		\$	-		\$	-		\$	-		\$	-			
Computer Software	\$	-		\$	-		\$	-		\$	-		\$	-		\$	-			
Stores & Tools	\$	-	\$ -	\$	-		\$	-	\$ 2,079,360	\$	-		\$	-	\$ 6,870,945	\$	-	\$ 13,429,951	A	
	\$	-	\$ -	\$	-		\$	-	\$ 2,079,360	\$	-		\$	-	\$ 6,870,945	\$	-	\$ 13,429,951		
Working Capital																				
Operation Expense	\$	-		\$	-		\$	4,728		\$	6,152		\$	324,466		\$	48,670	\$ 48,670	B	
15% Working Capital	\$	-	\$ -	\$	-	\$ 709	\$	709		\$	923	\$ 923		\$	48,670	\$	48,670		C=A+B	
			\$ -			\$ 2,080,069		\$ 2,080,069			\$ 6,871,868		\$ 6,871,868		\$ 13,478,621					
Smart Meters Fixed Assets in Rate Base																				
Return on Rate Base																				
Deemed Debt - Long Term		55.0%	\$ -			57.5%	\$ 1,196,039				60.0%	\$ 4,123,121			60.0%	\$ 8,087,173			D=C'Deemed Long Term Debt	
Deemed Debt - Short Term			\$ -				\$ -					\$ -				\$ -			E=C'Deemed Short Term Debt	
Deemed Equity		45.0%	\$ -			42.5%	\$ 884,029				40.0%	\$ 2,748,747			40.0%	\$ 5,391,448			F=C'Deemed Equity	
			\$ -				\$ 2,080,069					\$ 6,871,868				\$ 13,478,621				
Weighted Debt Rate - Long Term		6.95%	\$ -			6.95%	\$ 83,125				6.95%	\$ 286,557			6.95%	\$ 562,058			G=D'Weighted Debt Rate	
Short Term Debt Rate			\$ -			9.00%	\$ 79,563				9.00%	\$ 247,387			9.00%	\$ 485,230			H=E'Short Term Debt Rate	
Equity Rate		9.00%	\$ -				\$ 162,687	\$ 162,687				\$ 533,944	\$ 533,944			\$ 1,047,289	\$ 1,047,289		I=F'ROE Rate	
Return on Rate Base			\$ -	\$ -															J=G+H+I	
Operating Expenses																				
Incremental Operating Expenses	\$	-		\$	-		\$ 4,728	\$ 4,728			\$ 6,152	\$ 6,152			\$ 324,466	\$ 324,466			K	
Amortization Expenses	\$	-		\$	-		\$ 143,404	\$ 143,404			\$ 483,748	\$ 483,748			\$ 969,455	\$ 969,455			L	
Revenue Requirement before PILs	\$	-		\$	-		\$ 310,819	\$ 310,819			\$ 1,023,844	\$ 1,023,844			\$ 2,341,210	\$ 2,341,210			M=J+K+L	
Calculation of Taxable Income																				
Incremental Operating Expenses	\$	-		\$	-		\$ (4,728)	\$ (4,728)			\$ (6,152)	\$ (6,152)			\$ (324,466)	\$ (324,466)			K	
Depreciation Expense	\$	-		\$	-		\$ (143,404)	\$ (143,404)			\$ (483,748)	\$ (483,748)			\$ (969,455)	\$ (969,455)			L	
Interest Expense	\$	-		\$	-		\$ (83,125)	\$ (83,125)			\$ (286,557)	\$ (286,557)			\$ (562,058)	\$ (562,058)			N=D+E	
Taxable Income for PILs	\$	-		\$	-		\$ 79,563	\$ 79,563			\$ 247,387	\$ 247,387			\$ 485,230	\$ 485,230			O=K+L+N	
Grossed up PILs								32,721	32,721			91,924	91,924			185,565	185,565		P	
Revenue Requirement before PILs								310,819	310,819			1,023,844	1,023,844			2,341,210	2,341,210		M	
Grossed up PILs								32,721	32,721			91,924	91,924			185,565	185,565		P	
Revenue Requirement for Smart Meters								343,540	343,540			1,115,769	1,115,769			2,526,775	2,526,775		Q=M+P	
Smart Meter Rate Adder																				
Revenue Requirement for Smart Meters								343,540	343,540			1,115,769	1,115,769			2,526,775	2,526,775		Q	
Total Metered Customers			120,293					126,026	126,026			129,522	129,522			130,963	130,963		R=March 2009 Total Metered Customers	
Annualized amount required per metered customer								2.73	2.73			8.61	8.61			19.29	19.29		S=Q/R	
Number of months in year			12					12	12			12	12			12	12		T	
Smart Meter Rate Adder								0.23	0.23			0.72	0.72			1.61	1.61		U	
Smart Meter Deferral Account Balance - PILs Calculation																				
Income Tax																				
Net Income	-						79,563	79,563			247,387	247,387			485,230	485,230				
Amortization	-						143,404	143,404			483,748	483,748			969,455	969,455				
CCA	-						172,085	172,085			566,731	566,731			1,104,241	1,104,241				
Revised Taxable Income	-						50,882	50,882			164,404	164,404			350,445	350,445				
Tax Rate	36.12%						36.12%	36.12%			33.50%	33.50%			33.00%	33.00%				
Income Taxes Payable	-						18,379	18,379			55,075	55,075			115,647	115,647				
Ontario Capital Tax																				
Smart Meter Related Fixed Assets	-						4,158,719	4,158,719			9,583,172	9,583,172			17,276,730	17,276,730				
Less: Exemption	-						-	-			-	-			-	-				
Deemed Taxable Capital	-						4,158,719	4,158,719			9,583,172	9,583,172			17,276,730	17,276,730				
Ontario Capital Tax Rate	0.300%						0.285%	0.285%			0.285%	0.285%			0.225%	0.225%				
NET OCT Amount	-						3,951	3,951			9,104	9,104			12,958	12,958				
PILs Payable																				
Gross Up	36.12%																			
Grossed Up PILs																				
PILs Payable							18,379	18,379	36.12%	28,770	3,951	3,951			115,647	115,647	33.00%	172,620		
Change in Income Taxes Payable							3,951	3,951		9,104	9,104	9,104			12,958	12,958		12,958		
Change in OCT							-	-		-	-	-			-	-		-		
PILs							22,329	22,329		32,721	32,721	32,721			128,604	128,604		185,565		

Smart Meter Fixed Asset Continuity

For Accounting

	Amortization Period	Opening Balance	Actual 2006 Additions	Actual Amortization For 2006	2006 Net Book Value	2006 Average NBV
OH & UG Services		-	-	-	-	-
Smart meters-1860		-	-	-	-	-
Computers-1920 - HDW		-	-	-	-	-
Computers-1925 - SFT		-	-	-	-	-
Tools, Shops - 1940		-	-	-	-	-
		-	-	-	-	-

	Amortization Period	Opening Balance	Actual 2007 Additions	Actual Amortization For 2007	2007 Net Book Value	2007 Average NBV
OH & UG Services		-	-	-	-	-
Smart meters-1860		-	4,302,123	143,404	4,158,719	2,079,360
Computers-1920		-	-	-	-	-
Computers-1925		-	-	-	-	-
Tools, Shops - 1940		-	-	-	-	-
		-	4,302,123	143,404	4,158,719	2,079,360

		Opening Balance	Actual 2008 Additions	Actual Amortization For 2008	2008 Net Book Value	2008 Average NBV
OH & UG Services		-	-	-	-	-
Smart meters-1860		4,158,719	5,908,201	483,748	9,583,172	6,870,945
Computers-1920		-	-	-	-	-
Computers-1925		-	-	-	-	-
Tools, Shops - 1940		-	-	-	-	-
		4,158,719	5,908,201	483,748	9,583,172	6,870,945

		Opening Balance	Actual 2009 Additions	Actual Amortization For 2009	2009 Net Book Value	2009 Average NBV
OH & UG Services	25	-	-	-	-	-
General Office	10	-	-	-	-	-
Building Renovations	30	-	-	-	-	-
Smart meters-1860	15	9,583,172	8,663,014	969,455	17,276,730	13,429,951
Computers-1920	5	-	-	-	-	-
Computers-1925	5	-	-	-	-	-
Tools, Shops - 1940	10	-	-	-	-	-
		9,583,172	8,663,014	969,455	17,276,730	13,429,951

Smart Meter Fixed Asset Continuity

For Tax Purposes

	CCA Class	CCA Rate	Opening UCC Balance	2006 Actual Additions	CCA For Opening UCC	CCA For 2006 Additions	Total CCA - 2006	Closing UCC Balance
OH & UG Services	Class 47	8%	0	-	-	-	-	-
Smart meters-1860	Class 47	8%	0	-	-	-	-	-
Computers-1920	Class 45.1	55%	0	-	-	-	-	-
Computers-1925	Class 12	100%	0	-	-	-	-	-
Tools, Shops - 1940	Class 8	20%	0	-	-	-	-	-
			0	-	-	-	-	-
	CCA Class	CCA Rate	Opening UCC Balance	2007 Actual Additions	CCA For Opening UCC	CCA For 2007 Additions	Total CCA - 2007	Closing UCC Balance
OH & UG Services	Class 47	8%	-	-	-	-	-	-
Smart meters-1860	Class 47	8%	-	4,302,123	-	172,085	172,085	4,130,038
Computers-1920	Class 45.1	55%	-	-	-	-	-	-
Computers-1925	Class 12	100%	-	-	-	-	-	-
Tools, Shops - 1940	Class 8	20%	-	-	-	-	-	-
			-	4,302,123	-	172,085	172,085	4,130,038
	CCA Class	CCA Rate	Opening UCC Balance	2008 Actual Additions	CCA For Opening UCC	CCA For 2008 Additions	Total CCA - 2008	Closing UCC Balance
OH & UG Services	Class 47	8%	-	-	-	-	-	-
Smart meters-1860	Class 47	8%	4,130,038	5,908,201	330,403	236,328	566,731	9,471,508
Computers-1920	Class 45.1	55%	-	-	-	-	-	-
Computers-1925	Class 12	100%	-	-	-	-	-	-
Tools, Shops - 1940	Class 8	20%	-	-	-	-	-	-
			4,130,038	5,908,201	330,403	236,328	566,731	9,471,508
	CCA Class	CCA Rate	Opening UCC Balance	2009 Actual Additions	CCA For Opening UCC	CCA For 2009 Additions	Total CCA - 2009	Closing UCC Balance
OH & UG Services	Class 47	8%	-	-	-	-	-	-
General Office	Class 8	20%	-	-	-	-	-	-
Building Renovations	Class 6	10%	-	-	-	-	-	-
Smart meters-1860	Class 47	8%	9,471,508	8,663,014	757,721	346,521	1,104,241	17,030,281
Computers-1921	Class 45.1	55%	-	-	-	-	-	-
Computers-1925	Class 12	100%	-	-	-	-	-	-
Tools, Shops - 1940	Class 8	20%	-	-	-	-	-	-
			9,471,508	8,663,014	757,721	346,521	1,104,241	17,030,281

2011 Smart Meter Rate Rider Application

Final Disposition Rider

Revenue Requirement:

2006 Rate Year Entitlement	-
2007 Rate Year Entitlement	343,540
2008 Rate Year Entitlement	1,115,769
2009 Rate Year Entitlement	2,526,775
	<u>3,986,083</u>

Smart Rate Rider Billed:

2006 Rate Year Billed May 1/06 - April 30/07	-
2007 Rate Year Billed May 1/07 - April 30/08	(964,337)
2008 Rate Year Billed May 1/08 - April 30/09	(978,674)
2009 Rate Year Billed May 1/09 - Dec 31/09	(1,191,228)
	<u>(3,134,239)</u>

Smart Meter Costs for Recovery

851,845

Forecasted Number of Customers

132,427

Number of Months

12

Disposition Rate Rider

0.54

Table 9-4
Summary of Revenue Requirement Calculations from 2006 to 2009

	2006	2007	2008	2009	Total
Return on rate base	-	162,687	533,944	1,047,289	1,743,920
Operating expenses	-	4,728	6,152	324,466	335,345
Depreciation expenses	-	143,404	483,748	969,455	1,596,608
PILs	-	32,721	91,924	185,565	310,210
Revenue Requirement	-	343,540	1,115,769	2,526,775	3,986,083

Average Fixed Asset Values

Working Capital

Smart Meters Fixed Assets in Rate Base

Weighted Debt Rate - Long Term

Operating Expenses

Amortization Expenses

Calculation of Taxable Income

Taxable Income for PILs

Revenue Requirement for Smart Meters

Smart Meter Rate Adder

Income Tax

Ontario Capital Tax

NET OCT Amount

PILS

[illegible]

Hydro One Brampton Networks Inc.
EB-2010-
2011 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values

OH & UG Services	\$	-	
General Office	\$	-	
Building Renovations	\$	-	
Smart meters	\$	2,079,360	
Computer Hardware	\$	-	
Computer Software	\$	-	
Stores & Tools	\$	-	\$ 2,079,360

Working Capital

Operation Expense	\$	4,728	
15% Working Capital	\$	709	\$ 709

Smart Meters Fixed Assets in Rate Base

\$ 2,080,069

Return on Rate Base

Deemed Debt - Long Term	57.5%	\$ 1,196,039	
Deemed Debt - Short Term		\$ -	
Deemed Equity	42.5%	\$ 884,029	
		<u>\$ 2,080,069</u>	

Weighted Debt Rate - Long Term	6.95%	\$ 83,125	
Short Term Debt Rate		\$ -	
Equity Rate	9.00%	\$ 79,563	
Return on Rate Base		<u>\$ 162,687</u>	\$ 162,687

Operating Expenses

Incremental Operating Expenses		\$	4,728
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Amortization Expenses

\$ 143,404

Revenue Requirement before PILs

\$ 310,819

Calculation of Taxable Income

Incremental Operating Expenses	\$	(4,728)
Depreciation Expense	\$	(143,404)
Interest Expense	\$	(83,125)
Taxable Income for PILs	\$	<u>79,563</u>

Grossed up PILs

\$ 32,721

Revenue Requirement before PILs

\$ 310,819

Grossed up PILs

\$ 32,721

Revenue Requirement for Smart Meters

\$ 343,540

Smart Meter Rate Adder

Revenue Requirement for Smart Meters	\$	343,540
Total Metered Customers		126,026
Annualized amount required per metered customer	\$	<u>2.73</u>
Number of months in year		12
Smart Meter Rate Adder	\$	<u>0.23</u>

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax

Net Income	\$	79,563
Amortization	\$	143,404
CCA	\$	(172,085)
Revised Taxable Income	\$	50,882
Tax Rate		36.12%
Income Taxes Payable	\$	<u>18,379</u>

Ontario Capital Tax

Smart Meter Related Fixed Assets	\$	4,158,719
Less: Exemption	\$	-
Deemed Taxable Capital	\$	4,158,719
Ontario Capital Tax Rate		0.285%
NET OCT Amount	\$	<u>3,951</u>

	PILs Payable	Gross Up	Grossed Up PILs
Change in Income Taxes Payable	\$ 18,379	36.12%	\$ 28,770
Change in OCT	\$ 3,951		\$ 3,951
PILs	\$ 22,329		\$ 32,721

Hydro One Brampton Networks Inc.
EB-2010-
2011 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values

OH & UG Services	\$ -	
General Office	\$ -	
Building Renovations	\$ -	
Smart meters	\$ 6,870,945	
Computer Hardware	\$ -	
Computer Software	\$ -	
Stores & Tools	\$ -	\$ 6,870,945

Working Capital

Operation Expense	\$ 6,152	
15% Working Capital	\$ 923	\$ 923

Smart Meters Fixed Assets in Rate Base

\$ 6,871,868

Return on Rate Base

Deemed Debt - Long Term	60.0%	\$ 4,123,121	
Deemed Debt - Short Term		\$ -	
Deemed Equity	40.0%	\$ 2,748,747	
		<u>\$ 6,871,868</u>	

Weighted Debt Rate - Long Term	6.95%	\$ 286,557	
Short Term Debt Rate		\$ -	
Equity Rate	9.00%	\$ 247,387	
Return on Rate Base		<u>\$ 533,944</u>	\$ 533,944

Operating Expenses

Incremental Operating Expenses		\$ 6,152	
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Amortization Expenses

\$ 483,748

Revenue Requirement before PILs

\$ 1,023,844

Calculation of Taxable Income

Incremental Operating Expenses	\$ (6,152)	
Depreciation Expense	\$ (483,748)	
Interest Expense	\$ (286,557)	
Taxable Income for PILs	<u>\$ 247,387</u>	

Grossed up PILs

\$ 91,924

Revenue Requirement before PILs

\$ 1,023,844

Grossed up PILs

\$ 91,924

Revenue Requirement for Smart Meters

\$ 1,115,769

Smart Meter Rate Adder

Revenue Requirement for Smart Meters	\$ 1,115,769	
Total Metered Customers	129,522	
Annualized amount required per metered customer	<u>\$ 8.61</u>	
Number of months in year	12	
Smart Meter Rate Adder	<u>\$ 0.72</u>	

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax

Net Income	\$ 247,387	
Amortization	\$ 483,748	
CCA	\$ (566,731)	
Revised Taxable Income	\$ 164,404	
Tax Rate	33.50%	
Income Taxes Payable	<u>\$ 55,075</u>	

Ontario Capital Tax

Smart Meter Related Fixed Assets	\$ 9,583,172	
Less: Exemption	\$ -	
Deemed Taxable Capital	\$ 9,583,172	
Ontario Capital Tax Rate	0.285%	
NET OCT Amount	<u>\$ 9,104</u>	

Change in Income Taxes Payable

Change in OCT

PILs

PILs Payable	Gross Up	Grossed Up PILs
\$ 55,075	33.50%	\$ 82,820
\$ 9,104		\$ 9,104
<u>\$ 64,179</u>		<u>\$ 91,924</u>

A

B

C=A+B

D=C*Deemed Long Term Debt

E=C*Deemed Short Term Debt

F=C*Deemed Equity

G=D*Weighted Debt Rate

H=E*Short Term Debt Rate

I=F*ROE Rate

J=G+H+I

K

L

M=J+K+L

K

L

N=D+E

O=K+L+N

P

M

P

Q=M+P

Q

R=March 2009 Total Metered Customers

S=Q/R

T

U

Hydro One Brampton Networks Inc.
EB-2010-
2011 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values

OH & UG Services	\$	-	
General Office	\$	-	
Building Renovations	\$	-	
Smart meters	\$	13,429,951	
Computer Hardware	\$	-	
Computer Software	\$	-	
Stores & Tools	\$	-	\$ 13,429,951

A

Working Capital

Operation Expense	\$	324,466	
15% Working Capital	\$	48,670	\$ 48,670

B

Smart Meters Fixed Assets in Rate Base

\$ 13,478,621

C=A+B

Return on Rate Base

Deemed Debt - Long Term	60.0%	\$	8,087,173	
Deemed Debt - Short Term		\$	-	
Deemed Equity	40.0%	\$	5,391,448	
		<u>\$</u>	<u>13,478,621</u>	

D=C*Deemed Long Term Debt

E=C*Deemed Short Term Debt

F=C*Deemed Equity

Weighted Debt Rate - Long Term	6.95%	\$	562,058	
Short Term Debt Rate		\$	-	
Equity Rate	9.00%	\$	485,230	
Return on Rate Base		<u>\$</u>	<u>1,047,289</u>	\$ 1,047,289

G=D*Weighted Debt Rate

H=E*Short Term Debt Rate

I=F*ROE Rate

J=G+H+I

Operating Expenses

Incremental Operating Expenses		\$	324,466	
--------------------------------	--	----	---------	--

K

Amortization Expenses

\$ 969,455

L

Revenue Requirement before PILs

\$ 2,341,210

M=J+K+L

Calculation of Taxable Income

Incremental Operating Expenses	\$	(324,466)	
Depreciation Expense	\$	(969,455)	
Interest Expense	\$	(562,058)	
Taxable Income for PILs	<u>\$</u>	<u>485,230</u>	

K

L

N=D+E

O=K+L+N

Grossed up PILs

\$ 185,565

P

Revenue Requirement before PILs

\$ 2,341,210

M

Grossed up PILs

\$ 185,565

P

Revenue Requirement for Smart Meters

\$ 2,526,775

Q=M+P

Smart Meter Rate Adder

Revenue Requirement for Smart Meters	\$	2,526,775	
Total Metered Customers		130,963	
Annualized amount required per metered customer	<u>\$</u>	<u>19.29</u>	
Number of months in year		12	
Smart Meter Rate Adder	<u>\$</u>	<u>1.61</u>	

Q

R=March 2009 Total Metered Customers

S=Q/R

T

U

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax

Net Income	\$	485,230	
Amortization	\$	969,455	
CCA	\$	(1,104,241)	
Revised Taxable Income	<u>\$</u>	<u>350,445</u>	
Tax Rate		33.00%	
Income Taxes Payable	<u>\$</u>	<u>115,647</u>	

Ontario Capital Tax

Smart Meter Related Fixed Assets	\$	17,276,730	
Less: Exemption	\$	-	
Deemed Taxable Capital	<u>\$</u>	<u>17,276,730</u>	
Ontario Capital Tax Rate		0.225%	
NET OCT Amount	<u>\$</u>	<u>12,958</u>	

Change in Income Taxes Payable

PILs Payable	Gross Up	Grossed Up PILs
\$ 115,647	33.00%	\$ 172,607
\$ 12,958		\$ 12,958
<u>\$ 128,604</u>		<u>\$ 185,565</u>

Change in OCT

PILs

Appendix P

OMERS SC approves temporary rate and benefit changes
OMERS Client Services
to:
tgill@hydroonebrampton.com
10/09/2010 11:26 AM
Please respond to omersnews
Show Details

You're receiving this newsletter because you are an employer representative.
To view this e-mail as a web page, please [click here](#).

OMERS

employer update

Dear OMERS employer:

Temporary rate and benefit changes approved

OMERS Sponsors Corporation (SC) has approved temporary changes to support the funded status of the OMERS Primary Plan:

- A planned three-year contribution rate increase for both members and employers, beginning in 2011, following the filing of the 2009 Primary Plan actuarial valuation with regulators this year.
- Changes to the calculation of benefits members receive if they terminate employment before they're eligible for an early retirement pension. (This only affects benefits based on service earned after 2012)

Below is an overview of the changes. More information, including examples showing the impact of the contribution increases, is available online at www.omers.com. The summer issue of *Member News* has been posted online and will be sent to members shortly. The newsletter covers the temporary changes in detail and also includes a special message from OMERS Sponsors Corporation Co-Chairs Brian O'Keefe and Marianne Love, and OMERS Administration Corporation Chair John Sabo, outlining the steps OMERS is taking to address the funding challenge.

2011 temporary contribution rate increase

OMERS SC has announced a three-year contribution rate increase for members and employers: an average 1% of a member's earnings per side in 2011, 1% in 2012 and 0.9% in 2013. Beginning with the first, full pay period in 2011, the rates paid by active members (and matched by their employers) will be as follows. (The exact rates for 2012 and 2013 will be determined next year.)

Contribution rates for normal retirement age 65 members

- On earnings up to CPP earnings limit*: 2010 is 6.4%; 2011 is 7.4%
- On earnings over CPP earnings limit*: 2010 is 9.7%; 2011 is 10.7%

Contribution rates for normal retirement age 60 members

- On earnings up to CPP earnings limit*: 2010 is 7.9 %; 2011 is 8.9%
- On earnings over CPP earnings limit*: 2010 is 13.1%; 2011 is 14.1%

*CPP earnings limit in 2010 is \$47,200; the limit in 2011 will be higher.

OMERS estimates the 1% contribution rate increase in 2011 would increase the amount an employer contributes to OMERS by about 10-13%. For example, an employer contributing \$1,500,000 in 2010 will contribute an additional \$150,000 to \$195,000 in 2011.

Multi-dimensional approach to funding deficit

The changes were undertaken as a temporary strategy to support the funded security of the OMERS Primary Plan. The OMERS Primary Plan had a funding shortfall of \$1.5 billion at December 31, 2009. These changes are necessary to offset nearly \$5 billion of net losses which will be added to the Plan's balance sheets over the next four years – mostly from the 2008 global market downturn. "The SC has a responsibility to manage surpluses and deficits through benefit and contribution rate changes," said Marianne Love, OMERS SC Co-Chair. "The contribution rate increase in 2011, along with the planned future rate increases and the temporary changes to terminating members' benefits, are the result of careful consideration of the options for addressing the growing deficit." "We will continue to carefully monitor the Primary Plan's funded status, and to make any decisions on changes through our annual planning cycle," said Brian O'Keefe, OMERS SC Co-Chair.

Temporary benefit calculation changes

Starting on January 1, 2013, the benefit calculation changes will affect members who terminate employment and who are not yet eligible for an early retirement pension. These members will no longer have pre-retirement indexing and early retirement subsidies included in the calculation of their benefits.

Who is affected by the benefit changes

Effective January 1, 2013, the changes will affect members who terminate employment before age 55 (if their normal retirement age is 65) or age 50 (if their normal retirement age is 60). Members who are within 10 years of their normal retirement age when they terminate employment are not affected. Retired members and anyone receiving an OMERS survivor pension are also not affected.

What do the changes affect?

These changes only affect OMERS Plan service earned on a "go-forward" basis – from the effective date of the change (January 1, 2013) onwards. They do not affect benefits that members earn for service up to the end of 2012. This means that when an affected member's termination benefit is calculated from January 1, 2013, it will be done in two parts: pre-2013 and post-2012. The pre-2013 portion will include pre-retirement indexing and early retirement subsidies, while the post-2012 portion won't*. Again, these changes will only affect members who are not within 10 years of their normal retirement age when they terminate employment after 2012.

What do the changes mean to OMERS pensions?

Members contribute towards their future pension, which is based on an average of their highest ("best five") earnings and their credited (paid) service in the Plan. The pension to which they're entitled is their normal retirement pension – the pension that would be paid if they were to retire at their normal retirement age (65 or 60).

Currently, if members terminate before they're eligible for an early retirement pension (more than 10 years away from normal retirement age), the OMERS Plan includes pre-retirement indexing and early retirement subsidies when we calculate the value of their pension. Starting on January 1, 2013, affected members' pension benefits earned after 2012 will be based on the actuarial value of their normal retirement pension – without pre-retirement indexing and early retirement subsidies.

What is "pre-retirement indexing"?

Currently, pre-retirement indexing is the inflation protection we apply when we calculate a terminating member's OMERS pension benefit. This benefit extends from the date a member leaves their employer until the date their pension begins. The indexation applies regardless of whether the member chooses to leave their pension in the OMERS Plan, or transfer their commuted value out of the OMERS Plan. Starting on January 1, 2013, affected members will not receive this benefit on credited service earned after this date.

What are "early retirement subsidies"?

Currently, OMERS includes some "extras," such as the OMERS "bridge" benefit and early retirement provisions, when we calculate a terminating member's pension benefit. These features are in addition to the lifetime pension (payable at normal retirement age) an OMERS member earns, and are an added cost to the Plan. Effective January 1, 2013, these features will no longer be included for an affected member's service earned after 2012*. The bridge benefit temporarily supplements a member's OMERS Plan pension until the CPP normal retirement pension begins at age 65. Early retirement provisions determine whether the member would be entitled to an unreduced early retirement pension before they reach their normal retirement age and the reduction factor that is applied if a member is not entitled to an unreduced early retirement pension.

More info to come...

At its September meeting, the SC will consider the Plan amendment language which will implement the approved

2011 contribution rate increases and the 2013 benefit changes.

OMERS is developing further member case examples and cost analyses, and will provide more details on these changes and their impact via www.omers.com and in our future newsletters.

If your members have any questions or comments about these changes, please ask them to send them to client@omers.com and to the Superintendent of Financial Services at FSCO, 5160 Yonge Street, P.O. Box 85, Toronto, ON M2N 6C9.

Changes are temporary

Contribution rate increases and benefit measures are intended to be temporary, until the Plan again reaches a fully funded position. At that time, contribution rates would be adjusted to the level required to provide benefits going forward, and the benefit changes would be reinstated on a go-forward basis.



Plan for the Future

If there is any discrepancy between the information in this newsletter and the *Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act, 2006)* and the plan text, the *OMERS Act, 2006* and plan text will govern.

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www.omers.com
employer@omers.com

This is a mandatory internal e-mail, please do not unsubscribe.

Appendix Q

2001

Tax Returns and

Financial Statements

T2 CORPORATION INCOME TAX RETURN

200

Canada Customs and Revenue Agency
Agence des douanes et du revenu du Canada

055 Do not use this area

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, including proposed legislation, see the corresponding items in the *2000 T2 Corporation Income Tax Guide*.

Send one completed copy of this return, including schedules, and the *General Index of Financial Information* (GIFI) to your tax services office or to the tax centre that serves the corporation. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

HYDRO ONE
BRAMPTON
NETWORKS INC.
2001

Identification

Business Number (BN) 001 864867635RC0001

002 Corporation's name

Hydro One Brampton Networks Inc.

Has the corporation changed its name since the last time we were notified? 003 1 Yes ☒ 2 No ☐

If yes, do you have a copy of the articles of amendment? 004 1 Yes ☒ 2 No ☐

Address of head office

Has the address changed since the last time we were notified? 010 1 Yes ☐ 2 No ☒

011 175 Sandalwood Parkway

012

City Province, territory, or state

015 Brampton

016 ON

Country (other than Canada)

Postal Code/ZIP code

017 CA

018 L7A-1E8

Mailing address (if different from head office address)

Has the address changed since the last time we were notified?

020 1 Yes ☐ 2 No ☒

021 c/o

022

023

City Province, territory, or state

025

Country (other than Canada)

026

Postal code/ZIP code

027

028

Location of books and records

031 175 Sandalwood Parkway

032

City Province, territory, or state

035 Brampton

036 ON

Country (other than Canada)

Postal Code/ZIP code

037 CA

038 L7A-1E8

040 Type of corporation at the end of the taxation year

1 ☒ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation

2 ☐ Other private corporation 5 ☐ Other corporation (please specify, below)

3 ☐ Public corporation

If not private (3, 4 or 5), is the corporation subject to Part IV tax? Yes ☐ No ☐

If the type of corporation changed during the taxation year, please provide the effective date of the change 043 2001-08-01
YYYY/MM/DD

To which taxation year does this return apply?

Taxation year start

Taxation year end

060 2001-08-01
YYYY/MM/DD

061 2001-12-31
YYYY/MM/DD

Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒

If yes, provide the date control was acquired 065

YYYY/MM/DD

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, please provide Schedule 24

Has there been a windup of a subsidiary under section 88 during the current taxation year? 072 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 24

Is this the final taxation year before amalgamation? 076 1 Yes ☐ 2 No ☒

Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

080 1 Yes ☒ 2 No ☐ If no, give the country of residence.

081

Is the non-resident corporation claiming an exemption under an income tax treaty?

If yes, please provide Schedule 91 082 1 Yes ☐ 2 No ☒

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

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

Do not use this area

091	092	093	094	095	096
097					

Attachments

Financial statement information: For taxation years ending in 2000 and later, use GIFI schedules 100, 125, and 141. * We do not print these schedules.
Schedules - Answer the following questions. For each yes response, attach to the T2 return the schedule that applies.

Guide item		Yes	Schedule
27	Is the corporation related to any other corporations?	<input checked="" type="checkbox"/>	9
28	Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	19
29	Is the corporation an associated Canadian-controlled private corporation?	<input checked="" type="checkbox"/>	23
30	Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	<input type="checkbox"/>	49
32	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
33	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
34	Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
35	Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	15
37	Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004
38	Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	T5013
40	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
41	Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	25
42	Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal Income Tax Regulations?	<input type="checkbox"/>	29
43	Has the corporation had any non-arm's-length transactions with a non-resident?	<input type="checkbox"/>	T106
47	Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	<input type="checkbox"/>	
46	Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	50
53	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
76-79	Has the corporation made any charitable donations, gifts to Canada or a province, or gifts of cultural or ecological property?	<input type="checkbox"/>	2
80,102	Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input type="checkbox"/>	3
67-74	Is the corporation claiming any type of losses?	<input type="checkbox"/>	4
128	Is the corporation claiming a provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input type="checkbox"/>	5
54	Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	<input type="checkbox"/>	6
100	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
55	Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
56	Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	10
57	Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
58	Is the corporation claiming reserves of any kind?	<input type="checkbox"/>	13
59	Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
60	Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<input type="checkbox"/>	17
146	Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
127	Was the corporation carrying on business in Canada while not a Canadian corporation?	<input type="checkbox"/>	20 *
115	Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<input type="checkbox"/>	21
151	Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	<input type="checkbox"/>	26 *
108	Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
118	Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	31
61	Is the corporation claiming any scientific research and experimental development expenditures?	<input type="checkbox"/>	T661
121	Is the corporation subject to gross Part I.3 tax?	<input checked="" type="checkbox"/>	33/34/35
121	Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	<input checked="" type="checkbox"/>	36
121	Is the corporation claiming a surtax credit?	<input type="checkbox"/>	37
125	Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
125	Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	42
126	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
126	Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
122	Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	<input type="checkbox"/>	46
125	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
125	For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	<input type="checkbox"/>	40
125	For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	<input type="checkbox"/>	41
148	Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	T1131

Attachments - continued from page 2

Guide item	Yes	Schedule
149 Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
44 Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134-A
44 Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
44 Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
44 Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
44 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
— Is the corporation claiming the BC mining exploration tax credit?	<input type="checkbox"/>	421
— Is the corporation claiming the BC SR&ED tax credit?	<input type="checkbox"/>	T666

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 activity involves the resale of goods, indicate 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 Distrib	285 100%
	286		287 0%
	288		289 0%

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF1	300	2,649,611	A
Deduct: Charitable donations from Schedule 2	311	0	
Gifts to Canada or a province from Schedule 2	312	0	
Cultural gifts from Schedule 2	313	0	
Ecological gifts from Schedule 2	314	0	
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3	320	0	
Part VI.1 tax deduction from Schedule 43	325	0	
Non-capital losses of preceding taxation years from Schedule 4	331	0	
Net-capital losses of preceding taxation years from Schedule 4	332	0	
Restricted farm losses of preceding taxation years from Schedule 4	333	0	
Farm losses of preceding taxation years from Schedule 4	334	0	
Limited partnership losses of preceding taxation years from Schedule 4	335	0	
Taxable capital gains or taxable dividends allocated from a central credit union	340	0	
Prospector's and grubstaker's shares	350	0	
Subtotal		0	B
Subtotal (amount A minus amount B)		2,649,611	C
Add: Section 110.5 additions	355	0	D
Taxable income (amount C plus amount D)	360	2,649,611	
Income exempt under paragraph 149(1)(i)	370	0	
Taxable income for a corporation with exempt income under paragraph 149(1)(i) (line 360 minus line 370)		2,649,611	Z

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the taxation year

Income from active business carried on in Canada from Schedule 7	400	<u>0</u>	A
Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/3 of the amount that would be deductible at line 632*, and 10/4 of line 636, and minus any amount that, because of federal law is exempt from Part I tax	405	<u>0</u>	B
Business limit (for associated corporations, enter business limit from Schedule 23)	410	<u>0</u>	C
Reduction to business limit:			
Amount C <u>0</u> x 415 ** <u>0</u> D =		<u>0</u>	E
	11,250		
Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	<u>0</u>	F
Small business deduction - 16.00% of the least of amounts A, B, C, and F (enter amount G on line 9 of page 7)	430	<u>0</u>	G

* Calculate the amount of foreign non-business income tax credit deductible at line 632 without reference to the refundable tax on CCPC's investment income (line 604).

** Large corporation tax for preceding year - Enter the total gross Part I.3 tax for the corporation for its preceding taxation year, before deducting the surtax credits, increased to reflect a full-year tax liability if the previous year is less than 51 weeks. For associated corporations, see Schedule 23 for the special rules that apply.

Accelerated tax reduction

Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction

Reduced business limit (amount from line 425)	<u>0</u> x 3/2 =	<u>0</u>	A
Net active business income (amount from line 400) *		<u>0</u>	B
Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of line 636 on page 7		<u>0</u>	C
Deduct:		<u>0</u>	D
Aggregate investment income (amount from line 440 of page 6)		<u>0</u>	D
Amount C minus amount D (if negative, enter "0")		<u>0</u>	E
The least of amounts A, B, or E above		<u>0</u>	F
Amount Z from Part 9 of Schedule 27	<u>0</u> x 100/7 =	<u>0</u>	G
Amount QQ from Part 13 of Schedule 27		<u>0</u>	H
Resource allowance (amount from line 346 of Schedule 1)	<u>0</u> x 3 =	<u>0</u>	I
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		<u>0</u>	J
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction		<u>0</u>	K
Total of amounts G, H, I, J, and K		<u>0</u>	L
Amount F minus amount L (if negative, enter "0")		<u>0</u>	M
Amount M <u>0</u> x Number of days in the taxation year after December 31, 2000	<u>0</u>	<u>0</u>	N
	Number of days in the taxation year	153	
Accelerated tax reduction - 7% of amount N (enter amount O on line 637 of page 7)		<u>0</u>	O

* Specified partnerships need to use Schedule 70 to calculate net active business income, if the amount at line 450 of Schedule 7 is positive.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 or amount Z of page 3	0	A
Amount Z from Part 9 of Schedule 27	0 x 100/7	0 B
Amount QQ from Part 13 of Schedule 27		0 C
Resource allowance (amount from line 346 of Schedule 1)	0 x 3 =	0 D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		0 E
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction on page 4		0 F
Aggregate investment income from line 440 of page 6		0 G
Amount used to calculate the accelerated tax reduction (amount M of page 4)		0 H
Total of amounts B, C, D, E, F, G, and H		0 I
Amount A minus amount I (if negative, enter "0")		0 J
Amount J	0 x $\frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$	$\frac{153}{153} \times 1\% = 0$ K
Amount J	0 x $\frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$	$\frac{0}{153} \times 3\% = 0$ L
Amount J	0 x $\frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$	$\frac{0}{153} \times 5\% = 0$ M
Amount J	0 x $\frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$	$\frac{0}{153} \times 7\% = 0$ N
General tax reduction for Canadian-controlled private corporations - Total of amounts K, L, M and N (enter amount O on line 638 of page 7)		0 O

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or a non-resident-owned investment corporation

Taxable income from line 360 or amount Z of page 3		2,649,611 A
Amount Z from Part 9 of Schedule 27	0 x 100/7	0 B
Amount QQ from Part 13 of Schedule 27		0 C
Resource allowance (amount from line 346 of Schedule 1)	0 x 3 =	0 D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		0 E
Total of amounts B, C, D, and E		0 F
Amount A minus amount F (if negative, enter "0")		2,649,611 G
Amount G	$2,649,611 \times \frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$	$\frac{153}{153} \times 1\% = 26,496$ H
Amount G	$2,649,611 \times \frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$	$\frac{0}{153} \times 3\% = 0$ I
Amount G	$2,649,611 \times \frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$	$\frac{0}{153} \times 5\% = 0$ J
Amount G	$2,649,611 \times \frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$	$\frac{0}{153} \times 7\% = 0$ K
General tax reduction - Total of amounts H, I, J and K (enter amount L on line 639 of page 7)		26,496 L

Corporation's name
Hydro One Brampton Networks Inc.

Business Number
864867635RC0001

Taxation year-end
2001-12-31

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income 440 0 x 26 2/3% = 0 A
(amount P from Part 1 of Schedule 7)

Foreign non-business income tax credit from line 632 on page 7 0

Deduct:

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

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

Taxable income from line 360 on page 3 0

Deduct:

Least of amounts on lines 400, 405, 410, and 425 on page 4 0

Foreign non-business
income tax credit from
line 632 of page 7 0 x 25/9 = 0

Foreign business income
tax credit from line 636
of page 7 0 x 10/4 = 0

..... 0
..... 0 x 26 2/3% = 0 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) 745,071

Deduct corporate surtax from line 600 of page 7 29,676

Net amount 715,395 715,395 E

Refundable portion of Part I tax - The least of amounts C, D, and E 450 0 F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year 460 0
Deduct dividend refund for the previous taxation year 465 0
..... 0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

Total Part IV tax payable from line 360 on page 2 of Schedule 3 0

Net refundable dividend tax on hand transferred from a predecessor
corporation on amalgamation, or from a wound-up subsidiary corporation 480 0
..... 0 B

Refundable dividend tax on hand at the end of the taxation year - Amount A plus amount B 485 0

Dividend refund

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

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3 0 x 1/3 0 A

Refundable dividend tax on hand at the end of the taxation year from line 485 above 0 B

Dividend refund - Lesser of amounts A and B (enter this amount on line 784 of page 8) 0

Part I tax

Base amount of Part I tax - 38.00% of taxable income (line 360 or amount Z, whichever applies) from page 3 550 1,006,852 A

Corporate surtax calculation

Base amount from line A above 1,006,852 1
Deduct:
10% of taxable income (line 360 or amount Z, whichever applies) from page 3 264,961 2
Investment corporation deduction from line 620 below 0 3
Federal logging tax credit from line 640 below 0 4
Federal qualifying environmental trust tax credit from line 648 below 0 5

For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b, and c below on line 6:

28.00 % of taxable income from line 360 of page 3 0 a
28.00 % of taxed capital gains 0 b
Part I tax otherwise payable 0 c
(line A plus lines C and D minus line F)
Total of lines 2 to 6 264,961 7
Net amount (line 1 minus line 7) 741,891 8

Corporate surtax -4.00 % of the amount on line 8 600 29,676 B

Recapture of investment tax credit from line XX in Part 16 of Schedule 31 602 0 C

Calculation for the refundable tax on Canadian-controlled private corporation's investment income
(for a CCPC throughout the taxation year)

Aggregate investment income from line 440 on page 6 0 i
Taxable income from line 360 on page 3 2,649,611
Deduct:
The least of amounts on lines 400, 405, 410, and 425 of page 4 0
Net amount 2,649,611 ii

Refundable tax on CCPC's investment income - 6 2/3% of the lesser of amounts i or ii 604 0 D

Subtotal (add lines A, B, C, and D) 1,036,528 E

Deduct:

Small business deduction from line 430 of page 4 0 9
Federal tax abatement 608 264,961
Manufacturing and processing profits deduction from amount BB or amount VV of Schedule 27 616 0
Investment corporation deduction 620 0
(taxed capital gains 624 0)
Additional deduction - credit unions from Schedule 17 628 0
Federal foreign non-business income tax credit from Schedule 21 632 0
Federal foreign business income tax credit from Schedule 21 636 0
Accelerated tax reduction from amount O of page 4 637 0
General tax reduction for CCPCs from amount O of page 5 638 0
General tax reduction from amount L of page 5 639 26,496
Federal logging tax credit from Schedule 21 640 0
Federal political contribution tax credit 644 0
Federal political contributions 646 0
Federal qualifying environmental trust tax credit 648 0
Investment tax credit from Schedule 31 652 0
Part VI tax credit from Schedule 42 656 0
Part I.3 tax credit from Schedule 37 660 0
Subtotal 291,457 291,457 F

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) 745,071 G

Summary of tax and credits

Federal tax		
Part I tax payable from page 7	700	745,071
Part I.3 tax payable from Schedule 33, 34, or 35	704	218,082
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		963,153

Add provincial and territorial tax:

Provincial or territorial jurisdiction	750	ON	
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)			
Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)	760		0
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765		0
Total tax payable	770		963,153 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	0
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0
Total payments on which tax has been withheld	801	0
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	0
Provincial and territorial capital gains refund from Schedule 18	808	0
Provincial and territorial refundable tax credits from Schedule 5	812	0
Royalties deductible under Syncrude Remission Order	815	0
Tax remitted under Syncrude Remission Order	816	0
Tax instalments paid	840	963,153
Total credits	890	963,153
Balance (line A minus line B)		0

Refund code 894 0

Overpayment 0

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:

<input type="checkbox"/> Start	<input type="checkbox"/> Change information	910
		Branch number
914	918	
Institution number	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.
We do not charge or refund a difference of less than \$2.

Balance unpaid 0

Enclosed payment 898 0

If the corporation is a Canadian-controlled private corporation throughout the taxation 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 Frey Last name in block letters 951 David First name in block letters 954 VP, Finance & Administrations 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 taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2002/06/05 Date (yyyy/mm/dd) 956 905-840-6300 Telephone number

Signature of an authorized signing officer of the corporation

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

957 1 Yes ☐ 2 No ☒

958 Jamie Gribbon Name in block letters 959 905-840-6300 Telephone number

Language of correspondence - Langue de correspondance

990 Please indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais

☒ 2 Français/French

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

- 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.
- 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."
- For more information, see the "T2 Corporation Income Tax Guide."

Net income (loss) after taxes and
extraordinary items per financial statements 3,872,829 A

Additions:

Amortization of tangible assets	104	4,761,108	
Non-deductible meals and entertainment expenses	121	12,440	
Reserves from financial statements - balance at the end of the year	126	3,900,000	
Subtotal of additions		8,673,548	8,673,548

Other Additions:

Miscellaneous Other Additions:

600 Software expensed per F/S	290	33,549	
601	291	0	
602	292	0	
603a 0			
603b 0			
	0	293	0
604a 0			
604b 0			
	0	294	0
Subtotal of Other Additions	199	33,549	33,549
Total Additions	500	8,707,097	8,707,097

Deductions:

Gain on disposal of assets per financial statements	401	89,386	
Capital cost allowance from Schedule 8	403	3,497,596	
Cumulative eligible capital deduction from Schedule 10	405	1,287,711	
Reserves from financial statements - balance at the beginning of the year	414	3,780,000	
Subtotal of Deductions		8,654,693	8,654,693

Other Deductions:

Miscellaneous Other Deductions:

700 Capital tax not expensed	390	325,887	
701 Capitalized interest	391	229,306	
702 Prospectus & underwriting costs	392	64,807	
703 Deferred costs deductible	393	655,622	
704	394	0	
Subtotal of Other Deductions	499	1,275,622	1,275,622
Total Deductions	510	9,930,315	9,930,315

Net income (loss) for income tax purposes 2,649,611
(enter on line 300 on the T2 return) =====

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class	UCC at Beginning No. [200]	Cost of Additions During Year [203]	Adjustments [205]	Lesser of Cost or Proceeds [207]	1/2 of [203]-[207] [211]	Rate [212]	Recapture of Capital Cost Allowance [213]	Terminal Loss [215]	Capital Cost Allowance [217]	Undepreciated Capital Cost end of year [220]
1	122,579,573	13,518,413	0	0	6,759,206	4	0	0	2,168,639	133,929,347
2	44,877,032	0	0	0	0	6	0	0	1,128,688	43,748,344
8	750,350	174,618	0	0	87,309	20	0	0	70,226	854,742
10	630,093	785,580	0	89,386	348,097	30	0	0	123,011	1,203,276
12	0	33,549	0	0	16,774	100	0	0	7,032	26,517
Total	168,837,048	14,512,160	0	89,386	7,211,386		0	0	3,497,596	179,762,226

Hydro One Brampton Networks Inc.
 Account/Business No.: 864867635RC0001
 RELATED AND ASSOCIATED CORPORATIONS

Year Ended: 2001-12-31

Sch. 009

This schedule is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporation(s)

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
Hydro One Networks Inc.	CA	870865821RC0001	3	0	0.00	0	0.00	0
Hydro One Inc.	CA	869994731RC0001	3	0	0.00	0	0.00	0
Hydro One Telecom Inc.	CA	868001066RC0001	3	0	0.00	0	0.00	0
Hydro One Markets Inc.	CA	867584989RC0001	3	0	0.00	0	0.00	0
Ontario Hydro Energy Inc.	CA	884036625RC0001	3	0	0.00	0	0.00	0
Hydro One Remote Communities	CA	870836269RC0001	3	0	0.00	0	0.00	0
Hydro One Network Services Inc	CA	863550190RC0001	3	0	0.00	0	0.00	0
Hydro One Delivery Services In	CA	869177246RC0001	3	0	0.00	0	0.00	0
Hydro One Telecom Link Limited	CA	887867513RC0001	3	0	0.00	0	0.00	0
Hydro One Brampton Inc.	CA	868794520RC0001	1	0	0.00	0	0.00	0
Hydro One Brampton Services	CA	868794728RC0001	3	0	0.00	0	0.00	0
Hydro One International Inc.	CA	881373468RC0001	3	0	0.00	0	0.00	0

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation.
 For example, if the corporation is the parent corporation of the filing corporation, then the relationship
 code is "1".

Schedule 9

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- 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.
- This form applies to taxation years that end after February 27, 2000.

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

Cumulative eligible capital - Balance at end of preceding taxation year

(if negative, enter "0") 200 44,162,168 A

Add:

Cost of eligible capital property acquired during
the taxation year 222 16,172 BAmount transferred on amalgamation or wind-up
of subsidiary 224 0 C

Other adjustments 226 0 D

(add amounts B, C, and D) 16,172 x 0.75 = 12,129 E

Subtotal (amount A plus amount E) 230 44,174,297 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 0 GThe gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7) 244 0 H

Other adjustments 248 0 I

(add amounts G, H, and I) 0 x 0.75 = 248 0 J

Cumulative eligible capital balance (amount F minus amount J) 44,174,297 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)Current year deduction amount K 44,174,297 x 7.00% = 250 1,287,711 L
(enter amount L at line 405 of Schedule 1)Cumulative eligible capital - Closing balance 300 42,886,586 M
Amount K minus amount L (if negative, enter "0")

Note

You can claim any amount up to the maximum deduction of 7%. For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 - Amount to be included in income arising from disposition

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

Amount from line K above (show as a positive amount)			0	N
Total of cumulative eligible capital deductions from income for taxation years beginning after June 30, 1988	400	0	1	
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7)	401	0	2	
Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988	402	0	3	
Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988	408	0	4	
Line 3 minus line 4	0	0	5	
Total of lines 1, 2, and 5		0	6	
Line T from Schedule 10 of previous taxation years ending after February 27, 2000	409	0	7	
Line 6 minus line 7		0		0 O
Line N minus line O (cannot be negative)				0 P
Amount on line 5 0 x 1/2				0 Q
Line P minus line Q				0 R
Amount on line R 0 x 2/3 *				0 S
Lesser of line N or line O				0 T
Amount to be included in income on line 108 of Schedule 1, line S plus line T For taxation years ending before February 28, 2000, line N - line Q		410	0	

* For taxation years ending after February 27, 2000, and before October 18, 2000,
use fraction 8/9 to calculate line S.

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS (CCPC's)
TO ALLOCATE THE BUSINESS LIMIT (1998 and later taxation years)**

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to allocate the business limit for purposes of the small business deduction. Information from this schedule will be used to determine the date the balance of tax is due and to calculate the business limit reduction.
- An associated CCPC that has more than one taxation year ending in a calendar year, is required to file an agreement for each taxation year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including non-CCPCs and CCPCs that have filed an election under subsection 256(2) not to be associated for purposes of the small business deduction.

Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the code that applies to each corporation:

- 1 - associated for purposes of allocating the business limit (unless association code 5 applies)
- 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 - non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 - associated non-CCPC
- 5 - associated CCPC that is not associated for purposes of allocating the business limit because of a subsection 256(2) election made by a "third corporation".

Column 4: Enter the amount allocated to each corporation that has an association code 1 in column 3. The total of all amounts in column 4 can not exceed \$200,000.

Column 5: Complete column for a CCPC that has more than one taxation year ending in a calendar year, and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year. Enter the taxation year to which this agreement applies.

Column 6: Enter the gross Part I.3 tax of the prior year. This is used for the business limit reduction.

Allocation of business limit

Date filed (for departmental use only) Year Month Day

Enter the calendar year to which the agreement applies Year
2001

Is this an amended agreement for the above-noted calendar year that
is intended to replace an agreement previously filed by any of the
associated corporations listed below? [Y/N] [N]

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit allocated (Note 1)	Taxation year end to which this agreement applies	Gross Part I.3 Tax of the prior year (Notes 2 & 3)
	<div>100</div>	<div>200</div>	<div>300</div>	<div>400</div>	<div>500</div>
Hydro One Brampton Networks Inc	864867635RC0001		0	2001-12-31	0
See attached			200,000		0
			-----		-----
	Totals (not to exceed \$200,000)		200,000		0
			=====		=====

Note 1:

Each corporation will enter the amount allocated to it in column 4 on line 410 of the T2 return unless the corporation's taxation year is less than 51 weeks, in which case the amount allocated in column 4 must be prorated by the number of days in the taxation year divided by 365.

Note 2:**Reduction to the business limit under subsection 125(5.1)**

The reduction to the business limit applies when any member of the associated group had gross Part I.3 tax payable (before the deduction of surtax credits) for its last taxation year ending in the preceding calendar year. The reduction is calculated in the small business deduction area of the T2 return. The amount to be entered at line 415 of the T2 return, (large corporation tax for preceding year), includes the gross Part I.3 tax payable for each corporation that has an "association code" of 1 or 4 in column 3 for its last taxation year ending in the preceding calendar year.

Note 3:

If the taxation year of the associated corporation was less than 51 weeks, the amount of gross Part I.3 tax is the unprorated amount before the application of subsection 181.1(2).

Scn. 023-Supp.

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001 **Year Ended: 2001-12-31**
AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6
Name of associated corporation	Business Number of associated corporation	Asso- ciation code	Business limit allocated (Note)	Taxation year end to which this agreement applies	Gross Part I.3 Tax of the prior year
[100]	[200]	[300]	[400]	[500]	
Hydro One Networks Inc.	870865821RC0001	1	200,000	2001-12-31	0
Hydro One Inc.	869994731RC0001	1	0	2001-12-31	0
Hydro One Telecom Inc.	868001066RC0001	1	0	2001-12-31	0
Hydro One Markets Inc.	867584989RC0001	1	0	2001-12-31	0
Ontario Hydro Energy Inc.	884036625RC0001	1	0	2001-12-31	0
Hydro One Remote Communities	870836269RC0001	1	0	2001-12-31	0
Hydro One Network Services Inc	863550190RC0001	1	0	2001-12-31	0
Hydro One Delivery Services In	869177246RC0001	1	0	2001-12-31	0
Hydro One Telecom Link Limited	887867513RC0001	1	0	2001-12-31	0
Hydro One Brampton Inc.	868794520RC0001	1	0	2001-12-31	0
Hydro One Brampton Services	868794728RC0001	1	0	2001-12-31	0
Hydro One International Inc.	881373468RC0001	1	0	2001-12-31	0
TOTALS			200,000		0

Note: Each corporation will enter the amount allocated to it in column 4 on line 410 of the T2 return unless the corporation's taxation year is less than 51 weeks, in which case the amount allocated in column 4 must be prorated by the number of days in the taxation year divided by 365.

Reduction to the business limit under subsection 125(5.1)

The reduction to the business limit applies when any member of the associated group had gross Part I.3 tax payable (before the deduction of surtax credits) for its last taxation year ending in the preceding calendar year. The reduction is calculated in the small business deduction area of the T2 return. The amount to be entered at line 415 of the T2 return, (large corporation tax for preceding year), includes the gross Part I.3 tax payable for each corporation that has an "association code" of 1 or 4 in column 3 for its last taxation year ending in the preceding calendar year.

Schedule 23-Supplementary

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

PART 1.3 TAX ON LARGE CORPORATIONS
(1998 and later taxation years)

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part 1.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act".
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part 1.3 in respect of its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or in respect of a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident-owned investment corporation throughout the year;
 - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5) neither resident in Canada nor carried on a business through a permanent establishment in Canada at any time in the year; or
 - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including processing incidental to or connected therewith) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" within six months of the end of the taxation year.

Filing date (for departmental use only) 100 Year Month Day

Complete the following areas to determine the amounts needed to calculate Part 1.3 tax. If the corporation was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 5, "Taxable capital employed in Canada - Non-resident corporation."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I	101	3,900,000
Capital stock (or members' contributions if incorporated without share capital)	103	52,601,490
Retained earnings	104	9,787,318
Contributed surplus	105	60,059,581
Any other surpluses	106	0
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	146,343,511
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations	109	0
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	0

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts
(that would be determined under lines 101, 107, 108, 109, 111 and 112)
in respect of the partnership of which the corporation is a member
at the end of the year exceeds the amount of the partnership's deferred
unrealized foreign exchange losses (see note below)

112 0

Subtotal 272,691,900 272,691,900 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year. 121 0

Any deficit deducted in computing the shareholders' equity 122 0

Any amount deducted under subsection 135(1) in computing income under

Part I for the year, to the extent that the amount may reasonably be
regarded as being included in any of lines 101 to 112 above 123 0

The amount of deferred unrealized foreign exchange losses 124 0

Subtotal 0 0 B

Capital for the year (amount A minus amount B) (if negative, enter "0") 190 272,691,900

Note: Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- Amounts at these lines apply to partnerships in the same way that they apply to corporations.
- The proportion of the total amounts is determined in accordance with the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance**Add the carrying value at the end of the year of the following assets of the corporation:**

A share of another corporation 401 0

A loan or advance to another corporation (other than a financial institution) 402 10,000,000

A bond, debenture, note, mortgage, or similar obligation of another corporation

(other than a financial institution) 403 0

Long-term debt of a financial institution 404 0

A dividend receivable on a share of the capital stock of another corporation 405 0

A loan or advance to, or a bond, debenture, note, mortgage or similar obligation of,

a partnership all of the members of which, throughout the year, were other corporations

(other than financial institutions) that were not exempt from tax under Part I.3

(other than by reason of paragraph 181.1(3)(d)) 406 0

An interest in a partnership 407 0

Investment allowance for the year 490 10,000,000

Note: Lines 401 to 405 should not include the carrying value of a share of the capital stock of,
a dividend payable by, or indebtedness of, a corporation that is exempt from tax under Part I of
the Act (other than by reason of paragraph 181.1(3)(d) of the Act).**Part 3 - Taxable capital**

Capital for the year (line 190) 272,691,900 C

Deduct: Investment allowance for the year (line 490) 10,000,000 D

Taxable capital for the taxation year

(amount C minus amount D) (if negative, enter "0") 500 262,691,900

Part 4 - Taxable capital employed in Canada - Canadian resident corporation

To be completed by a corporation that was resident in Canada at any time in the year.

Taxable capital for the year (line 500)	262,691,900	X	Taxable income earned in Canada	610	2,649,611	=	Taxable capital employed in Canada	690	262,691,900
									=====
			Taxable income		2,649,611				

- Notes: 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2) Where a corporation's taxable income for a taxation year is "0", it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

Part 5 - Taxable capital employed in Canada - Non-resident corporation

To be completed by a corporation that was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada.

Total of all amounts which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

701 0

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada

711 0

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year in Canada

712 0

Total amount of carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year in Canada

713 0

Total deductions (add lines 711, 712, and 713) 0 0 E

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0") 790 0

Part 6 - Calculation of gross Part 1.3 tax

Taxable capital employed in Canada for the year
(line 690 or 790, whichever applies) 262,691,900

Deduct: Capital deduction claimed for the year (enter \$10,000,000 or, for related corporations, the amount allocated on Schedule 36) 801 0

Excess of taxable capital employed in Canada over capital deduction 811 262,691,900

Gross Part 1.3 tax: Line 811 262,691,900 x .2250% = 591,057 F

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

Amount F 591,057 x Number of days in the year 153 = 247,758 G

365

Gross Part 1.3 tax (amount F or G, whichever applies) 820 247,758

Part 7 - Calculation of current year surtax credits

- Corporations can claim a credit against their Part 1.3 tax for the amount of Canadian surtax payable. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the Act when calculating the amount deductible in respect of a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

Current year surtax credit equals current year Canadian surtax payable.

Canadian surtax payable

For a corporation that was not resident in Canada throughout the year, the lesser of a and b, below:

- a) line 600 from the T2 return 0
- b) line 700 plus line 660 from the T2 return 0 H

In any other case, the lesser of c and d below:

- c) line 600 from the T2 return 29,676 x line 690 of this schedule 262,691,900 = 29,676
- 262,691,900
- line 500 of this schedule
- d) line 700 plus line 660 from the T2 return 745,071 29,676 I
- Current year surtax credit (amount H or I, whichever applies) 830 29,676

=====

Part 8 - Calculation of Part 1.3 tax credit available for carry-forward

- Amount on line 830 29,676
- Less: Part 1.3 tax before deducting surtax credits (line 820) 247,758 J
- Net amount -218,082 K

=====

If the amount on line K is "positive," it represents the amount of Part 1.3 tax credits that may be carried forward from taxation years prior to 1992 and applied this year to reduce Canadian surtax payable. Refer to Schedule 37 for unused Part 1.3 tax credit balance.

0 L

Note: The portion of amount K carried forward should be entered at line 660 of the T2 return.

- If the amount on line K is "negative," it represents the amount of unused surtax credit of other years that may be applied to reduce Part 1.3 tax payable in the current year 218,082 M

=====

Part 9 - Calculation of current year unused surtax credit

- Amount K (if positive) 0
- Less: Part 1.3 tax credits claimed (carried forward from taxation years prior to 1992 - see amount L above) 0
- Current year unused surtax credit (enter this amount on Schedule 37) 850 0

=====

Part 10 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820).....		247,758	N
Deduct the following amounts:			
Current year surtax credit applied			
(the lesser of lines 820 and 830)	861	29,676	
Unused surtax credit from prior years applied	862	0	

Total (cannot exceed amount on line 820)		29,676	29,676 O

Net Part 1.3 tax payable (amount N minus amount O)			
Enter this amount at line 704 of the T2 return	870	218,082	=====

Year Ended: 2001-12-31

Consumers Deposit
Holdback
Primary debt A/C 302000
S/T Customer's deposit 390000

[illegible]

Total	146,343,511.90
-------	----------------

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

AGREEMENT AMONG RELATED CORPORATIONS - PART 1.3 TAX
(1998 and later taxation years)

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.
- Do not file this agreement if no members of the related group are liable to pay Part 1.3 tax.

Are any members of the related group liable to pay Part 1.3 tax? [Y/N] [Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Year Month Day

Date filed (for departmental use only) 019

Is this an amended agreement? 020 [Y/N] { N }

Enter the calendar year to which the agreement applies 030 Year 2001

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member which is exempt from Part 1.3 tax under subsection 181.1(3) is not required to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
200	300	400	500
Hydro One Brampton Networks Inc	864867635RC0001	0	2001-12-31
See attached		10,000,000	

		10,000,000	
		=====	
Total (not to exceed \$10,000,000)			

Note 1: If a corporation is not registered enter, "NR".

Note 2: An entry is only required for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Scn. 036-Supp.

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001 Year Ended: 2001-12-31
AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.
- In accordance with subsection 181.5(7) of the federal Income Tax Act, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
Hydro One Networks Inc.	870865821RC0001	10,000,000	2001-12-31
Hydro One Inc.	869994731RC0001	0	2001-12-31
Hydro One Telecom Inc.	868001066RC0001	0	2001-12-31
Hydro One Markets Inc.	867584989RC0001	0	2001-12-31
Ontario Hydro Energy Inc.	884036625RC0001	0	2001-12-31
Hydro One Remote Communities	870836269RC0001	0	2001-12-31
Hydro One Network Services Inc	863550190RC0001	0	2001-12-31
Hydro One Delivery Services In	869177246RC0001	0	2001-12-31
Hydro One Telecom Link Limited	887867513RC0001	0	2001-12-31
Hydro One Brampton Inc.	868794520RC0001	0	2001-12-31
Hydro One Brampton Services	868794728RC0001	0	2001-12-31
Hydro One International Inc.	881373468RC0001	0	2001-12-31
TOTAL		10,000,000	

Note 1: If a corporation is not registered, enter "NR".

Note 2: An entry is only required for a corporation that has more than one taxation ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Schedule 36 - Supplementary

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

SHAREHOLDER INFORMATION
 (1998 and later taxation years)

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Name of shareholder	Business Number	Social Insurance Number	Percentage common shares	Percentage preferred shares
	(note 1)	(note 2)		
	100	200	400	500
Hydro One Brampton Inc.	868794520RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

Note 1: If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.

Note 2: If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended: 2001-12-31

T7B-1

Schedule of Instalment Remittances

Name of Corporation Contact: Jamie Gribbon
Telephone Number: 905-840-6300

Effective Interest Date	Description (Instalment Remittance, Split Payment, Assessed Credit)	Amount of Credit
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
2002-02-28	Instal	963,153

	Total amount of instalments claimed (A)	963,153
		=====
	Total instalments credited to the taxation year per T9 (B)	963,153
		=====

TRANSFER

Account Number	Taxation Year End	Amount	Effective Interest Date	Description
From:			0	
To:				



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

2001 CT23 Corporations Tax and Annual Return

For taxation years
commencing after May 4, 1998

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) 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, together with the applicable schedules. 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 MCBS Schedules A or K) 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.

MCBS Annual Return Required? (Refer to Guide)

Yes ☒ No ☐

Page 1 of 24

Ministry Use

Corporation's Legal Name (including punctuation) and Mailing Address

Hydro One Brampton Networks Inc.

175 Sandalwood Parkway

Brampton

ON CA L7A-1E8

Has address changed since last filed CT23 Return? Yes ☐ No ☒

Date
of Change

year month day

Registered/Head Office Address

175 Sandalwood Parkway

Brampton

ON CA L7A-1E8

Location of Books and Records

175 Sandalwood Parkway

Brampton

ON CA L7A-1E8

Name of person to contact regarding this CT23 Return

Telephone No.

Fax No.

Jamie Gribbon

905-840-6300 905-840-1305

Address of Principal Office in Ontario (Extra-Provincial Corporations only)

(MCBS)

ON CA

Former Corporation Name (Extra-Provincial Corporations only)

(Not Applicable) ☒

(MCBS)

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).

No. of Schedule(s)

6

If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS).

No
change

Preferred Language/ Langue de préférence

English ☒ French ☐
anglais français

Ministry use



Certification (MCBS)

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

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

David Frey

Title: ☐ Director ☒ Officer ☐ Other individual having knowledge of the affairs of the Corporation

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

Hydro One Brampton Networks Inc.

1800040

2001-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please "X" box(es) if applicable in sections 1 & 2

1 ☒ Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))

2 ☐ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify)

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100%

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

if applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

if applicable, enter

Specify major business activity

Electricity Distribution

- 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-residents 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

Please "X" box(es) if applicable:

☐ First Year of Filing

☐ Amended Return

☐ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required

☐ Final Taxation Year up to Dissolution (wind-up)

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

Was the corporation inactive throughout the taxation year?

Yes No
☐ ☒

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?

☒ ☐

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?

☐ ☒

Income Tax

Allocation - If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Inter. Bulletin 2817). Attach a schedule (or a copy of federal T2 SCH 5) showing allocation of gross revenue, salaries and wages, including applicable percentages.

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 16) ± From **690** 2,641,139.

Subtract: Charitable donations **1** 0.

Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule) **2** 0.

Subtract: Taxable dividends deductible, per federal T2 SCH 3 **3** 0.

Subtract: Ontario political contributions (Attach schedule) **4** 0.

Subtract: Federal Part VI.1 tax 0. X 9/4 **5** 0.

Subtract: Prior years' losses applied - Non-capital losses From **704** 0.

Net capital losses From **715** 0. X inclusion rate 50.0000% = **714** 0.

Farm losses From **724** 0.

Restricted farm losses From **734** 0.

Limited partnership losses From **754** 0.

Taxable Income (Non-capital loss) **10** 2,641,139.

Addition to taxable income for unused foreign tax deduction for federal purposes **11** 0.

Adjusted Taxable Income **10** + **11** (if **10** is negative, enter **11**) **20** 2,641,139.

Number of Days in Taxation Year

Days before May 2, 2000	Total Days
22	153
24	153
26	153
28	153

From **10** (or **20** if applicable) 2,641,139. X **30** 100.0000% X 15.5000% X **22** 0 + **73** 153 = **23** 0.

Ontario Allocation

From **10** (or **20** if applicable) 2,641,139. X **30** 100.0000% X 14.5000% X **24** 0 + **73** 153 = **25** 0.

Ontario Allocation

From **10** (or **20** if applicable) 2,641,139. X **30** 100.0000% X 14.0000% X **26** 61 + **73** 153 = **27** 147,420.

Ontario Allocation

From **10** (or **20** if applicable) 2,641,139. X **30** 100.0000% X 12.5000% X **28** 92 + **73** 153 = **29** 198,517.

Ontario Allocation

Income Tax Payable (before deduction of tax credits) **23** + **25** + **27** + **29** **40** 345,937.

Note: The rate change effective October 1, 2001 has not yet received legislative authority at the time of printing.

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** 0.

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) **51** 0.

Add: Losses of other years deducted for federal purposes (fed.s.111) **52** 0.

Subtract: Losses of other years deducted for Ontario purposes (s.34) **53** 0.

..... **54** 0.

Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding \$200,000) (Attach federal T2 SCH 23 if associated) **55** 0.

Add: Ontario enhancement of federal business limit

Number of Days in Taxation Year

Days after Dec 31, 2000 and before Oct 1, 2001	Total Days
557	153
69	153

0 X **557** 0 + **73** 153 **42** 0.

X From **55** 0 + **200,000** **43** 0.

0 X **69** 0 + **73** 153 **44** 0.

X From **55** 0 + **200,000** **45** 0.

Ontario enhancement of federal business limit **42** + **43** **44** 0.

Business Limit for Ontario purposes **55** + **44** **45** 0.

Income eligible for the IDSBC From **30** 100.0000% X **56** 0. = **60** 0.

* Ontario Allocation Least of **50**, **54** or **45**

* Note: Ontario Allocation for IDSBC purposes may differ from continued on Page 5

30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

Hydro One Brampton Networks Inc.

1800040

2001-12-31

DOLLARS ONLY

Income Tax continued from Page 4

Calculation of IDSBC Rate

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
.....	7.00 %	x	74 0 + 73 153	= +	75 .0000.
		Days after Dec 31, 1999 and before Oct 1, 2001	Total Days		
.....	7.50 %	x	76 61 + 73 153	= +	77 2.9902.
		Days after Sept 30, 2001 and before Jan 1, 2003	Total Days		
.....	6.50 %	x	69 92 + 73 153	= +	79 3.9085.

IDSBC Rate for Taxation Year $\boxed{75} + \boxed{77} + \boxed{79} = \boxed{78} 6.8987.$ Claim From $\boxed{60} 0.$ x From $\boxed{78} 6.8987\%$ = $\boxed{70} 0.$ 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 in $\boxed{114}$ below.**Surtax on Canadian-controlled private corporations (s.41.1)**

Applies if you have claimed the Incentive Deduction for Small Business Corporations.

** 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.

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 $\boxed{10}$ (or $\boxed{20}$ if applicable) + $\boxed{80} 0.$ If you are a member of an associated group (X) $\boxed{81}$ ☒ (Yes)Name of associated corporation (Canadian & foreign)
(if insufficient space, attach schedule)Ontario Corporations Tax
Account No. (MOF)
(if applicable)

Taxation Year End

** Taxable Income
(if loss, enter nil)

See attached

Aggregate Taxable Income $\boxed{80} + \boxed{82} + \boxed{83} + \boxed{84}$, etc. = $\boxed{85} 0.$

		Number of Days in Taxation Year			
		Days before Jan 1, 2001	Total Days		
Subtract: 0 x		$\boxed{558} 0$	+ $\boxed{73} 153$	= +	$\boxed{111} 0.$
		Days after Dec 31, 2000 and before Oct 1, 2001	Total Days		
0 x		$\boxed{557} 0$	+ $\boxed{73} 153$	= +	$\boxed{112} 0.$
		Days after Sept 30, 2001 and before Jan 1, 2003	Total Days		
0 x		$\boxed{556} 0$	+ $\boxed{73} 153$	= +	$\boxed{113} 0.$
$\boxed{111} + \boxed{112} + \boxed{113} =$					$0.$
(If negative, enter nil)					$\boxed{114} 0.$
					$\boxed{86} 0.$

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
Calculation of Specified Rate for Surtax	4.67 %	x	74 0 + 73 153	= +	92 .0000
		Days after Dec 31, 1999 and before Oct 1, 2001	Total Days		
	5.00 %	x	76 61 + 73 153	= +	93 1.9935
		Days after Sept 30, 2001 and before Jan 1, 2003	Total Days		
	4.3330 %	x	69 92 + 73 153	= +	95 2.6055
Specified rate of surtax for Taxation Year	$\boxed{92} + \boxed{93} + \boxed{95}$			=	$\boxed{94} .0000$
From $\boxed{86} 0.$ x From $\boxed{94} .0000\%$				=	$\boxed{87} 0.$
From $\boxed{87} 0.$ x From $\boxed{80} 0.$ + From $\boxed{114} 0.$				=	$\boxed{88} 0.$
Surtax Lesser of	$\boxed{70}$ or $\boxed{83}$			=	$\boxed{100} 0.$

Continued on Page 6

Hydro One Brampton Networks Inc.

1800040

2001-12-31

DOLLARS ONLY

Income Tax continued from Page 5**Additional Deduction for Credit Unions (s.51(4))** (Attach schedule)

110 0.

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 the federal T2 SCH 27 including necessary changes for Ontario tax purposes (e.g. different C.C.A. claimed).

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

Eligible Canadian Profits	120	0.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	0.
Add: Adjustment for Surtax on Canadian-controlled private corporations		
From 100 0. + From 30 0.0000% + From 78 6.8987% = 121		0.
* Ontario Allocation		
Lesser of 56 or 121	122	0.
120 - 56 + 122	130	0.
Taxable Income	From 10	0.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	0.
Add: Adjustments for Surtax on Canadian-controlled private corporations	From 122	0.
Subtract: Taxable Income From 10 0. X Allocation % to jurisdictions outside Canada 0.0000%	140	0.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	141	0.
10 - 56 + 122 - 140 - 141	142	0.

Claim**Number of Days in Taxation Year**

143 0. X From 30 0.0000% X 2.0000% X	Days before Oct 1, 2001	Total Days	0 + 73 153	= +	0.
Lesser of 130 or 142	* Ontario Allocation				
143 0. X From 30 0.0000% X 1.5000% X	Days after Sept 30, 2001 and before Jan 1, 2003	Total Days	69 0 + 73 153	= +	0.
Lesser of 130 or 142	* Ontario Allocation				
				=	160 0.

* 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 0.

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

162 0.

Note: The M&P for corporations that generate electrical energy for sale, or produce steam for use in the generation of electrical energy for sale, or produce steam for sale for uses other than the generation of electricity, has not yet received legislative authority at the time of printing. (Refer to Guide.)

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Info. Bulletins 15-79 & 2739) (Attach schedule).

170 0.

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 0. Credit Claimed 180 0.

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 345,937.

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 research and development in Ontario.Eligible Credit From **5620** OITC Claim Form (Attach original Claim Form) + **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** Applies to employment of eligible students.Eligible Credit From **5798** Summary Schedule F + **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)**

Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.

Eligible Credit From **5899** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)**

Applies to employment of eligible unemployed graduate students.

Eligible Credit From **6596** Summary Schedule G + **195** 0.
No. of Graduates From **164** 0.**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)**

Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.

Eligible Credit From **6900** OBPTC Claim Form (Attach only the original Claim Form. Retain the Certification Form) + **196** 0.**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** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **197** 0.**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** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)**

Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.

Eligible Credit From **7300** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **199** 40.**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** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **200** 0.**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 only the original Claim Form. Retain the Certification Form) + **201** 0.Other (specify) + **201.1** 0.**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + 201.1 = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss = **230** 345,937.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 18**.

OR

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

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Corporate Minimum Tax (CMT)**Determination of Applicability**

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

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

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.

* Total Assets of the corporation + **240** 308,966,694.
 * Total Revenue of the corporation + **241** 263,391,839.

If you are a member of an associated group (x) **242** ☒ (Yes)

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total assets	* Total Revenue
See attached			+ 243 18262473998.	+ 244 4521628692.
			+ 245	+ 246
			+ 247	+ 248
Aggregate Total Assets	240 + 243 + 245 + 247 , etc.		= 249 18571440692.	
Aggregate Total Revenue	241 + 244 + 246 + 248 , etc.			= 250 4785020531.

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on Pages 19, 20 and 21 of CT23.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 19.)

Gross CMT Payable CMT Base From **2135** 3,872,829 X From **30** 100.0000% X 4% = **276** 154,913.
 If negative, enter zero Ontario Allocation
 Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) - **277** 0.
 Subtract: Income Tax - From **190** 345,937.
Net CMT Payable (If negative, enter Nil on Page 18.) = **280** 0.

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 18.

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 18 and transfer **280** to Page 18, and to Schedule D: Continuity of CMT Credit Carryovers, on Page 21.

CMT Credit Carryover available From **2307** 0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) + From **190** 345,937.
 Gross CMT Payable + From **276** 154,913.
 Subtract: Foreign Tax Credit for CMT purposes - From **277** 0.
 If **276** - **277** is negative, enter NIL in **290** = 154,913.
 Income Tax eligible for CMT Credit = **290** 154,913.
 = **300** 191,024.
 B. Income tax (after deduction of specified credits) + From **230** 345,937.
 Subtract: CMT credit used to reduce income taxes - **310** 0.
 Income Tax = **320** 345,937.
 Transfer to page 18

If A & B apply, **310** cannot exceed the lesser of **230**, **300** and your CMT credit carryover available **2307**.

If only B applies, **310** cannot exceed the lesser of **230** and your CMT credit carryover available **2307**.

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Capital Tax (Refer to Guide)

If your corporation is a Financial Institution (s.58(2)), proceed to page 14.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in [480] and [430] are both \$1,000,000 or less and the taxation year ends on or after January 1, 2000, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in [480] and [430] are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, it is exempt from Capital Tax for the taxation year. 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 13 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. 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 (Inf.B.15-79, Int.B.L-12 and Int.B.L-16)

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(a) or (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).

Paid-up Capital

Paid-up capital stock	+ [350]	52,601,490.
Retained earnings (if deficit, deduct)	+ [351]	9,787,318.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	+ [352]	60,059,581.
Loans and advances (Attach schedule)	+ [353]	146,343,512.
Bank loans	+ [354]	0.
Bankers acceptances	+ [355]	0.
Bonds and debentures payable	+ [356]	0.
Mortgages payable	+ [357]	0.
Lien notes payable	+ [358]	0.
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)	+ [359]	0.
Contingent, investment, inventory and similar reserves	+ [360]	3,900,000.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	+ [361]	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	+ [362]	0.
Subtotal	= [370]	272,691,901.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	- [371]	1,718,015.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	- [372]	0.
Total Paid-up Capital	= [390]	270,973,886.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	- [381]	0.
Net Paid-up Capital	= [390]	270,973,886.

Eligible Investments (Refer to Guide)

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial paper, term deposits, 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.

Term deposits and investment certificates in foreign financial institutions for taxation years ending prior to December 15, 1999 (Refer to Guide)	+ [400]	0.
Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	+ [402]	0.
Mortgages due from other corporations	+ [403]	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+ [404]	0.
Loans and advances to unrelated corporations	+ [405]	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+ [406]	10,000,000.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+ [407]	0.
Total Eligible Investments	= [410]	10,000,000.

continued on Page 10

ALLACHIEU DCII.

Year Ended: 2001-12-31

Loans & advances to corp.

Consumer deposits	2,399,331.95
Holdback payable	44,180.35
Primary debt	143,000,000.00
S/T Customer deposits	900,000.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	=====
	146,343,512.30

ATTACHED SCH.

•

NBV per F/S	197,287,009.00
Less: Land	-7,384,580.00
CIP	-10,939,268.00
NBV - Goodwill (UCC bump up at acqn.)	60,059,581.00
UCC	-179762226.00
CEC	-42,886,586.00
25% of original CEC (58,882,890)	-14,720,722.00
	0.00
Deferred Debts cost (\$773030-\$154606 Tax ded.)	64,807.00
(Tax: 618424 Book: 773030) prorated short y/e	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	=====
	1,718,015.00

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Capital Tax *continued from Page 9***Total Assets**

Total Assets per balance sheet	+	420	308,966,694.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets (Attach schedule)	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-	423	0.
Total Assets as adjusted	=	430	308,966,694.
Amounts in 360 and 381 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	1,718,015.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	+	443	0.
Total Assets	=	450	307,248,679.

Investment Allowance	(410 + 450) x 390	Not to exceed 410	= 460	8,819,367.
Taxable Capital	390 - 460		= 470	262,154,519.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)

480 110,408,086.

Total Assets (as adjusted)

From 430 308,966,694.

Calculation of Capital Tax for all corporations except Financial Institutions*Note: This version (2001) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.**(Financial Institutions use calculations on page 14.)***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, review only the capital tax calculations in Section B on pages 10 to 11 and select and complete the one specific subsection (e.g. B4) that applies to the corporation.
- OR** If the corporation IS a member of an associated group and/or partnership, complete Section C on page 12. Next review, and if applicable, complete Section D on page 12. If Section D is not applicable review Section E on page 13 and complete the applicable subsection: either E1 or E2. **Note:** if the corporation is a member of a connected partnership, please refer to the 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.

Enter NIL in 550 on page 13 and complete the return from that point.

SECTION B

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

B1. If the taxation year end is before January 1, 2001 and 430 and 480 are both \$1,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B2. If the taxation year end is after December 31, 2000 and 430 and 480 are both \$1,500,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B3. If taxable capital, 470 on page 10, is \$2,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

continued on Page 11

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Capital Tax Calculation continued from page 10

B4 If taxable capital, 470 on page 10, exceeds \$2,000,000 but is \$3,600,000 or less, complete the following calculations and transfer the total From 508 to 543 on page 13 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000

(a) From 470 0. x .3000% = + 490 0.

Deduct:

From 470

\$2,400,000 - 0. x 1.5% = - 492 0.

(504 = 490 - 492) = 504 0. x From 30 100.0000% x 0 = + 505 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after May 4, 1999 and before Jan 1, 2000 552

If \$2,400,000 - 470 is negative, enter NIL in 492

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

(b) From 470 0. x .3000% = + 490 0.

Deduct:

From 470

\$2,800,000 - 0. x 0.75% = - 493 0.

(506 = 490 - 493) = 506 0. x From 30 100.0000% x 0 = + 507 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Dec 31, 1999 and before Jan 1, 2001 553

If \$2,800,000 - 470 is negative, enter NIL in 493

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before October 1, 2001

(c) From 470 0. x .3000% = + 490 0.

Deduct:

From 470

\$3,200,000 - 0. x 0.5% = - 495 0.

(509 = 490 - 495) = 509 0. x From 30 100.0000% x 61 = + 522 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Dec 31, 2000 and before Oct 1, 2001 554

If \$3,200,000 - 470 is negative, enter NIL in 495

Total Capital Tax for the taxation year 505 + 507 + 522 = 508 0.

Transfer to 543 on page 13 and complete the return from that point.

B5 If taxable capital, 470 on page 10, exceeds \$3,600,000, complete the following calculation and transfer the amount From 502 to 543 on page 13 and complete the return from that point.

From 470 0. x From 30 100.0000% x .3000% x 61 = 502.1 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year before Oct 1, 2001 555

From 470 Exemption 0. x From 30 100.0000% x .3000% x 92 = 502.2 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Sept 30, 2001 554

Note: The \$5 million deduction from Taxable Paid Up Capital has not yet received legislative authority at the time of printing.

Total Capital Tax for the taxation year 502.1 + 502.2 = 502 0.

** If floating taxation year, refer to Guide.

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Capital Tax Calculation *continued from page 11***SECTION C**

If the corporation is a member of an associated group and/or partnership, complete the following, and

(x) 510 ☒ (Yes)

Taxable Capital

+ From 470 262,154,519.

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

Taxation Year End

Taxable Capital

See attached

+ 511 0.

+ 512

+ 513

Aggregate Taxable Capital 470 + 511 + 512 + 513, etc.

= 520 262,154,519.

If 520 is greater
than \$2,000,000

If 520 is greater than \$2,000,000 and the taxation year ends,

• prior to January 1, 2000 and 520 is less than \$2,400,000;

OR • after December 31, 1999 and before January 1, 2001 and 520 is less than \$2,800,000;

OR • after December 31, 2000 and before January 1, 2002 and 520 is less than \$3,200,000;

OR • after December 31, 2001 and before January 1, 2003 and 520 is less than \$3,600,000;

the corporation must compute the following ratio before calculating its Capital Tax in Section E.

From 470 0. + From 520 0. = 521 .0000

Note: 521 cannot exceed 1.00000

SECTION DThis section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital,
520 on this page, is \$2,000,000 or less.

Enter NIL in 550 on page 13 and complete the return from that point.

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Capital Tax Calculation continued from Page 12**SECTION E**

This section applies if the corporation IS a member of an associated group and/or partnership whose AGGREGATE taxable capital,

520 on page 12, exceeds \$2,000,000.

E1. If aggregate taxable capital 520 exceeds \$2,000,000 but is \$3,600,000 or less, complete the following calculations and transfer the total From 508 to 543 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000

(a) From 470 0. x .3000% = + 490 0.

Deduct:

From 520 0. x 1.5% x .0000 = - 492 0.

(\$2,400,000 - 0.) x 1.5% x .0000 = - 492 0.

(504 = 490 - 492) = 504 0. x 100.0000% x 0 = + 505 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after May 4, 1999 and before Jan 1, 2000 552

If 2,400,000 - 520 is negative, enter NIL in 492

From 30 552

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

(b) From 470 0. x .3000% = + 490 0.

Deduct:

From 520 0. x 0.75% x .0000 = - 493 0.

(\$2,800,000 - 0.) x 0.75% x .0000 = - 493 0.

(506 = 490 - 493) = 506 0. x 100.0000% x 0 = + 507 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Dec 31, 1999 and before Jan 1, 2001 553

If 2,800,000 - 520 is negative, enter NIL in 493

From 30 553

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before October 1, 2001

(c) From 470 0. x .3000% = + 490 0.

Deduct:

From 520 0. x 0.5% x .0000 = - 495 0.

(\$3,200,000 - 0.) x 0.5% x .0000 = - 495 0.

(509 = 490 - 495) = 509 0. x 100.0000% x 61 = + 522 0.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Dec 31, 2000 and before Oct 1, 2001 557

If 3,200,000 - 520 is negative, enter NIL in 495

From 30 557

Total Capital Tax for the taxation year 505 + 507 + 522 = 508 0.

Transfer to 543 and complete the return from that point.

E2. If the aggregate taxable capital 520 on page 12, exceeds \$3,600,000 complete the following calculation and transfer the amount From 502 to 543 on this page, and complete the return from that point.

(a) From 470 262,154,519. x From 30 100.0000% x .3000% x 61 = 502.1 131,436.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year before Oct 1, 2001 555

(b) Exemption is the lesser of:

i) 5,000,000

Taxable Paid up Capital of all Corporations in Associated Group (if any) from 520 + 262,154,519.

Minus portion attributable to corporations without a permanent establishment in Canada - 0.

ii) TPUC of all corporations post September 30, 2001 = 262,154,519.

Lesser of i) and ii) 5,000,000.

TPUC from 470 x 262,154,519.

TPUC of all corporations post September 30, 2001 + 262,154,519.

Exemption for this corporation = 5,000,000.

From 470 Exemption From 30

(262,154,519. - 5,000,000.) x 100.0000% x .3000% x 92 = 502.2 194,451.

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Sept 30, 2001 92

Note: The \$5 million deduction from Taxable Paid Up Capital has not yet received legislative authority at the time of printing.

Total Capital Tax for the taxation year 502.1 + 502.2 = 502 325,887.

Transfer to 543 and complete the return from that point.

** If floating taxation year, refer to Guide.

Capital Tax before application of specified credits = 543 325,887.

Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide) - 546 0.

Capital Tax 543 - 546 = 550 325,887.

Transfer to Page 18

continued on Page 14

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Capital Tax *continued from page 13***Calculation of Capital Tax for Financial Institutions****I.1. Credit Unions only**For taxation years commencing after May 4, 1999 enter NIL in **550** on page 13, and complete the return from that point.**I.2. Other than Credit Unions**(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)

$$\text{565 } 0 \times 0.00\% \times \text{From } 30 \text{ Ontario Allocation } \times \text{555 } 0 + 0 \text{ (366 if leap year)} = + \text{569 } 0$$

Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1

$$\text{570 } 0 \times \text{571 } 0.00\% \times \text{From } 30 \text{ Ontario Allocation } \times \text{555 } 0 + 0 \text{ (366 if leap year)} = + \text{574 } 0$$

Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount

Capital Tax Rate (Refer to Guide)

$$\text{Capital Tax for Financial Institutions -- other than Credit Unions (before Sections II)} \quad \text{569} + \text{574} = \text{575 } 0$$

**** If floating taxation year, refer to Guide.****II. Small Business Investment Tax Credit**

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

$$\text{Allowable Credit for Eligible Investments} \quad \text{585 } 0$$

Financial institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes

$$\text{Capital Tax -- Financial Institutions} \quad \text{575} - \text{585} = \text{586 } 0$$

Transfer to **543** on Page 13

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

$$\text{(1) Uninsured Benefits Arrangements} \quad \text{587 } 0 \times 2\% = \text{588 } 0$$

Applies to Ontario-related uninsured benefits arrangements.

$$\text{(2) Unlicensed Insurance (enter premium tax payable in } \text{588} \text{ and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in } \text{588} \text{.)}$$

Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

$$\text{Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)} \quad \text{589 } 0$$

$$\text{Premium Tax} \quad \text{588} - \text{589} = \text{590 } 0$$

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Hydro One Brampton Networks Inc.

1800040

2001-12-31

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 SCH 1

+ 600 2,649,611.

Transfer to page 16

Add:

Federal capital cost allowance	+ 601	3,497,596.
Federal cumulative eligible capital deduction	+ 602	1,287,711.
Ontario taxable capital gain	+ 603	0.
Federal non allowable reserves. Balance beginning of year	+ 604	3,780,000.
Federal allowable reserves. Balance end of year	+ 605	0.
Ontario non-allowable reserves. Balance end of year	+ 606	3,900,000.
Ontario allowable reserves. Balance beginning of year	+ 607	0.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+ 608	0.
Federal resource allowance	+ 609	0.
Federal depletion allowance	+ 610	0.
Federal foreign exploration and development expenses	+ 611	0.
Management fees, rents, royalties and similar payments to non-arm's length non-residents		

Number of Days in Taxation Year

Days before May 2, 2000		Total Days		
612	0 x 5 + 15,5000 x	22 0 + 73 153	= +	630 0.

Days after May 1, 2000 and before Jan 1, 2001		Total Days		
612	0 x 5 + 14,5000 x	24 0 + 73 153	= +	631 0.

Days after Dec 31, 2000 and before Oct 1, 2001		Total Days		
612	0 x 5 + 14,0000 x	28 61 + 73 153	= +	632 0.

Days after Sept 30, 2001 and before Jan 1, 2003		Total Days		
612	0 x 5 + 12,5000 x	28 92 + 73 153	= +	633 0.

Total add-back amount for Management fees, etc. 630 + 631 + 632 + 633 = + 613 0.

Federal allowable business investment loss + 620 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) + 614 0.

Subtotal of Additions 601 to 611 + 613 + 620 + 614 = 12,465,307. 640 12,465,307.

Transfer to page 16

Hydro One Brampton Networks Inc.

1800040

2001-12-31

DOLLARS ONLY

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

continued from Page 15

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From \pm **600** 2,649,611.Subtotal of Additions From $=$ **640** 12,465,307.**Deduct:**

Ontario capital cost allowance	.....	+	650	3,497,596.
Ontario cumulative eligible capital deduction	.....	+	651	1,296,183.
Federal taxable capital gain	.....	+	652	0.
Ontario non-allowable reserves. Balance beginning of year	.....	+	653	3,780,000.
Ontario allowable reserves. Balance end of year	.....	+	654	0.
Federal non-allowable reserves. Balance end of year	.....	+	655	3,900,000.
Federal allowable reserves. Balance beginning of year	.....	+	656	0.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	.....	+	657	0.
Ontario depletion allowance	.....	+	658	0.
Ontario resource allowance	.....	+	659	0.
Ontario research and development super allowance (Attach schedule)	.....	+	660	0.
Government Assistance relating to provincial deductions for scientific research and experimental development added back for federal income tax purposes as a result of the Federal 2000 Budget	.....	+	674	0.
Ontario current cost adjustment (Attach schedule)	.....	+	661	0.

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** 0.**ONTTI Gross-up deduction calculation:**

From	Gross-up of CCA			
662	0.	x	$\frac{100}{100 - 30}$	= 663 0.
	From 30		100.0000	
	Ontario Allocation			

Workplace Child Care Tax Incentive: (Applies to qualifying expenditures incurred after May 5, 1998.)

Qualifying expenditures:	665 0.	x	30.00%	x	$\frac{100}{100 - 30}$	= 666 0.
			From 30		100.0000	
			Ontario Allocation			

Workplace Accessibility Tax Incentive: (Applies to qualifying expenditures incurred after July 1, 1998.)

Qualifying expenditures:	667 0.	x	100.00%	x	$\frac{100}{100 - 30}$	= 668 0.
			From 30		100.0000	
			Ontario Allocation			

Number of Employees accommodated **669** 20**Ontario School Bus Safety Tax Incentive (OSBSTI): (Applies to the eligible acquisition of school buses made within the 3 year period commencing after May 4, 1999.) (Refer to Guide)**

Qualifying expenditures:	670 0.	x	30.00%	x	$\frac{100}{100 - 30}$	= 671 0.
			From 30		100.0000	
			Ontario Allocation			

Educational Technology Tax Incentive: (Applies to qualifying amounts incurred after May 2, 2000.)

Qualifying expenditures:	672 0.	x	15.00%	x	$\frac{100}{100 - 30}$	= 673 0.
			From 30		100.0000	
			Ontario Allocation			

Ontario allowable business investment loss + **678** 0.Total of other deductions allowed by Ontario (Attach schedule) + **684** 0.Subtotal of Deductions **650** to **660** + **674** + **661** + **663** + **666** + **668** + **671** + **673** + **678** + **684** = 12,473,779. **680** 12,473,779.Net income (loss) for Ontario Purposes **000** + **640** - **680** = **690** 2,641,139.

Transfer to Page 4

Hydro One Brampton Networks Inc.

1800040

2001-12-31

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	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
	0	0	0	0	0	0
Add:						
Current year's losses	701	711	721	731	741	751
	0	0	0	0	0	0
Losses from predecessor corporations (3)	702	712	722	732		752
	0	0	0	0		0
Subtotal	703	713	723	733	743	753
	0	0	0	0	0	0
Subtract:						
Utilized during the year to reduce taxable income	704	715 (4)	724	734 (4)	744 (4)	754 (4)
	0	0	0	0	0	0
Expired during the year	705		725	735	745	
	0		0	0	0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 18	716 (2) to Page 18	726 (2) to Page 18	736 (2) to Page 18	746	
	0	0	0	0	0	
Subtotal	707	717	727	737	747	757
	0	0	0	0	0	0
Balance at End of Year	709	719	729	739	749	759
	0	0	0	0	0	0

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) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) In the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustments required where losses are carried at 100% of the loss amount.

Analysis of Balance 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 (9) (10)	Farm Losses	Restricted Farm Losses
800 1993-07-31				850	870
				0	0
801 1994-07-31				851	871
				0	0
802 1995-07-31				852	872
				0	0
803 1996-07-31	820	830	840	853	873
	0	0	0	0	0
804 1997-07-31	821	831	841	854	874
	0	0	0	0	0
805 1998-07-31	822	832	842	855	875
	0	0	0	0	0
806 1999-07-31	823	833	843	856	876
	0	0	0	0	0
807 2000-07-31	824	834	844	857	877
	0	0	0	0	0
808 2001-07-31	825	835	845	858	878
	0	0	0	0	0
809 2001-12-31	826	836	846	859	879
	0	0	0	0	0
Total	829	839	849	869	889
	0	0	0	0	0

Hydro One Brampton Networks Inc.

1800040

2001-12-31

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

Total amount of loss

Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income

	Predecessor Ontario Corporation's Tax Account No. (MOF)	Taxation Year Ending year month day
i) 3rd preceding	901	
ii) 2nd preceding	902	
iii) 1st preceding	903	

Total loss to be carried back

Balance of loss available for carry-forward

Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
910	920	930	940
0	0	0	0
911	921	931	941
0	0	0	0
912	922	932	942
0	0	0	0
913	923	933	943
0	0	0	0
From 706	From 716	From 726	From 736
0	0	0	0
919	929	939	949
0	0	0	0

Summary

Income tax	+ From 230 or 320	345,937.
Corporate Minimum Tax	+ From 280	0.
Capital Tax	+ From 550	325,887.
Premium Tax	+ From 590	0.
Total Tax Payable	= 950	671,824.
Subtract: Payments	- 960	671,824.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify)	-	0.
Balance	= 970	0.
If payment due	Enclosed * 990	0.
If overpayment: Refund (Refer to Guide)	= 975	0.
Apply to	year month day 980	0.

(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.

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 T5 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)

David Frey

Title

VP, Finance &

Administrations

Full Residence Address

29 Parkview Place

Brampton

ON CA L6W-2G2

Signature

David H. Frey

Date

June 05/02

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

Hydro One Brampton Networks Inc.

1800040

2001-12-31

DOLLARS ONLY

Corporate Minimum Tax - Schedule A:

Calculation of CMT Base

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP)



± 2100 3,872,829.

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

Provision for recovery of income taxes	± 2101	0.
Provision for deferred income taxes (credits)	± 2102	0.
Equity income from corporations	± 2103	0.
Share of partnership(s)/joint venture(s) income	± 2104	0.
Dividends received/receivable deductible under fed.s.112	± 2105	0.
Dividends received/receivable deductible under fed.s.113	± 2106	0.
Dividends received/receivable deductible under fed.s.83(2)	± 2107	0.
Federal Part VI.1 tax paid on dividends declared and paid after May 5, 1997, under fed.s.191.1(1)	± 2108	0.
Subtotal	=	0. ± 2109 0.

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

Provision for current taxes	± 2110	0.
Provision for deferred income taxes (debits)	± 2111	0.
Equity losses from corporations	± 2112	0.
Share of partnership(s)/joint venture(s) losses	± 2113	0.
Dividends that have been deducted to arrive at net income per Financial Statements. Applies to dividends that have been declared and paid after May 5, 1997, s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	± 2114	0.
Subtotal	=	0. ± 2115 0.

Add/Subtract:

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

** Fed.s.85	± 2116	0.	or -	2117	0.
** Fed.s.85.1	± 2118	0.	or -	2119	0.
** Fed.s.97	± 2120	0.	or -	2121	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	± 2122	0.	or -	2123	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	± 2124	0.	or -	2125	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	± 2126	0.	or -	2127	0.
Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	- 2150	0.			

Subtotal (Additions)	=	0.	± 2128	0.
Subtotal (Subtractions)	=	0.	± 2129	0.

** Other adjustments	± 2130	0.
----------------------	--------	----

Subtotal	± 2100 - 2109 + 2115 + 2128 - 2129 ± 2130	= 2131 3,872,829.
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** Share of partnership(s)/joint venture(s) adjusted net income/loss	± 2132	0.
--	--------	----

Adjusted net income (loss) (if loss, transfer to 2202 in Schedule B: Continuity of CMT Losses Carried Forward, Page 20.)	= 2133	3,872,829.
--	--------	------------

Deduct: * CMT losses: pre-1994 Loss	+ From 2210	0.
* CMT losses: other eligible losses	+ From 2211	0.
	=	0. ± 2134 0.

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

** Retain calculations. Do not submit with this tax return.

CMT Base	= 2135	3,872,829.
----------	--------	------------

Transfer to CMT Base on Page 8

Hydro One Brampton Networks Inc.

1800040

2001-12-31

DOLLARS ONLY

Corporate Minimum Tax (CMT)



Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2)	.....	+	2201	.....	0.
Add:					
Current year's losses	.....	+	2202	.....	0.
Losses from predecessor corporations on amalgamation (3)	.....	+	2203	.....	0.
Losses from predecessor corporations on wind-up (3)	.....	+	2204	.....	0.
Amalgamation (x) 2205 <input type="checkbox"/> Yes	Wind-up (x) 2206 <input type="checkbox"/> Yes				
Subtotal	.....	=		.....	0.
Adjustments (attach schedule)	.....	±	2208	.....	0.
CMT losses available	2201 + 2207 ± 2208			.....	0.
Subtract:					
Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	2210	.....	0.
Other eligible losses utilized during the year to reduce adjusted net income (4)	.....	+	2211	.....	0.
Losses expired during the year	.....	+	2212	.....	0.
Subtotal	.....	=		.....	0.
Balances at End of Year (5)	2209 - 2213			.....	0.

Notes:

(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.

(2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))

(3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))

(4) CMT losses must be used to the extent of the lesser of the adjusted net income **2133** and CMT losses available **2209**.

(5) Amount in **2214** must equal sum of **2270** + **2290**.

Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2001-12-31	2260 0	2280 0
2241		2261 0	2281 0
2242		2262 0	2282 0
2243		2263 0	2283 0
2244		2264 0	2284 0
2245		2265 0	2285 0
2246		2266 0	2286 0
2247		2267 0	2287 0
2248		2268 0	2288 0
2249		2269 0	2289 0
Totals		2270 0	2290 0

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

Hydro One Brampton Networks Inc.

1800040

2001-12-31

DOLLARS ONLY

Corporate Minimum Tax (CMT)

Schedule D: Continuity of CMT Credit Carryovers



Balance at Beginning of year (1)	.....	+	2301	0.
Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL)	.....	+	From 280	0.
CMT Credit Carryovers from predecessor corporations (2)	.....	+	2302	0.
Amalgamation (x) 2303 <input type="checkbox"/> Yes Wind-up (x) 2304 <input type="checkbox"/> Yes	.....	=	0.	+
Subtotal	.....		2305	0.
Adjustments (Attach schedule)	.....	+	2306	0.
CMT credit carryover available	2301 + 2305 ± 2306	.....	=	2307 0.
Transfer to Page 8				
Subtract: CMT Credit utilized during the year to reduce income tax (Page 8)	.....	+	From 310	0.
CMT Credit expired during the year	.....	+	2308	0.
Subtotal	.....	=	0.	-
Balance at End of Year (3)	2307 - 2309	.....	=	2310 0.

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (3) Amount in 2310 must equal sum of 2370 + 2390.

Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	2001-12-31	2360 0	2380 0
2341		2361 0	2381 0
2342		2362 0	2382 0
2343		2363 0	2383 0
2344		2364 0	2384 0
2345		2365 0	2385 0
2346		2366 0	2386 0
2347		2367 0	2387 0
2348		2368 0	2388 0
2349		2369 0	2389 0
Totals		2370 0	2390 0

The sum of amounts 2370 + 2390
must equal amount in 2310.

Schedule A: Information on Ontario Corporations

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

MCBS
Schedule A
Page 23 of 24



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

Identification			
Corporation's Legal Name (including punctuation)		Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
Hydro One Brampton Networks Inc.		1414330	year month day 2000-05-01
Director/Officer Information			
Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Matthews		Keith	
Street Number and Name Suite			
152 Cornwall Heights			
City/Town/Village		Province/State	Country Postal/Zip Code
Brampton		ON	CA L6W-2J2
Director		Officer	
Are you a resident Canadian? (Applies to directors of business corporations only)		Indicate the appointment period for each of the following:	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Date Elected		Date Appointed Date Ceased	
year month day 2000-04-25		year month day	
Date Ceased		year month day	
2001-07-31			
		President	
		Secretary	
		Treasurer	
		General Manager	
		Other (specify)	
		Chief Executive Officer	

Director/Officer Information			
Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
O'Hearn		Gerry	
Street Number and Name Suite			
44 Pennington Place			
City/Town/Village		Province/State	Country Postal/Zip Code
Brampton		ON	CA L6S-5S8
Director		Officer	
Are you a resident Canadian? (Applies to directors of business corporations only)		Indicate the appointment period for each of the following:	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Date Elected		Date Appointed Date Ceased	
year month day 2001-07-31		year month day	
Date Ceased		year month day	
		President	
		Secretary	
		Treasurer	
		General Manager	
		Other (specify)	

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

Schedule A: Information on Ontario Corporations

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

MCBS
Schedule A
Page 23 of 24



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

Identification																							
Corporation's Legal Name (including punctuation)		Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation																				
Hydro One Brampton Networks Inc.		1414330	2000-05-01 <small>year month day</small>																				
Director/Officer Information																							
Full Name and Address for Service:																							
Last Name	First Name	Middle Name(s)																					
McCool	Lorne	V																					
Street Number and Name																							
1510-100 Quebec Avenue																							
City/Town/Village	Province/State	Country	Postal/Zip Code																				
Toronto	ON	CA	M6P-4B8																				
Director	Officer																						
Are you a resident Canadian? <i>(Applies to directors of business corporations only)</i> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Indicate the appointment period for each of the following: <table border="1" style="width:100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2"></th> <th style="text-align: center;">Date Appointed</th> <th style="text-align: center;">Date Ceased</th> </tr> <tr> <th style="text-align: center;"><small>year month day</small></th> <th style="text-align: center;"><small>year month day</small></th> </tr> </thead> <tbody> <tr> <td>President</td> <td></td> <td></td> </tr> <tr> <td>Secretary</td> <td></td> <td></td> </tr> <tr> <td>Treasurer</td> <td></td> <td></td> </tr> <tr> <td>General Manager</td> <td></td> <td></td> </tr> <tr> <td>Other (specify)</td> <td>2000-05-01</td> <td>2001-07-31</td> </tr> </tbody> </table>				Date Appointed	Date Ceased	<small>year month day</small>	<small>year month day</small>	President			Secretary			Treasurer			General Manager			Other (specify)	2000-05-01	2001-07-31
	Date Appointed	Date Ceased																					
	<small>year month day</small>	<small>year month day</small>																					
President																							
Secretary																							
Treasurer																							
General Manager																							
Other (specify)	2000-05-01	2001-07-31																					
Date Elected <div style="border: 1px solid black; padding: 2px; text-align: center;"> year month day 2000-04-25 </div>	Chair <div style="border: 1px solid black; height: 20px; width: 100%;"></div>																						
Date Ceased <div style="border: 1px solid black; padding: 2px; text-align: center;"> year month day 2001-07-31 </div>																							

Director/Officer Information																							
Full Name and Address for Service:																							
Last Name	First Name	Middle Name(s)																					
Albert	Roger																						
Street Number and Name																							
20 Cotswold Court																							
City/Town/Village	Province/State	Country	Postal/Zip Code																				
Georgetown	ON	CA	L7G-5E5																				
Director	Officer																						
Are you a resident Canadian? <i>(Applies to directors of business corporations only)</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Indicate the appointment period for each of the following: <table border="1" style="width:100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2"></th> <th style="text-align: center;">Date Appointed</th> <th style="text-align: center;">Date Ceased</th> </tr> <tr> <th style="text-align: center;"><small>year month day</small></th> <th style="text-align: center;"><small>year month day</small></th> </tr> </thead> <tbody> <tr> <td>President</td> <td></td> <td></td> </tr> <tr> <td>Secretary</td> <td></td> <td></td> </tr> <tr> <td>Treasurer</td> <td></td> <td></td> </tr> <tr> <td>General Manager</td> <td></td> <td></td> </tr> <tr> <td>Other (specify)</td> <td>2000-05-01</td> <td></td> </tr> </tbody> </table>				Date Appointed	Date Ceased	<small>year month day</small>	<small>year month day</small>	President			Secretary			Treasurer			General Manager			Other (specify)	2000-05-01	
	Date Appointed	Date Ceased																					
	<small>year month day</small>	<small>year month day</small>																					
President																							
Secretary																							
Treasurer																							
General Manager																							
Other (specify)	2000-05-01																						
Date Elected <div style="border: 1px solid black; padding: 2px; text-align: center;"> year month day </div>	Vice-President <div style="border: 1px solid black; height: 20px; width: 100%;"></div>																						
Date Ceased <div style="border: 1px solid black; padding: 2px; text-align: center;"> year month day </div>																							

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

Schedule A: Information on Ontario Corporations

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



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

Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
Hydro One Brampton Networks Inc.	1414330	year month day 2000-05-01

Director/Officer Information

Full Name and Address for Service:			
Last Name	First Name	Middle Name(s)	
Bissell	Lorna	M.	
Street Number and Name			
92 Valonia Drive			
City/Town/Village	Province/State	Country	Postal/Zip Code
Brampton	ON	CA	L6V-4K1
Director	Officer		
Are you a resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Date Elected			
2000-04-25			
Date Ceased			
2001-07-31			
	Date Appointed	Date Ceased	
	year month day	year month day	
President			
Secretary			
Treasurer			
General Manager			
Other (specify)			

Director/Officer Information

Full Name and Address for Service:			
Last Name	First Name	Middle Name(s)	
Jeffrey	Linda		
Street Number and Name			
29 Brower Court			
City/Town/Village	Province/State	Country	Postal/Zip Code
Brampton	ON	CA	L6Z-4S6
Director	Officer		
Are you a resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Date Elected			
2000-04-25			
Date Ceased			
2001-07-31			
	Date Appointed	Date Ceased	
	year month day	year month day	
President			
Secretary			
Treasurer			
General Manager			
Other (specify)			

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Schedule A: Information on Ontario Corporations

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

MCBS
Schedule A
Page 23 of 24



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Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
Hydro One Brampton Networks Inc.	1414330	year month day 2000-05-01

Director/Officer Information

Full Name and Address for Service:			
Last Name	First Name	Middle Name(s)	
Cowie	William		
Street Number and Name		Suite	
12 London Lane			
City/Town/Village	Province/State	Country	Postal/Zip Code
Brampton	ON	CA	L6S-5V5
Director		Officer	
Are you a resident Canadian? (Applies to directors of business corporations only) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Indicate the appointment period for each of the following:	
Date Elected year month day 2000-04-25			
Date Ceased year month day 2001-07-31			
		Date Appointed year month day	Date Ceased year month day
President			
Secretary			
Treasurer			
General Manager			
Other (specify)			

Director/Officer Information

Full Name and Address for Service:			
Last Name	First Name	Middle Name(s)	
Wright	John	D.	
Street Number and Name		Suite	
3140 Fifth Line West, No. 21			
City/Town/Village	Province/State	Country	Postal/Zip Code
Mississauga	ON	CA	L5L-1A2
Director		Officer	
Are you a resident Canadian? (Applies to directors of business corporations only) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Indicate the appointment period for each of the following:	
Date Elected year month day 2000-04-25			
Date Ceased year month day 2001-07-31			
		Date Appointed year month day	Date Ceased year month day
President			
Secretary			
Treasurer			
General Manager			
Other (specify)		2000-05-01	2001-07-31
		Vice-Chair	

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

Schedule A: Information on Ontario Corporations

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

MCBS
Schedule A
Page 23 of 24



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Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
Hydro One Brampton Networks Inc.	1414330	year month day 2000-05-01

Director/Officer Information

Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
McCallion		Maggie	
Street Number and Name		Suite	
7 Ridgehill Drive			
City/Town/Village	Province/State	Country	Postal/Zip Code
Brampton	ON	CA	L6Y-2C3
Director	Officer		
Are you a resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Date Elected			
year month day 2000-04-25			
Date Ceased			
year month day 2001-07-31			
	Date Appointed	Date Ceased	
	year month day	year month day	
President			
Secretary			
Treasurer			
General Manager			
Other (specify)			

Director/Officer Information

Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Fennell		Susan	
Street Number and Name		Suite	
44 Terra Cotta Crescent			
City/Town/Village	Province/State	Country	Postal/Zip Code
Brampton	ON	CA	L6Y-1C1
Director	Officer		
Are you a resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Date Elected			
year month day 2000-04-25			
Date Ceased			
year month day 2001-07-31			
	Date Appointed	Date Ceased	
	year month day	year month day	
President			
Secretary			
Treasurer			
General Manager			
Other (specify)			

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

Schedule A: Information on Ontario Corporations

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



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Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
Hydro One Brampton Networks Inc.	1414330	year month day 2000-05-01

Director/Officer Information

Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Frey		David	
Street Number and Name Suite			
29 Parkview Place			
City/Town/Village		Province/State	Country
Brampton		ON	CA
Postal/Zip Code		L6W-2G2	
Director		Officer	
Are you a resident Canadian? (Applies to directors of business corporations only)		Indicate the appointment period for each of the following:	
<input type="checkbox"/> Yes <input type="checkbox"/> No			
Date Elected			
year month day			
Date Ceased			
year month day			
President		Date Appointed	Date Ceased
		year month day	year month day
Secretary		2000-05-01	
Treasurer			
General Manager			
Other (specify)		2000-05-01	
		Vice-President	

Director/Officer Information

Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Street Number and Name Suite			
City/Town/Village		Province/State	Country
Postal/Zip Code			
Director		Officer	
Are you a resident Canadian? (Applies to directors of business corporations only)		Indicate the appointment period for each of the following:	
<input type="checkbox"/> Yes <input type="checkbox"/> No			
Date Elected			
year month day			
Date Ceased			
year month day			
President		Date Appointed	Date Ceased
		year month day	year month day
Secretary			
Treasurer			
General Manager			
Other (specify)			

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

Hydro One Brampton Networks Inc.

Corp. Tax Acct. No. : 1800040

Year Ended: 2001-12-31

CT23-Supp.

ONTARIO CT23 SUPPLEMENTARY - LIST OF ASSOCIATED CORPORATIONS

Name of Associated Corporation	Ontario Corp. Tax Number	Taxation Year end	Taxable Capital	Total Assets (Note 1)	Total Revenue (Note 1)	Taxable Income (Note 2)
Hydro One Networks Inc.	1800029	2001-12-31	0	8307150000	3290710000	0
Hydro One Inc.	1800002	2001-12-31	0	8912410000	235,320,000	0
Hydro One Telecom Inc.	1800031	2001-12-31	0	6,110,000	11,861,000	0
Hydro One Markets Inc.	1800033	2001-12-31	0	7,020,000	8,359,000	0
Ontario Hydro Energy Inc.	1800028	2001-12-31	0	47,910,000	33,869,000	0
Hydro One Remote Communities	1800030	2000-12-31	0	47,330,000	35,672,000	0
Hydro One Network Services Inc	1800036	2001-12-31	0	650,930,000	896,756,000	0
Hydro One Delivery Services In	1800034	2000-12-31	0	0	0	0
Hydro One Telecom Link Limited		2001-12-31	0	0	0	0
Hydro One Brampton Inc.	1414331	2001-12-31	0	63,981,403	0	0
Hydro One Brampton Services	1800038	2001-12-31	0	492,595	24,692	0
Hydro One International Inc.	1800032	2001-12-31	0	219,140,000	9,057,000	0
TOTALS			0	18262473998	4521628692	0

Note 1: Enter total assets and total revenues only if "Corporate Minimum Tax (CMT)" is applicable.

Note 2: Enter Taxable Income amounts only if "Surtax on a CCPC" is applicable
(i.e. IDSBC is applicable).

Ontario CT23 Supplementary

Hydro One Brampton Networks Inc.
Corp. Tax Acct. No. : 1800040

Ont. Sch. 008
Year Ended: 2001-12-31

Summary of Capital Cost Allowance

Class No.	UCC at Beginning of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203]-[207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
{200}	{201}	{203}	{205}	{207}	{211}	{212}	{213}	{215}	{217}	{220}
1	122,579,573	13,518,413	0	0	6,759,206	4	0	0	2,168,639	133,929,347
2	44,877,032	0	0	0	0	6	0	0	1,128,688	43,748,344
8	750,350	174,618	0	0	87,309	20	0	0	70,226	854,742
10	630,093	785,580	0	89,386	348,097	30	0	0	123,011	1,203,276
12	0	33,549	0	0	16,774	100	0	0	7,032	26,517
Total	168,837,048	14,512,160	0	89,386	7,211,386		0	0	3,497,596	179,762,226

Ontario Cumulative Eligible Capital Deduction
Schedule 10

(For taxation years 2000 and later)

- 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)	44,162,168	A
Add: Cost of eligible capital property acquired during the taxation year	+ 16,172	B
Amount transferred on amalgamation or wind-up of subsidiary	+ 0	C
Other adjustments	+ 0	D
Total of B + C + D	= 16,172 x 0.75 =	12,129 E
Subtotal A + E	=	44,174,297 F
Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	+ 0	G
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)	+ 0	H
Other adjustments	+ 0	I
Total of G + H + I	= 0 x 0.75 =	0 J
Ontario cumulative eligible capital balance F - J	=	44,174,297 K
"If K is negative, enter zero at line M and proceed to Part 2"		
Current year deduction 44,174,297 K x 7.00% *	=	1,296,183 L
* "The maximum current year deduction is 7%. However, you can claim any amount up to the maximum."		
Ontario cumulative eligible capital - closing balance K - L (if negative, enter zero)	=	42,878,114 M

Note: * Any amount up to the maximum deduction of 7% may be claimed. 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.

Part 2 - Amount to be included in income arising from disposition

"Only complete this part only if the amount at line K is negative"

Amount from line K above "show as a positive amount"			0	N
Total cumulative eligible capital deductions from income for taxation years commencing before July 1, 1988	0	1		
Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA	0	2		
Total of cumulative eligible capital deductions claimed for taxation years commencing after June 30, 1988	0	3		
Negative balances in the cumulative eligible capital account that were included in income for taxation years commencing after June 30, 1988	0	4		
Line 3 deduct line 4	0		0	5
Total lines 1 + 2 + 5			0	6
Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000			0	7
Deduct line 7 from line 6			0	
N - O (cannot be negative)				0 O
Amount on line 5 $0 \times 1/2$				0 P
P - Q				0 Q
Amount on line R $0 \times 2/3$ *				0 R
Lesser of line N or line O				0 S
Amount to be included in income S + T For taxation years ending before February 28, 2000, line N - line Q				0 T
			0	
			=====	

Note: * For taxation years ending after February 27, 2000, and before October 18, 2000,
use 8/9 to calculate line S.

Hydro One Brampton Networks Inc.

Non-Consolidated Balance Sheet

December 31, 2001
(Unaudited)

Assets

Current assets:

Cash	\$ 2,413,777
Accounts receivable	34,821,043
Unbilled revenue	7,516,370
Inventories	2,877,806
Prepaid expenses	179,878
Cost of power bill adjustment	48,769
	<u>47,857,643</u>

Fixed assets:

Land and easements	7,762,944
Buildings	21,348,547
Plant and equipment	287,164,039
	<u>316,275,530</u>
Accumulated depreciation	118,988,521
	<u>197,287,009</u>

Other assets:

Regulatory assets	2,989,431
Unamortized debenture costs	773,030
Goodwill	60,059,581
	<u>63,822,042</u>

\$ 308,966,694

Liabilities and Equity

Current liabilities:

Accounts payable and accrued charges	\$ 35,470,630
Accrued interest on long-term debt	828,210
Due to Brampton Hydro Services Inc.	20,134
Current portion of consumer deposits	900,000
	<u>37,218,974</u>
Long-term debt	143,000,000
Other long-term	
Consumer deposits	2,399,331
Employee future benefits	3,900,000
	<u>6,299,331</u>
Total liabilities	<u>186,518,305</u>

Shareholder's equity:

Capital stock - 1000 common shares	52,601,490
Contributed surplus	60,059,581
Retained earnings	9,787,318
Total shareholder's equity	<u>122,448,389</u>

\$ 308,966,694

For tax purposes only

Hydro One Brampton Networks Inc.
Non-Consolidated Statement of Income

For the five months ended December 31, 2001
(Unaudited)

Revenue:	
Residential	\$ 34,883,953
Commercial and Industrial	64,746,520
Large users	8,898,123
Street light revenue	604,187
Unbilled revenue adjustment	69,760
Cost of power billed adjustment	510,000
	109,712,543
Late payment charges	250,163
New occupancy charges	60,027
Miscellaneous revenue	371,966
Sinking fund earnings	-
Rental revenue from leased property	13,389
	695,545
	110,408,088
Expenses:	
Power purchased	96,092,241
Operation and maintenance:	
Transformer station maintenance	250,394
Line maintenance	1,319,260
Tree clearing	68,208
Transformer maintenance	52,871
Meter maintenance	66,071
Consumer premises	67,533
	1,824,337
Administration:	
Marketing	130,222
Billing and collection	1,101,112
Computer	(1,257)
General administration	1,479,297
	2,709,374
Financial:	
Interest on long-term debt	1,061,793
Miscellaneous interest	86,406
	1,148,199
Depreciation:	
Plant and equipment	4,761,108
	106,535,259
Net income for the period	\$ 3,872,829

For tax purposes only

2002

Tax Returns and

Financial Statements



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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, including proposed legislation, see the corresponding items in the *2001 T2 Corporation Income Tax Guide*.

Send one completed copy of this return, including schedules, and the *General Index of Financial Information* (GIFI) to your tax services office or to the tax centre that serves the corporation. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

055

Do not use this area

Identification

Business Number (BN) 001 864867635RC0001

Corporation's name

002 Hydro One Brampton Networks Inc.Has the corporation changed its name
since the last time we were notified? 003 1 Yes ☐ 2 No ☒If yes, do you have a copy of
the articles of amendment? 004 1 Yes ☐ 2 No ☐

Address of head office

Has the address changed since
the last time we were notified? 010 1 Yes ☐ 2 No ☒011 175 Sandalwood Parkway

012

City Province, territory, or state

015 Brampton016 ON

Country (other than Canada) Postal Code/ZIP code

017

018 L7A-1E8

Mailing address (if different from head office address)

Has the address changed since the last time we were notified?

020 1 Yes ☐ 2 No ☒021 c/o

022

023

City Province, territory, or state

025

Country (other than Canada) Postal code/ZIP code

027

028

Location of books and records

031 175 Sandalwood Parkway

032

City Province, territory, or state

035 Brampton036 ON

Country (other than Canada) Postal Code/ZIP code

037

038 L7A-1E8

040 Type of corporation at the end of the taxation year

1 ☒ Canadian-controlled
private corporation (CCPC) 4 ☐ Corporation controlled by
a public corporation2 ☐ Other private
corporation 5 ☐ Other corporation
(please specify, below)3 ☐ Public
corporationIf the type of corporation changed during
the taxation year, please provide the
effective date of the change 043

YYYY/MM/DD

To which taxation year does this return apply?

Taxation year start

Taxation year end

060 2002-01-01061 2002-12-31

YYYY/MM/DD

YYYY/MM/DD

Has there been an acquisition of control
to which subsection 249(4) applies
since the previous taxation year? 063 1 Yes ☐ 2 No ☒If yes, provide the date control
was acquired 065

YYYY/MM/DD

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, please provide Schedule 24

Has there been a windup of a subsidiary under section 88 during the
current taxation year? 072 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 24

Is this the final taxation year
before amalgamation? 076 1 Yes ☐ 2 No ☒Is this the final return up to
dissolution? 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

080 1 Yes ☒ 2 No ☐ If no, give the country of residence.

081

Is the non-resident corporation claiming an exemption under
an income tax treaty? 082 1 Yes ☐ 2 No ☒

If yes, please provide Schedule 91

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

- 085
- 1 ☐ Exempt under 149(1)(e) or (f)
- 2 ☐ Exempt under 149(1)(i)
- 3 ☐ Exempt under 149(1)(t)
- 4 ☐ Exempt under other paragraphs of section 149

Do not use this area

091	092	093	094	095	096
097					

Financial statement information: For taxation years ending in 2000 and later, use GIFI schedules 100, 125, and 141. * We do not print these schedules.
Schedules - Answer the following questions. For each yes response, attach to the T2 return the schedule that applies.

Guide item	Yes	Schedule
27 Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
28 Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
29 Is the corporation an associated Canadian-controlled private corporation?	160 <input checked="" type="checkbox"/>	23
30 Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
32 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	162 <input type="checkbox"/>	11
33 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?	163 <input type="checkbox"/>	44
34 Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
35 Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
37 Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
38 Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input type="checkbox"/>	T5013
40 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?	168 <input type="checkbox"/>	22
41 Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
42 Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
43 Has the corporation had any non-arm's-length transactions with a non-resident?	171 <input type="checkbox"/>	T106
47 Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172 <input type="checkbox"/>	
46 Does the corporation (private corporations only) have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
55 Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
78-81 Has the corporation made any charitable donations, gifts to Canada or a province, or gifts of cultural or ecological property?	202 <input type="checkbox"/>	2
82,104 Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input checked="" type="checkbox"/>	3
69-76 Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
131 Is the corporation claiming a provincial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
56 Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 <input type="checkbox"/>	6
102 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?	207 <input type="checkbox"/>	7
57 Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
58 Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
59 Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
60 Is the corporation claiming reserves of any kind?	213 <input checked="" type="checkbox"/>	13
61 Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
62 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
149 Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
130 Was the corporation carrying on business in Canada while not a Canadian corporation?	220 <input type="checkbox"/>	20 *
117 Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
154 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	28 *
110 Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
120 Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
63 Is the corporation claiming any scientific research and experimental development expenditures?	232 <input type="checkbox"/>	T661
123 Is the corporation subject to gross Part I.3 tax?	233 <input checked="" type="checkbox"/>	33/34/35
123 Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 <input checked="" type="checkbox"/>	36
123 Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
127 Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
127 Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
128 Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
128 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
124 Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
127 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?	250 <input type="checkbox"/>	39
127 For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	251 <input type="checkbox"/>	40
127 For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	252 <input type="checkbox"/>	41
151 Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131

Corporation's name Hydro One Brampton Networks Inc.	Business Number 864867635RC0001	Taxation year-end 2002-12-31
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Attachments - continued from page 2

Guide Item	Yes	Schedule
129 Is the corporation subject to Part XIII.1 tax?	<input type="checkbox"/>	92 *
152 Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
44 Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134-A
44 Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
44 Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
44 Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
44 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
Is the corporation claiming the BC mining exploration tax credit?	<input type="checkbox"/>	421
Is the corporation claiming the BC SR&ED tax credit?	<input type="checkbox"/>	T666

Additional information

Is the corporation inactive? 280 1 Yes ☐ 2 No ☒

Has the major business activity changed since the last return was filed? (enter yes for first time filers) 281 1 Yes ☐ 2 No ☒

What is the corporation's major business activity? 282 _____
(Only complete if yes was entered at line 281.)

If the major activity involves the resale of goods, indicate whether it is wholesale or retail 283 1 Wholesale ☐ 2 Retail ☐

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 Distrib	285 100%
286 _____	287 0%
288 _____	289 0%

Did the corporation immigrate to Canada during the taxation year? 291 1 Yes ☐ 2 No ☒

Did the corporation emigrate from Canada during the taxation year? 292 1 Yes ☐ 2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	3,092,539 A
Deduct:		
Charitable donations from Schedule 2	311	0
Gifts to Canada or a province from Schedule 2	312	0
Cultural gifts from Schedule 2	313	0
Ecological gifts from Schedule 2	314	0
Taxable dividends deductible under section 112, 113, or subsection 138(6) from Schedule 3	320	0
Part VI.1 tax deduction from Schedule 43	325	0
Non-capital losses of preceding taxation years from Schedule 4	331	0
Net-capital losses of preceding taxation years from Schedule 4	332	0
Restricted farm losses of preceding taxation years from Schedule 4	333	0
Farm losses of preceding taxation years from Schedule 4	334	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
Taxable capital gains or taxable dividends allocated from a central credit union	340	0
Prospector's and grubstaker's shares	350	0
Subtotal		0 B
Subtotal (amount A minus amount B)		3,092,539 C
Add:		
Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	355	0 D
Taxable income (amount C plus amount D)	360	3,092,539
Income exempt under paragraph 149(1)(f)	370	0
Taxable income for a corporation with exempt income under paragraph 149(1)(f) (line 360 minus line 370)		3,092,539 Z

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the taxation year**

Income from active business carried on in Canada from Schedule 7	400	<u>3,092,539</u>	A
Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/3 of the amount that would be deductible at line 632*, and 10/4 of line 636** on page 7, and minus any amount that, because of federal law is exempt from Part I tax	405	<u>3,092,539</u>	B
Business limit (for associated corporations, enter business limit from Schedule 23)	410	<u>0</u>	C
Reduction to business limit:			
Amount C <u>0</u> x <u>415 ***</u> <u>591,057</u> D = <u>11,250</u>		<u>0</u>	E
Reduced business limit (amount C minus amount E) (if negative, enter "0")	425	<u>0</u>	F
Small business deduction - 16.00% of the least of amounts A, B, C, and F (enter amount G on line 9 of page 7)	430	<u>0</u>	G

- * Calculate the amount of foreign non-business income tax credit deductible at line 632 without reference to the refundable tax on 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 at line 636 without reference to the corporate tax reductions under section 123.4.
- *** Large corporation tax for preceding year - Enter the total gross Part I.3 tax for the corporation for its preceding taxation year, before deducting the surtax credits, increased to reflect a full-year tax liability if the previous year is less than 51 weeks. For associated corporations, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**

Reduced business limit (amount from line 425)	<u>0</u> x 3/2 =	<u>0</u>	A
Net active business income (amount from line 400) *		<u>3,092,539</u>	B
Taxable income from line 360 or amount Z on page 3, whichever applies, minus 10/4 of the maximum deductible amount at line 636** on page 7, and minus any amount that, because of federal law is exempt for Part I Tax		<u>3,092,539</u>	C
Deduct:			
Aggregate investment income (amount from line 440 of page 6)		<u>0</u>	D
Amount C minus amount D (if negative, enter "0")		<u>3,092,539</u>	E
The least of amounts A, B, or E above		<u>0</u>	F
Amount Z from Part 9 of Schedule 27	<u>0</u> x 100/7 =	<u>0</u>	G
Amount QQ from Part 13 of Schedule 27		<u>0</u>	H
Resource allowance (amount from line 346 of Schedule 1)	<u>0</u> x 3 =	<u>0</u>	I
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		<u>0</u>	J
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction		<u>0</u>	K
Total of amounts G, H, I, J, and K		<u>0</u>	L
Amount F minus amount L (if negative, enter "0")		<u>0</u>	M
Amount M <u>0</u> x <u>Number of days in the taxation year after December 31, 2000</u> <u>365</u> = <u>0</u>	<u>Number of days in the taxation year</u> <u>365</u>		N
Accelerated tax reduction - 7% of amount N (enter amount O on line 637 of page 7)		<u>0</u>	O

- * If the amount at line 450 of Schedule 7 is positive, specified partnerships need to use Schedule 70 to calculate net active business income.
- ** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 or amount Z of page 3				<u>3,092,539</u> A
Amount Z from Part 9 of Schedule 27	<u>0</u> x 100/7		<u>0</u> B	
Amount QQ from Part 13 of Schedule 27			<u>0</u> C	
Resource allowance (amount from line 346 of Schedule 1)	<u>0</u> x 3 =		<u>0</u> D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			<u>0</u> E	
Least of amounts on lines 400, 405, 410, and 425 of the small business deduction on page 4			<u>0</u> F	
Aggregate investment income from line 440 of page 6			<u>0</u> G	
Amount used to calculate the accelerated tax reduction (amount M of page 4)			<u>0</u> H	
Total of amounts B, C, D, E, F, G, and H			<u>0</u>	<u>0</u> I

Amount A minus amount I (if negative, enter "0") 3,092,539 J

Amount J 3,092,539 x $\frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$ $\frac{0}{365}$ x 1% = 0 K

Amount J 3,092,539 x $\frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$ $\frac{365}{365}$ x 3% = 92,776 L

Amount J 3,092,539 x $\frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$ $\frac{0}{365}$ x 5% = 0 M

Amount J 3,092,539 x $\frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$ $\frac{0}{365}$ x 7% = 0 N

General tax reduction for Canadian-controlled private corporations - Total of amounts K, L, M and N 92,776 O
(enter amount O on line 638 of page 7)

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or a non-resident-owned investment corporation

Taxable income from line 360 or amount Z of page 3				<u>0</u> A
Amount Z from Part 9 of Schedule 27	<u>0</u> x 100/7		<u>0</u> B	
Amount QQ from Part 13 of Schedule 27			<u>0</u> C	
Resource allowance (amount from line 346 of Schedule 1)	<u>0</u> x 3 =		<u>0</u> D	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			<u>0</u> E	
Total of amounts B, C, D, and E			<u>0</u>	<u>0</u> F

Amount A minus amount F (if negative, enter "0") 0 G

Amount G 0 x $\frac{\text{Number of days in the taxation year in 2001}}{\text{Number of days in the taxation year}}$ $\frac{0}{365}$ x 1% = 0 H

Amount G 0 x $\frac{\text{Number of days in the taxation year in 2002}}{\text{Number of days in the taxation year}}$ $\frac{365}{365}$ x 3% = 0 I

Amount G 0 x $\frac{\text{Number of days in the taxation year in 2003}}{\text{Number of days in the taxation year}}$ $\frac{0}{365}$ x 5% = 0 J

Amount G 0 x $\frac{\text{Number of days in the taxation year after 2003}}{\text{Number of days in the taxation year}}$ $\frac{0}{365}$ x 7% = 0 K

General tax reduction - Total of amounts H, I, J and K 0 L
(enter amount L on line 639 of page 7)

Corporation's name Hydro One Brampton Networks Inc.	Business Number 864867635RC0001	Taxation year-end 2002-12-31
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Refundable portion of Part I tax

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income 440	0	x 26 2/3% =	0	A
(amount P from Part 1 of Schedule 7)				
Foreign non-business income tax credit from line 632 on page 7	0			
Deduct:				
Foreign investment income 445	0	x 9 1/3% =	0	
(amount O from Part 1 of Schedule 7)		(if negative, enter "0")	0	B
Amount A minus amount B (if negative, enter "0")			0	C
Taxable income from line 360 on page 3	3,092,539			
Deduct:				
Least of amounts on lines 400, 405, 410, and 425 on page 4	0			
Foreign non-business income tax credit from line 632 of page 7	0	x 25/9 =	0	
Foreign business income tax credit from line 636 of page 7	0	x 10/4 =	0	
	0		0	
	3,092,539	x 26 2/3% =	824,677	D
Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8)	807,771			
Deduct corporate surtax from line 600 of page 7	34,636			
Net amount	773,135		773,135	E
Refundable portion of Part I tax - The least of amounts C, D, and E	450		0	F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year	460	0	
Deduct dividend refund for the previous taxation year	465	0	
		0	0 A
Add the total of:			
Refundable portion of Part I tax from line 450 above		0	
Total Part IV tax payable from line 360 on page 2 of Schedule 3		0	
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480	0	
		0	0 B
Refundable dividend tax on hand at the end of the taxation year - Amount A plus amount B	485	0	

Dividend refund

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

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3	2,800,000	x 1/3	933,333	A
Refundable dividend tax on hand at the end of the taxation year from line 485 above			0	B
Dividend refund - Lesser of amounts A and B (enter this amount on line 784 of page 8)			0	

Corporation's name Hydro One Brampton Networks Inc.	Business Number 864867635RC0001	Taxation year-end 2002-12-31
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Part I tax

Base amount of Part I tax - 38.00% of taxable income (line 360 or amount Z, whichever applies) from page 3 550 1,175,165 A

Corporate surtax calculation

Base amount from line A above 1,175,165 1

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 309,254 2

Investment corporation deduction from line 620 below 0 3

Federal logging tax credit from line 640 below 0 4

Federal qualifying environmental trust tax credit from line 648 below 0 5

For a mutual fund corporation or an investment corporation throughout the taxation year, enter the least of a, b, and c below on line 6:

28.00 % of taxable income from line 360 of page 3 0 a

28.00 % of taxed capital gains 0 b

Part I tax otherwise payable 0 c

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

Total of lines 2 to 6 309,254 7

Net amount (line 1 minus line 7) 865,911 8

Corporate surtax - 4.00% of the amount on line 8 600 34,636 B

Recapture of investment tax credit from line XX in Part 16 of Schedule 31 602 0 C

Calculation for the refundable tax on Canadian-controlled private corporation's investment income (for a CCPC throughout the taxation year)

Aggregate investment income from line 440 on page 6 0 i

Taxable income from line 360 on page 3 3,092,539

Deduct:

The least of amounts on lines 400, 405, 410, and 425 of page 4 0

Net amount 3,092,539 ii

Refundable tax on CCPC's investment income - 6 2/3% of the lesser of amounts i or ii 604 0 D

Subtotal (add lines A, B, C, and D) 1,209,801 E

Deduct:

Small business deduction from line 430 of page 4 0 9

Federal tax abatement 608 309,254

Manufacturing and processing profits deduction from amount BB or amount VV of Schedule 27 616 0

Investment corporation deduction 620 0

(taxed capital gains 624 0)

Additional deduction - credit unions from Schedule 17 628 0

Federal foreign non-business income tax credit from Schedule 21 632 0

Federal foreign business income tax credit from Schedule 21 636 0

Accelerated tax reduction from amount O of page 4 637 0

General tax reduction for CCPCs from amount O of page 5 638 92,776

General tax reduction from amount L of page 5 639 0

Federal logging tax credit from Schedule 21 640 0

Federal political contribution tax credit 644 0

Federal political contributions 646 0

Federal qualifying environmental trust tax credit 648 0

Investment tax credit from Schedule 31 652 0

Subtotal 402,030

402,030 F

Part I tax payable - Line E minus line F (enter amount G on line 700 of page 8) 807,771 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	807,771
Part I.3 tax payable from Schedule 33, 34, or 35	704	609,643
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		1,417,414

Add provincial and territorial tax:

Provincial or territorial jurisdiction 750 ON

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

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

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

Total tax payable 770 1,417,414 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	0
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0

Total payments on which tax has been withheld 801 0

Allowable refund for non-resident-owned investment corporations from Schedule 26

804 0

Provincial and territorial capital gains refund from Schedule 18

808 0

Provincial and territorial refundable tax credits from Schedule 5

812 0

Royalties deductible under Syncrude Remission Order 815 0

Tax remitted under Syncrude Remission Order

816 0

Tax instalments paid

840 1,417,414

Total credits 890 1,417,414

1,417,414 B

Refund code 894 0 Overpayment 0

Balance (line A minus line B) 0

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.
We do not charge or refund a difference of less than \$2.

Balance unpaid 0

Enclosed payment 898 0

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

896 1 Yes ☐ 2 No ☒

Certification

950 PAUL	951 TONY	954 CONTROLLER
Last name in block letters	First name in block letters	Position, office or rank
I am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.		
955 2003/06/10	Signature of an authorized signing officer of the corporation	956 905-840-6300
Date (yyyy/mm/dd)		Telephone number
Is the contact person the same as the authorized signing officer? If no, complete the information below		
957 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>		
958	Name in block letters	959 Telephone number

Language of correspondence - Langue de correspondance

990 Please indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais



2 Français/French



-Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

- 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.
- 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."
- For more information, see the "T2 Corporation Income Tax Guide."

Net income (loss) after taxes and
 extraordinary items per financial statements 6,179,348 A

Additions:

Provision for income taxes - current	<input type="checkbox"/> 101	4,888,016	
Amortization of tangible assets	<input type="checkbox"/> 104	12,693,757	
Non-deductible meals and entertainment expenses	<input type="checkbox"/> 121	17,817	
Reserves from financial statements - balance at the end of the year	<input type="checkbox"/> 126	4,867,444	
Subtotal of additions		22,467,034	22,467,034

Other Additions:

Miscellaneous Other Additions:

<input type="checkbox"/> 600 Amortization of debt discount	<input type="checkbox"/> 290	25,920	
<input type="checkbox"/> 601 Partnership income per T5013 (net of 2001 loss)	<input type="checkbox"/> 291	3,261	
Subtotal of Other Additions	<input type="checkbox"/> 199	29,181	29,181
Total Additions	<input type="checkbox"/> 500	22,496,215	22,496,215

Deductions:

Gain on disposal of assets per financial statements	<input type="checkbox"/> 401	19,450	
Capital cost allowance from Schedule 8	<input type="checkbox"/> 403	9,148,530	
Cumulative eligible capital deduction from Schedule 10	<input type="checkbox"/> 405	3,003,532	
Reserves from financial statements - balance at the beginning of the year	<input type="checkbox"/> 414	3,900,000	
Subtotal of Deductions		16,071,512	16,071,512

Other Deductions:

Miscellaneous Other Deductions:

<input type="checkbox"/> 700 OPEB amounts capitalized	<input type="checkbox"/> 390	65,281	
<input type="checkbox"/> 701 Capitalized interest	<input type="checkbox"/> 391	410,765	
<input type="checkbox"/> 702 Prospectus & underwriting fees	<input type="checkbox"/> 392	154,670	
<input type="checkbox"/> 703 Capital tax not expensed (CT23 818,734-818,000 GL)	<input type="checkbox"/> 393	734	
<input type="checkbox"/> 704 Other deductions	<input type="checkbox"/> 394	8,880,062	
Subtotal of Other Deductions	<input type="checkbox"/> 499	9,511,512	9,511,512
Total Deductions	<input type="checkbox"/> 510	25,583,024	25,583,024

Net income (loss) for income tax purposes 3,092,539
 (enter on line 300 on the T2 return) =====

2002-12-31

0.00

Total	8,880,062.00
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- 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.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the "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, at any time in the taxation year.
- If you need more space, continue on a separate schedule.
- 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.)
- "X" under column B if the payer corporation is connected.

Part 1 - Dividends received during the taxation year

Complete if payer corporation is connected

	A	B	C	D
Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)			Business Number	Taxation year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YY/YY/MM/DD
	200	205	210	220

Complete if payer corporation is connected
 and is either a private corporation or
 a subject corporation

	E	F	G	H	I
Name of payer corporation	Non-taxable dividend under section 83	Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	Total taxable dividends paid by connected payer corporation	Dividend refund of the connected payer corporation	Part IV tax before deductions F x 1/3 **
	230	240	250	260	270
	0	0	0	0	0
	-----	-----	-----	-----	-----
Total (enter on line 320 of the T2 return)	0	0	0	0	0
	=====	=====	=====	=====	=====

For dividends received from non-connected corporation:
 Part IV tax equals: Column F x Column H / 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 (total of column I in Part 1)

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax.....	320	0	0
--	-----	---	---

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax	330	0
---	-----	---

Non-capital losses from prior years claimed to reduce 1

Part IV tax.....	335	0
------------------	-----	---

Current-year farm loss claimed to reduce Part IV tax	340	0
--	-----	---

Farm losses from prior years claimed to reduce Part IV tax.....	345	0
---	-----	---

Total losses applied against Part IV tax	0	x 1/3	=	0
--	---	-------	---	---

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)
Hydro One Brampton Inc.	868794520RC0001	2002-12-31	2,800,000
			0
			0
			0
			0
			0
			0
			0
			0
			0
			0
Total			2,800,000
Total taxable dividends paid in the taxation year to other than connected corporations.....			(450) 0
Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450)			(460) 2,800,000

Part 4 - Taxable dividends paid in the taxation year

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

Total taxable dividends paid in the taxation year for the purposes of

a dividend refund (From above) **460** 2,800,000

Other dividends paid in the taxation year

(Total of 510 to 550) 0

Total dividends paid in the taxation year **500** 2,800,000

Deduct:

Dividends paid out of capital dividend account **510** 0

Capital gains dividends **520** 0

Dividends paid on shares described in subsection 129(1.2) **530** 0

Taxable dividends paid to a controlling corporation that was

bankrupt at any time in the year **540** 0

Deemed dividends paid on a small business development bond **550** 0

Subtotal 0

Taxable dividends paid in the taxation year for purposes of a dividend refund 2,800,000

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5q)? [101] N

Class	UCC at Beginning No. of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203]~[207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	133,929,347	27,147,416	-152,429	0	13,573,708	4	0	0	5,894,025	155,030,309
2	43,748,344	0	0	0	0	6	0	0	2,624,901	41,123,443
8	854,742	225,030	0	0	112,515	20	0	0	193,451	886,321
10	1,203,276	343,801	0	19,450	162,175	30	0	0	409,636	1,117,991
12	26,517	0	0	0	0	100	0	0	26,517	0
Total	179,762,226	27,716,247	-152,429	19,450	13,848,398		0	0	9,148,530	198,158,064

Hydro One Brampton Networks Inc.
Account/ Business No.: 864867635

Year Ended: 2002-12-31

Sch.08
Supplementary

Subsection 13(7.4) Election

Included in this return is an election under subsection 13(7.4) with respect to amounts that would normally be included in income under paragraph 12(1)(x). The amount in respect of which the election was made, and so was not included in income but was the amount by which the cost of depreciable property was reduced, is \$18,094,978.

This schedule is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporation(s)

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
Hydro One Networks Inc.		870865821RC0001	3	0	0.00	0	0.00	0
Hydro One Inc.		869994731RC0001	3	0	0.00	0	0.00	0
Hydro One Telecom Inc.		868001066RC0001	3	0	0.00	0	0.00	0
Hydro One Markets Inc.		867584989RC0001	3	0	0.00	0	0.00	0
1316664 Ontario Inc.		884036625RC0001	3	0	0.00	0	0.00	0
Hydro One Remote Communities		870836269RC0001	3	0	0.00	0	0.00	0
Hydro One Network Services Inc		863550190RC0001	3	0	0.00	0	0.00	0
Hydro One Delivery Services In		869177246RC0001	3	0	0.00	0	0.00	0
Hydro One Telecom Link Limited		887867513RC0001	3	0	0.00	0	0.00	0
Hydro One Brampton Inc.		868794520RC0001	1	0	0.00	0	0.00	0
Hydro One Brampton Services		868794728RC0001	3	0	0.00	0	0.00	0
Hydro One Lake Erie Link Manag		878921519RC0001	3	0	0.00	0	0.00	0
Hydro One Lake Erie Link Compa		NR	3	0	0.00	0	0.00	0

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

Schedule 9

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- 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.
- This form applies to taxation years that end after February 27, 2000.

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

Cumulative eligible capital - Balance at end of preceding taxation year

(if negative, enter "0") 200 42,886,586 A

Add:

Cost of eligible capital property acquired during
the taxation year 222 28,012 BAmount transferred on amalgamation or wind-up
of subsidiary 224 0 COther adjustments 228 0 D

(add amounts B, C, and D) 28,012 x 0.75 = 21,009 E

Subtotal (amount A plus amount E) 230 42,907,595 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 0 GThe gross amount of a reduction in respect of a forgiven debt
obligation as provided for in subsection 80(7) 244 0 HOther adjustments 246 0 I(add amounts G, H, and I) 0 x 0.75 = 248 0 JCumulative eligible capital balance (amount F minus amount J) 42,907,595 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)Current year deduction amount K 42,907,595 x 7.00% = 250 3,003,532 L
(enter amount L at line 405 of Schedule 1)Cumulative eligible capital - Closing balance 300 39,904,063 M
Amount K minus amount L (if negative, enter "0")

Note

You can claim any amount up to the maximum deduction of 7%. For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 - Amount to be included in income arising from disposition

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

Amount from line K above (show as a positive amount) 0 N

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988 400 0 1Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7) 401 0 2Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988 402 0 3Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988 408 0 4

Line 3 minus line 4 0 0 5

Total of lines 1, 2, and 5 0 6

Line T from Schedule 10 of previous taxation years ending
after February 27, 2000 409 0 7

Line 6 minus line 7 0 0 O

Line N minus line O (cannot be negative) 0 P

Amount on line 5 $0 \times 1/2$ 0 Q

Line P minus line Q 0 R

Amount on line R $0 \times 2/3^*$ 0 S

Lesser of line N or line O 0 T

Amount to be included in income on line 108 of Schedule 1,
line S plus line T

For taxation years ending before February 28, 2000,

line N - line Q 410 0* For taxation years ending after February 27, 2000, and before October 18, 2000,
use fraction 8/9 to calculate line S.

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CONTINUITY OF RESERVES
(1998 and later taxation years)

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	008	009	0	0	010
	0	0	0	0	0

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

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
OPER	3,900,000	0	464,000	0	4,364,000
RSVA Reserve (1580)	0	0	64,024	0	64,024
Reserve for Transition costs	0	0	200,000	0	200,000
Reserve for rebate payment	0	0	94,577	0	94,577
Other Liab. (2405)	0	0	144,843	0	144,843
	0	0	0	0	0
Reserves From Section 2 below	0	0	0	0	0
Totals	3,900,000	0	967,444	0	4,867,444

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.

Part 2 - Other reserves

Description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	[X]	\$	\$	\$	\$	\$
Reserve for doubtful debts.....	[]	119 0	115 0	0	0	129 0
Reserve for undelivered goods and services not rendered.....	[]	130 0	135 0	0	0	140 0
Reserve for prepaid rent.....	[]	150 0	155 0	0	0	160 0
Reserve for December 31, 1995 income.....	[]	170 0	175 0	0	0	180 0
Reserve for refundable containers.....	[]	190 0	195 0	0	0	200 0
Reserve for unpaid amounts.....	[]	210 0	215 0	0	0	220 0
Other tax reserves.....	[]	230 0	235 0	0	0	240 0
Totals		270 0	275 0	0	0	280 0

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS (CCPC's)
 TO ALLOCATE THE BUSINESS LIMIT (1998 and later taxation years)**

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to allocate the business limit for purposes of the small business deduction. Information from this schedule will be used to determine the date the balance of tax is due and to calculate the business limit reduction.
- An associated CCPC that has more than one taxation year ending in a calendar year, is required to file an agreement for each taxation year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including non-CCPCs and CCPCs that have filed an election under subsection 256(2) not to be associated for purposes of the small business deduction.

Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the code that applies to each corporation:

- 1 - associated for purposes of allocating the business limit (unless association code 5 applies)
- 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 - non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 - associated non-CCPC
- 5 - associated CCPC that is not associated for purposes of allocating the business limit because of a subsection 256(2) election made by a "third corporation".

Column 4: Enter the amount allocated to each corporation that has an association code 1 in column 3. The total of all amounts in column 4 can not exceed \$200,000.

Column 5: Complete column for a CCPC that has more than one taxation year ending in a calendar year, and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year. Enter the taxation year to which this agreement applies.

Column 6: Enter the gross Part I.3 tax of the prior year. This is used for the business limit reduction.

Allocation of business limit

Date filed (for departmental use only)	<input type="text" value="025"/>	Year Month Day
Enter the calendar year to which the agreement applies	<input type="text" value="050"/>	Year 2002
Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below?	<input type="text" value="075"/>	[Y/N] [N]

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit allocated (Note 1)	Taxation year end to which this agreement applies	Gross Part I.3 Tax of the prior year (Notes 2 & 3)
	<div>100</div>	<div>200</div>	<div>300</div>	<div>400</div>	<div>500</div>
Hydro One Brampton Networks Inc	864867635RC0001		0		591,057
See attached			0		0
			-----		-----
	Totals (not to exceed \$200,000)		0		591,057
			=====		=====

Note 1:

Each corporation will enter the amount allocated to it in column 4 on line 410 of the T2 return unless the corporation's taxation year is less than 51 weeks, in which case the amount allocated in column 4 must be prorated by the number of days in the taxation year divided by 365.

Note 2:**Reduction to the business limit under subsection 125(5.1)**

The reduction to the business limit applies when any member of the associated group had gross Part I.3 tax payable (before the deduction of surtax credits) for its last taxation year ending in the preceding calendar year. The reduction is calculated in the small business deduction area of the T2 return.

The amount to be entered at line 415 of the T2 return, (large corporation tax for preceding year), includes the gross Part I.3 tax payable for each corporation that has an "association code" of 1 or 4 in column 3 for its last taxation year ending in the preceding calendar year.

Note 3:

If the taxation year of the associated corporation was less than 51 weeks, the amount of gross Part I.3 tax is the unprorated amount before the application of subsection 181.1(2).

Hydro One Brampton Networks Inc.

Account/Business No.: 864867635RC0001 Year Ended: 2002-12-31

AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6
Name of associated corporation	Business Number of associated corporation	Asso- ciation code	Business limit allocated (Note)	Taxation year end to which this agreement applies	Gross Part I.3 Tax of the prior year
[100]	[200]	[300]	[400]	[500]	
Hydro One Networks Inc.	870865821RC0001	1	0	2002-12-31	0
Hydro One Inc.	869994731RC0001	1	0	2002-12-31	0
Hydro One Telecom Inc.	868001066RC0001	1	0	2002-12-31	0
Hydro One Markets Inc.	867584989RC0001	1	0	2002-12-31	0
1316664 Ontario Inc.	884036625RC0001	1	0	2002-12-31	0
Hydro One Remote Communities	870836269RC0001	1	0	2002-12-31	0
Hydro One Network Services Inc	863550190RC0001	1	0	2002-12-31	0
Hydro One Delivery Services In	869177246RC0001	1	0	2002-12-31	0
Hydro One Telecom Link Limited	887867513RC0001	1	0	2002-12-31	0
Hydro One Brampton Inc.	868794520RC0001	1	0	2002-12-31	0
Hydro One Brampton Services	868794728RC0001	1	0	2002-12-31	0
Hydro One Lake Erie Link Manag	878921519RC0001	1	0	2002-12-31	0
Hydro One Lake Erie Link Compa	NR	1	0	2002-12-31	0

TOTALS

0

0

Note: Each corporation will enter the amount allocated to it in column 4 on line 410 of the T2 return unless the corporation's taxation year is less than 51 weeks, in which case the amount allocated in column 4 must be prorated by the number of days in the taxation year divided by 365.

Reduction to the business limit under subsection 125(5.1)

The reduction to the business limit applies when any member of the associated group had gross Part I.3 tax payable (before the deduction of surtax credits) for its last taxation year ending in the preceding calendar year. The reduction is calculated in the small business deduction are of the T2 return. The amount to be entered at line 415 of the T2 return, (large corporation tax for preceding year), includes the gross Part I.3 tax payable for each corporation that has an "association code" of 1 or 4 in column 3 for its last taxation year ending in the preceding calendar year.

Schedule 23-Supplementary

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

PART 1.3 TAX ON LARGE CORPORATIONS
 (1998 and later taxation years)

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part 1.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part 1.3 in respect of its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or in respect of a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident-owned investment corporation throughout the year;
 - 2) bankrupt (as defined by subsection 128(3)) at the end of the year;
 - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5) neither resident in Canada nor carried on a business through a permanent establishment in Canada at any time in the year; or
 - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including processing incidental to or connected therewith) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" within six months of the end of the taxation year.

	Year	Month	Day
Filing date (for departmental use only)	100		

Complete the following areas to determine the amounts needed to calculate Part 1.3 tax. If the corporation was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 5, "Taxable capital employed in Canada - Non-resident corporation."

Part 1 - Capital		
Add the following amounts at the end of the year:		
Reserves that have not been deducted in computing income for the year under Part I	101	4,867,444
Capital stock (or members' contributions if incorporated without share capital)	103	51,501,490
Retained earnings	104	13,166,666
Contributed surplus	105	60,059,581
Any other surpluses	106	0
Deferred unrealized foreign exchange gains	107	0
All loans and advances to the corporation	108	156,751,148
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, bankers' acceptances, or similar obligations	109	0
Any dividends declared but not paid by the corporation before the end of the year	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year	111	0

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts
(that would be determined under lines 101, 107, 108, 109, 111 and 112)
in respect of the partnership of which the corporation is a member
at the end of the year exceeds the amount of the partnership's deferred
unrealized foreign exchange losses (see note below)

112 0

Subtotal 286,346,329

286,346,329 A
=====

Deduct the following amounts:

Deferred tax debit balance at the end of the year 121 0
Any deficit deducted in computing the shareholders' equity 122 0
Any amount deducted under subsection 135(1) in computing income under
Part I for the year, to the extent that the amount may reasonably be
regarded as being included in any of lines 101 to 112 above 123 0
The amount of deferred unrealized foreign exchange losses 124 0

Subtotal 0 0 B
=====

Capital for the year (amount A minus amount B) (if negative, enter "0") 190 286,346,329
=====

Note: Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- Amounts at these lines apply to partnerships in the same way that they apply to corporations.
- The proportion of the total amounts is determined in accordance with the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation 401 0
A loan or advance to another corporation (other than a financial institution) 402 0
A bond, debenture, note, mortgage, or similar obligation of another corporation
(other than a financial institution) 403 0
Long-term debt of a financial institution 404 0
A dividend receivable on a share of the capital stock of another corporation 405 0
A loan or advance to, or a bond, debenture, note, mortgage or similar obligation of,
a partnership all of the members of which, throughout the year, were other corporations
(other than financial institutions) that were not exempt from tax under Part I.3
[other than by reason of paragraph 181.1(3)(d)] 406 0
An interest in a partnership 407 0

Investment allowance for the year 490 0
=====

Note: Lines 401 to 405 should not include the carrying value of a share of the capital stock of,
a dividend payable by, or indebtedness of, a corporation that is exempt from tax under Part I of
the Act (other than by reason of paragraph 181.1(3)(d) of the Act).

Part 3 - Taxable capital

Capital for the year (line 190) 286,346,329 C
Deduct: Investment allowance for the year (line 490) 0 D

Taxable capital for the taxation year
(amount C minus amount D) (if negative, enter "0") 500 286,346,329
=====

* To be completed by a corporation that was resident in Canada at any time in the year.

Notes:

- 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
- 2) Where a corporation's taxable income for a taxation year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
- 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was not resident in Canada throughout the year and carried on a business through a permanent establishment in Canada.

Deduct the following amounts:

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year in Canada

Total amount of carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year in Canada

Total deductions (add lines 711, 712, and 713)	0	0	E
--	---	---	---

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0")..... **700**

Taxable capital employed in Canada for the year

(line 690 or 790, whichever applies) 286,346,329

Deduct: Capital deduction claimed for the year (enter \$10,000,000 or, for related corporations, the amount allocated on Schedule 36) **B01**

Excess of taxable capital employed in Canada over capital deduction.....	811	286,346,329
--	-----	-------------

Gross Part I.3 tax:	Line 811	286,346,329	x	.2250%	=	644,279	F
----------------------------	----------	-------------	---	--------	---	---------	---

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

$$\text{Amount F} \quad 644,279 \quad \times \quad \frac{\text{Number of days in the year}}{365} \quad = \quad 0 \text{ G}$$

	B20	
Gross Part 1.3 tax (amount F or G, whichever applies)	820	644,279

Part 10 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820)			644,279	N
Deduct the following amounts:				
Current year surtax credit applied				
(the lesser of lines 820 and 830)	861	34,636		
Unused surtax credit from prior years applied	862	0		
Total (cannot exceed amount on line 820)		34,636	34,636	O
Net Part 1.3 tax payable (amount N minus amount O)				
Enter this amount at line 704 of the T2 return	870		609,643	
			=====	

2002-12-31

LT A/P & Accrued charges (2335/451000)
Primary debt A/C 302000
S/T Customer's deposit 390000
Bank indebtedness
Due to HOBI
Due to HOBSI

Total	156,751,148.00
-------	----------------

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX
 (1998 and later taxation years)

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.
- Do not file this agreement if no members of the related group are liable to pay Part I.3 tax.

Are any members of the related group liable to pay Part I.3 tax? [Y/N] [Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Year Month Day

Date filed (for departmental use only) 010

Is this an amended agreement? 020 [Y/N] [N]

Enter the calendar year to which the agreement applies 030 Year 2002

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member which is exempt from Part I.3 tax under subsection 181.1(3) is not required to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
200	300	400	500
Hydro One Brampton Networks Inc	864867635RC0001	0	
See attached		10,000,000	

	Total (not to exceed \$10,000,000)	10,000,000	
		=====	

Note 1: If a corporation is not registered enter, "NR".

Note 2: An entry is only required for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 among the members of the related group.

- In accordance with subsection 181.5(7) of the federal Income Tax Act, a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
Hydro One Networks Inc.	870865821RC0001	10,000,000	2002-12-31
Hydro One Inc.	869994731RC0001	0	2002-12-31
Hydro One Telecom Inc.	868001066RC0001	0	2002-12-31
Hydro One Markets Inc.	867584989RC0001	0	2002-12-31
1316664 Ontario Inc.	884036625RC0001	0	2002-12-31
Hydro One Remote Communities	870836269RC0001	0	2002-12-31
Hydro One Network Services Inc	863550190RC0001	0	2002-12-31
Hydro One Delivery Services In	869177246RC0001	0	2002-12-31
Hydro One Telecom Link Limited	887867513RC0001	0	2002-12-31
Hydro One Brampton Inc.	868794520RC0001	0	2002-12-31
Hydro One Brampton Services	868794728RC0001	0	2002-12-31
Hydro One Lake Erie Link Manag	878921519RC0001	0	2002-12-31
Hydro One Lake Erie Link Compa	NR	0	2002-12-31

TOTAL 10,000,000

Note 1: If a corporation is not registered, enter "NR".

Note 2: An entry is only required for a corporation that has more than one taxation ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Schedule 36 - Supplementary

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

SHAREHOLDER INFORMATION
(1998 and later taxation years)

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Name of shareholder	Business Number	Social Insurance Number	Percentage common shares	Percentage preferred shares
	(note 1)	(note 2)		
	100	200	400	500
Hydro One Brampton Inc.	868794520RC0001		100.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00
			0.00	0.00

- Note 1:** If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.
- Note 2:** If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.
- Note 3:** If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

Schedule of Instalment Remittances

Name of Corporation Contact: Tony Paul
Telephone Number: 905-840-6300

Effective Interest Date	Description (Instalment Remittance, Split Payment, Assessed Credit)	Amount of Credit
2002-01-31	Intalment	319,000
2002-02-28	Intalment	319,000
2002-03-29	Intalment	319,000
2002-04-30	Intalment	319,000
2002-05-31	Intalment	141,414
2002-06-28	Intalment	0
2002-07-31	Intalment	0
2002-08-30	Intalment	0
2002-09-30	Intalment	0
2002-10-31	Intalment	0
2002-11-30	Intalment	0
2002-12-31	Intalment	0

Total amount of instalments claimed (A)		1,417,414
		=====
Total instalments credited to the taxation year per T9 (B)		1,417,414
		=====

TRANSFER				
Account Number	Taxation Year End	Amount	Effective Interest Date	Description
From:				
		0		
To:				



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

2002

CT23 Corporations Tax and Annual Return

For taxation years
commencing after May 4, 1999

Corporations Tax Act - Ministry of Finance (MOF)

Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) 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, together with the applicable schedules. 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 MCBS Schedules A or K) 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.

MCBS Annual Return Required? (Refer to Guide)

Yes ☒ No ☐

Page 1 of 24

Ministry Use

Corporation's Legal Name (including punctuation) and Mailing Address

Hydro One Brampton Networks Inc.

175 Sandalwood Parkway

Brampton

ON CA L7A-1E8

Has address changed since last filed CT23 Return? Yes ☐

Date
of Change

year month day

Registered/Head Office Address

175 Sandalwood Parkway

Brampton

ON CA L7A-1E8

Location of Books and Records

175 Sandalwood Parkway

Brampton

ON CA L7A-1E8

Name of person to contact regarding this CT23 Return

TONY PAUL

Telephone No.

905-840-6300

Fax No.

905-840-1305

Date of Incorporation or Amalgamation

year month day
2000-05-01

Ontario
Corporation No.
(MCBS)

1414330

Canada Customs and Revenue Agency
(formerly Revenue Canada) Business No.

If applicable, enter

864867635RC0001

Jurisdiction
Incorporated

Ontario

Address of Principal Office in Ontario (Extra-Provincial Corporations only)

(MCBS)

ON CA

Former Corporation Name (Extra-Provincial Corporations only)

(Not Applicable)

☒

(MCBS)

Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).

No. of Schedule(s)

3

If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MCBS, please ☒ this box. Schedule(s) A and K are not required (MCBS).

☐ No
change

Preferred Language/ Langue de préférence

English
anglais

☒

French
français

Ministry use



Certification (MCBS)

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)

TONY PAUL

Title: ☐ Director

☐ Officer

☒ Other individual having knowledge
of the affairs of the Corporation

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

Hydro One Brampton Networks Inc.

1800040

2002-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please "X" box(es) if applicable in sections 1 & 2

☒ 1 Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))

☐ 2 Other Private

☐ 3 Public

☐ 4 Non-share Capital

☐ 5 Other (specify)

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100%

☐ 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-residents 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)

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

if applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

if applicable, enter

Specify major business activity

Electricity Distribution

Please "X" box(es) if applicable:

☐ First Year of Filing

☐ Amended Return

☐ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required

☐ Final Taxation Year up to Dissolution (wind-up)

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Acquisition of Control fed.s.249(4)

Date Control was acquired

year month day

Was the corporation inactive throughout the taxation year?

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?

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?

Yes No

☐ ☒

☒ ☐

☐ ☒

☐ ☒

☐ ☒

☒ ☐

Hydro One Brampton Networks Inc.

1800040

2002-12-31

Income Tax

Allocation - If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Inter. Bulletin 2817). Attach a schedule (or a copy of federal T2 SCH 5) showing allocation of gross revenue, salaries and wages, including applicable percentages.

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 16)

Subtract: Charitable donations

Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule)

Subtract: Taxable dividends deductible, per federal T2 SCH 3

Subtract: Ontario political contributions (Attach schedule)

Subtract: Federal Part VI.1 tax

Subtract: Prior years' losses applied -

Non-capital losses

Net capital losses

Farm losses

Restricted farm losses

Limited partnership losses

Taxable Income (Non-capital loss)

Addition to taxable income for unused foreign tax deduction for federal purposes

Adjusted Taxable Income

Taxable Income

From 10 (or 20 if applicable) 3,093,132. x 30 100.0000% x 15.5000% x 22 0 + 73 365 = + 23 0.

Ontario Allocation

From 10 (or 20 if applicable) 3,093,132. x 30 100.0000% x 14.5000% x 24 0 + 73 365 = + 25 0.

Ontario Allocation

From 10 (or 20 if applicable) 3,093,132. x 30 100.0000% x 14.0000% x 26 0 + 73 365 = + 27 0.

Ontario Allocation

From 10 (or 20 if applicable) 3,093,132. x 30 100.0000% x 12.5000% x 28 365 + 73 365 = + 29 386,642.

Ontario Allocation

From 10 (or 20 if applicable) 3,093,132. x 30 100.0000% x 12.5000% x 31 0 + 73 365 = + 32 0.

Ontario Allocation

Income Tax Payable (before deduction of tax credits) 23 + 25 + 27 + 29 + 32 = 40 386,642.

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))

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))

Add: Losses of other years deducted for federal purposes (fed.s.111)

Subtract: Losses of other years deducted for Ontario purposes (s.34)

Federal Business limit for the year before the application of fed.s.125(5.1)

(not exceeding \$200,000) (Attach federal T2 SCH 23 if associated)

Add: Ontario enhancement of federal business limit

Number of Days in Taxation Year

Days after Dec 31, 2000 and before Oct 1, 2001 Total Days

40,000 x 0 + 73 365

X From 55 0 + 200,000 = + 42 0.

Days after Sept 30, 2001 and before Jan 1, 2003 Total Days

80,000 x 365 + 73 365

X From 55 0 + 200,000 = + 43 80,000.

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

120,000 x 0 + 73 365

X From 55 0 + 200,000 = + 46 0.

Ontario enhancement of federal business limit 42 + 43 + 46 = 80,000. 44 80,000.

Business Limit for Ontario purposes 55 + 44 = 80,000. 45 80,000.

Income eligible for the IDSBC From 30 100.0000% x 58 0 = 60 0.

* Ontario Allocation

Least of 50, 54 or 45

* 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

Calculation of IDSBC Rate

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
7.00 %	x	74	0	+ 73	365
				= +	75
				.0000	
7.50 %	x	76	0	+ 73	365
				= +	77
				.0000	
6.50 %	x	28	365	+ 73	365
				= +	79
				6.5000	
7.00 %	x	31	0	+ 73	365
				= +	89
				.0000	
IDSBC Rate for Taxation Year		75	+ 77	+ 79	+ 89
				=	78
				6.5000	
Claim	From 60	0	x From 78	6.5000 %	
				=	70
				0	

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 in **114** below.

Surtax on Canadian-controlled private corporations (s.41.1)

Applies if you have claimed the Incentive Deduction for Small Business Corporations.

**** 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.**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	3,093,132.
If you are a member of an associated group (X)	81 <input checked="" type="checkbox"/> (Yes)		
Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Income (if loss, enter nil)
See attached		+ 82	0.
		+ 83	
		+ 84	
		= 85	3,093,132.
Aggregate Taxable Income	80 + 82 + 83 + 84 , etc.		

		Number of Days in Taxation Year			
		Days before Jan 1, 2001	Total Days		
Subtract: 200,000	x	558	0	+ 73	365
				= +	111
				0.	
240,000	x	26	0	+ 73	365
				= +	112
				0.	
280,000	x	28	365	+ 73	365
				= +	113
				280,000.	
320,000	x	31	0	+ 73	365
				= +	115
				0.	
		111	+ 112	+ 113	+ 115
				=	280,000.
				=	114
				280,000.	
				=	86
				2,813,132.	

(If negative, enter nil)

		Number of Days in Taxation Year			
		Days after Dec 31, 1998 and before Jan 1, 2000	Total Days		
Calculation of Specified Rate for Surtax	4.67 %	x	74	0	+ 73
				= +	92
				.0000	
	5.00 %	x	76	0	+ 73
				= +	93
				.0000	
	4.3330 %	x	28	365	+ 73
				= +	95
				4.3330	
	4.6670 %	x	31	0	+ 73
				= +	96
				.0000	
Specified rate of surtax for Taxation Year	92 + 93 + 95 + 96			=	94
				4.3330	
From 86	2,813,132.	x	From 94	4.3330 %	
				=	87
				121,893.	
From 87	121,893.	x	From 60	0.	+ From 114
				=	88
				0.	
Surtax Lesser of	70 or 88			=	100
				0.	

Continued on Page 6

Hydro One Brampton Networks Inc.

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2002-12-31

DOLLARS ONLY

Income Tax *continued from Page 5***Additional Deduction for Credit Unions (s.51(4))** (Attach schedule)

110 0.

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 the federal T2 SCH 27 including necessary changes for Ontario tax purposes (e.g. different C.G.A. claimed).

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

Eligible Canadian Profits + 120 0.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - From 56 0.

Add: Adjustment for Surtax on Canadian-controlled private corporations

From 100 0. + From 30 100.0000 % + From 78 6.5000 % = 121 0.

Lesser of 56 or 121 + 122 0.

120 - 56 + 122 = 130 0.

Taxable Income + From 10 3,093,132.

Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC) - From 56 0.

Add: Adjustments for Surtax on Canadian-controlled private corporations + From 121 0.

Subtract: Taxable Income From 10 3,093,132. X Allocation % to jurisdictions outside Canada .0000 % - 0.

Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses - 0.

10 - 56 + 122 - 140 - 141 = 0.

Number of Days in Taxation Year**Claim**

Days before Oct 1, 2001		Total Days	
143	0	152	0
X From 30 100.0000 % X 2.0000 % X		73 365	
Lesser of 130 or 142		+ 153 0.	

Days after Sept 30, 2001 and before Jan 1, 2003		Total Days	
143	0	28	0
X From 30 100.0000 % X 1.5000 % X		73 365	
Lesser of 130 or 142		+ 154 0.	

Days after Dec 31, 2002 and before Jan 1, 2004		Total Days	
143	0	31	0
X From 30 100.0000 % X 1.5000 % X		73 365	
Lesser of 130 or 142		+ 155 0.	

M&P claim for taxation year 153 + 154 + 155 = 160 0.

*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 0.

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

162 0.

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Info. Bulletins 15-79 & 2739) (Attach schedule).

170 0.

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 0. Credit Claimed 180 0.

Subtotal of Income Tax 40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 386,642.*continued on Page 7*

Hydro One Brampton Networks Inc.

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2002-12-31

DOLLARS ONLY

Income Tax continued from Page 6**Specified Tax Credits** (Refer to Guide)**Ontario Innovation Tax Credit (OITC) (s.43.3)** Applies to research and development in Ontario.Eligible Credit From **5620** OITC Claim Form (Attach original Claim Form) + **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** Applies to employment of eligible students.Eligible Credit From **5798** Summary Schedule F + **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)**

Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.

Eligible Credit From **5899** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)**No. of Graduates From **6596**

Applies to employment of eligible unemployed graduate students.

Eligible Credit From **6598** Summary Schedule G + **195** 0.**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)**

Applies to qualifying expenditures in respect of eligible literary works by first-time Canadian authors.

Eligible Credit From **6900** OBPTC Claim Form (Attach only the original Claim Form. Retain the Certification Form) + **196** 0.**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** Claim Form Certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **197** 0.**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** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)**

Applies to qualifying Ontario labour expenditures for eligible non-Canadian content film and television productions.

Eligible Credit From **7300** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **199** 0.**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** Claim Form certified by Ontario Film Development Corporation
(Retain original Claim Form. Do not submit the Claim Form with the CT23 Tax Return.) + **200** 0.**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 only the original Claim Form. Retain the Certification Form) + **201** 0.Other (specify) + **201.1** 0.**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + **201.1** = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss = **230** 386,642.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 18.

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 Minimum Tax (CMT)**Determination of Applicability**

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

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

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.

* Total Assets of the corporation + **[240]** 316,701,013.
 * Total Revenue of the corporation + **[241]** 27,740,108.

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

Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total assets	* Total Revenue
See attached			+ [243] <u>19005096580.</u>	+ [244] <u>4945276724.</u>
			+ [245] <u> .</u>	+ [246] <u> .</u>
			+ [247] <u> .</u>	+ [248] <u> .</u>
Aggregate Total Assets	[240] + [243] + [245] + [247] , etc.		= [249] <u>19321797593.</u>	
Aggregate Total Revenue	[241] + [244] + [246] + [248] , etc.			= [250] <u>4973016832.</u>

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on Pages 19, 20 and 21 of CT23.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 19.)

Gross CMT Payable CMT Base From **[2135]** 11,067,364. X From **[30]** 100.0000 % X 4% = **[276]** 442,695.
 If negative, enter zero Ontario Allocation
 Subtract: Foreign Tax Credit for CMT purposes (Attach schedule) - **[277]** 0.
 Subtract: Income Tax - From **[190]** 386,642.
Net CMT Payable (If negative, enter Nil on Page 18.) = **[280]** 56,053.

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 18.

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 18 and transfer **[280]** to Page 18, and to **Schedule D: Continuity of CMT Credit Carryovers**, on Page 21.

CMT Credit Carryover available From **[2307]** 56,053.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits) + From **[190]** 386,642.
 Gross CMT Payable + From **[276]** 442,695.
 Subtract: Foreign Tax Credit for CMT purposes - From **[277]** 0.
 If **[276]** - **[277]** is negative, enter NIL in **[290]** = 442,695. - **[290]** 442,695.
Income Tax eligible for CMT Credit = **[300]** 0.

B. Income tax (after deduction of specified credits) + From **[230]** 386,642.
 Subtract: CMT credit used to reduce income taxes - **[310]** 0.
Income Tax = **[320]** 386,642.

Transfer to page 18

If A & B apply, **[310]** cannot exceed the lesser of **[230]**, **[300]** and your CMT credit carryover available **[2307]**.

If only B applies, **[310]** cannot exceed the lesser of **[230]** and your CMT credit carryover available **[2307]**.

Capital Tax (Refer to Guide)

If your corporation is a Financial Institution (s.58(2)), proceed to page 14.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in [480] and [430] are both \$1,000,000 or less and the taxation year ends on or after January 1, 2000, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in [480] and [430] are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, it is exempt from Capital Tax for the taxation year. 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 13 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. 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 (Inf.B.15-79, Int.B.L-12 and Int.B.L-16)

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(a) or (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).

Paid-up Capital

Paid-up capital stock	+ [350]	51,501,490.
Retained earnings (if deficit, deduct)	+ [351]	13,166,666.
Capital and other surpluses, excluding appraisal surplus (Inf.B.30-83)	+ [352]	60,059,581.
Loans and advances (Attach schedule)	+ [353]	156,751,148.
Bank loans	+ [354]	0.
Bankers acceptances	+ [355]	0.
Bonds and debentures payable	+ [356]	0.
Mortgages payable	+ [357]	0.
Lien notes payable	+ [358]	0.
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)	+ [359]	0.
Contingent, investment, inventory and similar reserves	+ [360]	4,867,444.
Other reserves not allowed as deductions for income tax purposes (Attach schedule)	+ [361]	0.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s))	+ [362]	0.
Subtotal	= [370]	286,346,329.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.)	- [371]	13,291,370.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes	- [372]	0.
Total Paid-up Capital	= [380]	273,054,959.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d))	- [381]	0.
Net Paid-up Capital	= [390]	273,054,959.

Eligible Investments (Refer to Guide)

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial paper, term deposits, 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.

Term deposits and investment certificates in foreign financial institutions for taxation years ending prior to December 15, 1999 (Refer to Guide)	+ [400]	0.
Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	+ [402]	0.
Mortgages due from other corporations	+ [403]	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	+ [404]	0.
Loans and advances to unrelated corporations	+ [405]	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	+ [406]	0.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+ [407]	0.
Total Eligible Investments	= [410]	0.

continued on Page 10

Attached Sch.
2002-12-31

[illegible]

Total	156,751,148.00
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NBV per F/S	204,251,400.00
Less: Land	-8,191,402.00
CIP	0.00
NBV - Goodwill (UCC bump up at acqn.)	60,059,581.00
UCC	-198158065.00
CEC	-39,904,063.00
25% of original CEC (58,882,890)	-14,720,722.00
25% of ECE addition - 2002	-5,252.00
Deferred Debts cost - Accounting	747,110.00
Undeducted def. debt cost - tax	-556,710.00
Market Ready Deferral	1,347,988.00
Regulatory A/C's movement (Acct > tax)	8,421,505.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	=====
	13,291,370.00

Hydro One Brampton Networks Inc.

1800040

2002-12-31

DOLLARS ONLY

Capital Tax *continued from Page 9***Total Assets**

Total Assets per balance sheet	+	420	316,701,013.
Mortgages or other liabilities deducted from assets	+	421	0.
Share of partnership(s)/joint venture(s) total assets (Attach schedule)	+	422	0.
Subtract: Investment in partnership(s)/joint venture(s)	-	423	0.
Total Assets as adjusted	=	430	316,701,013.
Amounts in 360 and 361 (if deducted from assets)	+	440	0.
Subtract: Amounts in 371, 372 and 381	-	441	13,291,370.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	+	443	0.
Total Assets	=	450	303,409,643.

Investment Allowance	(410 + 450) x 390	Not to exceed 410	= 460	0.
Taxable Capital	390 - 460		= 470	273,054,959.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)

480 27,740,108.

Total Assets (as adjusted)

From 430 316,701,013.

Calculation of Capital Tax for all corporations except Financial Institutions*Note: This version (2002) of the CT23 may only be used for a taxation year that commenced on or after May 5, 1999.**(Financial Institutions use calculations on page 14.)***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, review only the capital tax calculations in Section B and select and complete the one specific subsection (e.g. B4) that applies to the corporation.
- OR If the corporation IS a member of an associated group and/or partnership, complete Section C. Next review, and if applicable, complete Section D. If Section D is not applicable review Section E and complete the applicable subsection: either E1 or E2. Note: if the corporation is a member of a connected partnership, please refer to the 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.

Enter NIL in 550 on page 13 and complete the return from that point.

SECTION B

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

B1. If the taxation year end is before January 1, 2001 and 430 and 480 are both \$1,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B2. If the taxation year end is after December 31, 2000 and 430 and 480 are both \$1,500,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B3. If the taxation year commences after September 30, 2001 and 430 and 480 on page 10 are both \$3,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

B4. If taxable capital, 470 on page 10 is \$2,000,000 or less, enter NIL in 550 on page 13 and complete the return from that point.

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