



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

Account No.
1800113

35
PX5003

HYDRO OTTAWA LIMITED/HYDRO OTTAWA LIMITEE
C/O MIKE GRUE TREASURER
3025 ALBION RD N
PO BOX 8700
OTTAWA
K1G 3S4

ON

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998

Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

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Payment Amount: \$

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Taxation Year End: (YYYYMMDD)

2	0	0	3	1	2	3	1
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Payment Amount: \$

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Total Payment
Enclosed: \$

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

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2003/01/01 to 2003/12/31

HYDRO OTTAWA LIMITED/HYDRO OTTAWA LIMITEE

Account No.

1800113

Assessment Date

(year, month, day)
2004/08/11

Page

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ASSESSMENT NO. 53

Tax: Federal and Provincial PIL
Assessment Interest

2,336,867.00

11,126.45

Total Assessment Liability

2,347,993.45

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

2,336,867.00CR

Sub-Total

2,336,867.00CR

TAXATION YEAR BALANCE DUE **

11,126.45

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable
by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of
tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

**Remember to include additional interest due with your payment. Interest on
the balance is compounded daily from the date of this Notice/Statement until
payment is received by the Ontario Electricity Financial Corporation (OEFC)
The current interest rate is 0.0191780%.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197

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 on pages 3-17, together with the applicable schedules on pages
18-21. 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).

MCBS Annual Return Required? (Not required if already filed or
Annual Return exempt. Refer to Guide)☒ Yes ☐ No

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Ministry Use

Corporation's Legal Name (including punctuation)

HYDRO OTTAWA LIMITED

Mailing Address

3025 ALBION ROAD NORTH

PO BOX 8700

OTTAWA

ON

CA

K1G-3S4

Has the mailing address changed
since last filed CT23 Return? ☐ Yes

Date of Change

year month day

Registered/Head Office Address

3025 ALBION ROAD NORTH

PO BOX 8700

OTTAWA

ON

CA

K1G-3S4

Location of Books and Records

3025 ALBION ROAD NORTH

PO BOX 8700

OTTAWA

ON

CA

K1G-3S4

Name of person to contact regarding this CT23 Return

Telephone No.

Fax No.

MIKE GRUE

613-738-5499

613-738-6402

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).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. of Schedule(s)

0

☒ 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)

MIKE GRUE

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.

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%

- 2 1 ☐ Family Farm Corporation s.1 (2)
- 2 ☐ Family Fishing Corporation s.1 (2)
- 3 ☐ Mortgage Investment Corporation s.47
- 4 ☐ Credit Union s.51
- 5 ☐ Bank Mortgage Subsidiary s.61 (4)
- 6 ☐ Bank s.1 (2)
- 7 ☐ Loan and Trust Corporation s.61 (4)
- 8 ☐ Non-resident Corporation
s.2(2)(a) or (b)
- 9 ☐ Non-resident Corporation s.2(2)(c)
- 10 ☐ Mutual Fund Corporation s.48
- 11 ☐ Non-resident owned investment
Corporation s.49
- 12 ☐ Non-resident ship or aircraft under
reciprocal agreement with Canada s.28(b)

- 14 ☐ Bare Trustee Corporation
- 15 ☐ Branch of Non-resident s.63(1)
- 16 ☐ Financial institution prescribed by
Regulation only
- 17 ☐ Investment Dealer
- 18 ☐ Generator of electrical energy for sale or
producer of steam for use in the generation
of electrical energy for sale
- 19 ☒ Hydro successor, Municipal Electrical Utility
or subsidiary of either
- 20 ☐ Producer and seller of steam for uses other
than for the generation of electricity
- 21 ☐ Insurance Exchange s.74.4
- 22 ☐ Farm Feeder Finance Co-operative
Corporation
- 23 ☐ Professional Corporation
(incorporated professionals only)

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

if applicable, enter

82097143

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

if applicable, enter

111195452

Specify major business activity

DISTRIBUTION OF ELECTRICITY

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)
(Note: For discontinued businesses, see Guide.)

☐ 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) (Int.B. 3008).

DOLLARS ONLY

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15) ± From **690** **30,970.**

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) **2** **0.**

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

Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002) **4** **0.**

Subtract: Federal Part VI.1 tax **0.** X 9/3 **5** **0.**

Subtract: Prior years' losses applied - Non-capital losses From **704** **30,970.**

Net capital losses (page 16) **715** X inclusion rate **0.** **50.000000%** = **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** **0.**

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** **0.**

Taxable Income

From **10** (or **20** if applicable) **0.** X **30** **100.0000%** X **12.5000%** = **33** **365** + **73** **365** = + **29** **0.**

Ontario Allocation

From **10** (or **20** if applicable) **0.** X **30** **100.0000%** X **14.0000%** = **34** **0** + **73** **365** = + **32** **0.**

Ontario Allocation

Income Tax Payable (before deduction of tax credits) **29** + **32** = **40** **0.**

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.**

Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1) = **54** **0.**

Ontario Business Limit Calculation

280,000 X **28** **0** + **365** = + **43** **0.**

320,000 X **31** **365** + **365** = + **46** **320,000.**

400,000 X **34** **0** + **365** = + **47** **0.**

Business Limit for Ontario purposes **43** + **46** + **47** = **44** **320,000.**

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

Ontario Allocation

*** Percentage of Federal Business limit (from T2 Sch. 23). Enter 100% if not associated.

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

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

*** Note: For a taxation year ending before Jan. 1, 2003, use your proportion of the associated group business limit.

**** 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

HYDRIC OTTAWA LIMITED

1800113

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Income Tax continued from Page 4

Calculation of IDSBC Rate

.....	6.50 %	x	28	0	+	73	365	= +	79	.0000
.....	7.00 %	x	31	365	+	73	365	= +	89	7.0000
.....	8.50 %	x	34	0	+	73	365	= +	90	.0000

IDSBC Rate for Taxation Year $\boxed{79} + \boxed{89} + \boxed{90} = \boxed{78} \quad 7.0000$

Claim From $\boxed{60}$ $0.$ x From $\boxed{78}$ 7.0000% = $\boxed{70}$ $0.$

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. = $\boxed{85}$ $19,553.$

Number of Days in Taxation Year

Subtract: $280,000$ x	28	0	+	73	365	= +	113	$0.$
$320,000$ x	31	365	+	73	365	= +	115	$320,000.$
$400,000$ x	34	0	+	73	365	= +	116	$0.$

$\boxed{113} + \boxed{115} + \boxed{116} = \boxed{320,000.}$ - $\boxed{114}$ $320,000.$
 (If negative, enter nil) = $\boxed{86}$ $0.$

Number of Days in Taxation Year

Calculation of Specified Rate for Surtax	4.3330 %	x	28	0	+	73	365	= +	95	.0000
.....	4.6670 %	x	31	365	+	73	365	= +	96	4.6670
.....	4.6670 %	x	34	0	+	73	365	= +	97	.0000
Specified rate of surtax for Taxation Year	$\boxed{95} + \boxed{96} + \boxed{97}$							=	$\boxed{94}$	4.6670

From $\boxed{86}$ $0.$ x From $\boxed{94}$ 4.6670% = $\boxed{87}$ $0.$
 From $\boxed{87}$ $0.$ x From $\boxed{60}$ $0.$ + From $\boxed{114}$ $320,000.$ = $\boxed{88}$ $0.$

Surtax Lesser of $\boxed{70}$ or $\boxed{88}$

continued on Page 6

HYDRIC OTTAWA LIMITED

1800113

03-12-31

DOLLARS ONLY

Income Tax continued from Page 5**Additional Deduction for Credit Unions (s.51(4))** (Attach schedule 17)

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 Ontario schedule 27.**The whole of the active business income qualifies as Eligible Canadian Profits if: a) your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing is 20% or less of the total active business income and b) the total active business income is \$250,000 or less.*

Eligible Canadian Profits	+	120	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 7.0000 % = 121 0.			
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 10 0. X Allocation % to jurisdictions outside Canada .0000 %	-	140	0.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	-	141	159,216.
10 - 56 + 122 - 140 - 141	=	142	0.

Claim**Number of Days in Taxation Year**

143 0. X From 30 100.0000 % X 1.5000 % X	Days after Sept. 30, 2001 and before Jan. 1, 2004	Total Days	+	154	0.
Lesser of 130 or 142	33 0 + 73	365			
143 0. X From 30 100.0000 % X 2.0000 % X	Days after Dec. 31, 2003	Total Days	+	156	0.
Lesser of 130 or 142	34 0 + 73	365			

M&P claim for taxation year 154 + 156 = 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 (Int.B. 3001) (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 0.

continued on Page 7

HYDRO GATTAWA LIMITED

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2003-12-31

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** either Claim Form from Ontario Media Development Corporation (OMDC)
or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.*(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form
received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* + **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies to employment of eligible unemployed post secondary graduate.*Eligible Credit From **6598** Summary Schedule G + **195** 0.No. of Graduates From **6596****194** 0**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)***Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.*Eligible Credit From **6900** OBPTC Claim Form *(Attach both the original Claim Form and the 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 Media Development Corporation
(Attach the original Claim/Certification 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 productions where the OFTTC has not been claimed.*Eligible Credit From **7300** either Claim Form from Ontario Media Development Corporation (OMDC)
or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.*(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form
received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.)* + **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 Media Development Corporation
(Attach original Claim/Certification Form.) + **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 both the original Claim Form and 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 *(amount cannot be negative)* = **230** 0.To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the
CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.

OR

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

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2003-12-31

DOLLARS ONLY

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] 504,057,186.

* Total Revenue of the corporation

+ [241] 588,100,718.

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] 296,501,037. + [244] 34,209,033.

+ [245] + [246]

+ [247] + [248]

Aggregate Total Assets [240] + [243] + [245] + [247], etc.

= [249] 800,558,223.

Aggregate Total Revenue [241] + [244] + [246] + [248], etc.

= [250] 622,309,751.

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on Pages 18, 19 and 20 of CT23.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 18.)

Gross CMT Payable CMT Base From [2135] 0. X From [30] 100.0000% X 4.0000% = [276] 0.

If negative, enter zero

Ontario Allocation

Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)

- [277] 0.

Subtract: Income Tax

- From [190] 0.

Net CMT Payable (If negative, enter Nil on Page 17.)

= [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 17.

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

If [280] is greater than or equal to zero, transfer [230] to Page 17 and transfer [280] to Page 17, and to Schedule D: Continuity of CMT Credit Carryovers, on Page 20.

CMT Credit Carryover available

From [2307] 0.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits)

Gross CMT Payable + From [190] 0.

Subtract: Foreign Tax Credit for CMT purposes - From [277] 0.

If [276] - [277] is negative, enter NIL in [290] = 0.

Income Tax eligible for CMT Credit = [300] 0.

B. Income Tax (after deduction of specified credits)

Subtract: CMT credit used to reduce income taxes - From [230] 0.

Income Tax = [310] 0.

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

Transfer to page 17

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

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DOLLARS ONLY

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

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

If your corporation is not a member of an associated group and/or partnership and (1) 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, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation 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 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

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

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

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) (Int.B. 3010).

Paid-up Capital

Paid-up capital stock (Int.B. 3012 and 3015)	+	350	167,080,816.
Retained earnings (if deficit, deduct) (Int.B. 3012)	+	351	-24,821,165.
Capital and other surpluses, excluding appraisal surplus (Int.B. 3012)	+	352	0.
Loans and advances (Attach schedule) (Int.B. 3013)	+	353	260,951,042.
Bank loans (Int.B. 3013)	+	354	0.
Bankers acceptances (Int.B. 3013)	+	355	0.
Bonds and debentures payable (Int.B. 3013)	+	356	0.
Mortgages payable (Int.B. 3013)	+	357	0.
Lien notes payable (Int.B. 3013)	+	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) (Int.B. 3013)	+	359	0.
Contingent, investment, inventory and similar reserves (Int.B. 3012)	+	360	0.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012)	+	361	86,079,203.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017)	+	362	0.
Subtotal	=	370	489,289,896.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012)	-	371	0.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015)	-	372	0.
Total Paid-up Capital	=	380	489,289,896.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	-	381	0.
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	-	382	0.
Net Paid-up Capital	=	390	489,289,896.

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	+	402	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	504,036.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	+	407	0.
Total Eligible Investments	=	410	504,036.

continued on Page 10

Attached Sch.
2003-12-31

260,951,042.00

HYDRO-OTTAWA LIMITED

1800113

2003-12-31

Capital Tax continued from Page 9**Total Assets** (Int.B. 3015)

Total Assets per balance sheet	+	420	504,057,186.
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	504,057,186.
Amounts in 360 and 361 (if deducted from assets)	+	440	86,079,203.
Subtract: Amounts in 371, 372 and 381	-	441	0.
Subtract: Appraisal surplus if booked	-	442	0.
Add or Subtract: Other adjustments (specify on an attached schedule)	±	443	0.
Total Assets	=	450	590,136,389.

Investment Allowance $(\frac{410 + 450}{2}) \times 390$ Not to exceed 410 = 460 417,903.

Taxable Capital 390 - 460 = 470 488,871,993.

Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	480	588,100,718.
Total Assets (as adjusted)	From 430	504,057,186.

Calculation of Capital Tax for all corporations except Financial Institutions

Note: This version (2003) of the CT23 may only be used for a taxation year that commenced after September 30, 2001.

(Financial Institutions use calculations on page 13.)

Important:

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

- OR** If the corporation is NOT a member of an associated group and/or partnership, review only the capital tax calculations in Section B below and select and complete the one specific subsection (e.g. B3) that applies to the corporation.
- OR** If the corporation IS a member of an associated group and/or partnership, complete Section C on page 11, and if applicable, complete Section D or Section E on page 12. Note: If the corporation is a member of a connected partnership, please refer to the 2003 CT23 guide for additional instructions before completing the capital tax section.

SECTION A

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

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

SECTION B

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

- B1.** 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 12 and complete the return from that point.
- B2.** If taxable capital, 470 on page 10, is \$5,000,000 or less, enter NIL in 550 on page 12 and complete the return from that point.
- B3.** If taxable capital, 470 on page 10 exceeds \$5,000,000, complete the following calculation and transfer the amount From 523 to 543 on page 12, and complete the return from that point.

+	From 470	0.							
-		0.							
=	471	0.	X From 30	100.0000%	X	.3000%	X 555	365	= + 523 0.
				Ontario Allocation			** 365		
							(366 if leap year)		

Transfer to 543 on page 12 and complete the return from that point

** If floating taxation year, refer to Guide.

continued on Page 11

Capital Tax Calculation *continued from Page 10*

SECTION C

This section applies **ONLY** to a corporation that is a member of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership. You must check either ☐ 509 or ☐ 524 and complete this section before you can calculate your capital tax calculation under either Section D or Section E.

C1. ☐ 509 (X if applicable) All corporations that you are associated with do not have a permanent establishment in Canada.
If taxable capital ☐ 470 on page 10 is \$5,000,000 or less, enter NIL in ☐ 550 on page 12 and complete the return from that point.
If taxable capital ☐ 470 on page 10 exceeds \$5,000,000 proceed to Section D, enter \$5,000,000 in ☐ 542 Section D, and complete Section D and the return from that point.

C2. ☒ 524 (X if applicable) One or more of the corporations that you are associated with maintains a permanent establishment in Canada.
If the taxation year ends before January 1, 2003, you must complete the *Calculation* below.
If the taxation year ends after December 31, 2002, you and your associated group may continue to allocate the \$5,000,000 taxable capital exemption by completing the *Calculation* below. Or, the associated group may file an election under subsection 69(2.1) of the Corporations Tax Act, whereby total assets are used to allocate the taxable capital exemption among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the \$15,000 capital tax effect, relating to the \$5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.
The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.
In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

Calculation Do NOT complete this calculation if ss.69(2.1) election is filed

Taxable Capital From ☐ 470 on page 10 + From ☐ 470 488,871,993.

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

Names of associated corporations (excluding financial institutions and corporations exempt from capital tax) or related partners having a permanent establishment in Canada
(if insufficient space, attach schedule)

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

Taxation Year End

Taxable Capital

See attached

			+ <input type="checkbox"/> 531	44,959,037.
			+ <input type="checkbox"/> 532	.
			+ <input type="checkbox"/> 533	.
Aggregate Taxable Capital	<input type="checkbox"/> 470 + <input type="checkbox"/> 531 + <input type="checkbox"/> 532 + <input type="checkbox"/> 533, etc.		= <input type="checkbox"/> 540	533,831,030.

If ☐ 540 above is \$5,000,000 or less, the corporation's Capital Tax for the taxation year, is NIL.
Enter NIL in ☐ 523 in section D on page 12, as applicable.

If ☐ 540 above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the taxation year under Section D on page 12.

From ☐ 470 488,871,993. + From ☐ 540 533,831,030. x 5,000,000 = ☐ 541 4,578,902.

Transfer to ☐ 542 in Section D on page 12

S.s.69(2.1) Election Filed

☐ 591 (X if applicable) Election filed. Attach a copy of the election with this CT23 Return.
Proceed to Section E on page 12.

Capital Tax *continued from Page 12***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 12, 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.)

$$\begin{array}{l} \text{565 } 0. \times 0.6\% \times \text{From } 30 \text{ Ontario Allocation } \% \times \text{555 } 0 + \text{Days in taxation year } 0 \text{ (366 if leap year)} = + \text{569 } 0. \\ \text{Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1} \end{array}$$

$$\begin{array}{l} \text{570 } 0. \times \text{571 } 0.00\% \times \text{From } 30 \text{ Ontario Allocation } \% \times \text{555 } 0 + \text{Days in taxation year } 0 \text{ (366 if leap year)} = + \text{574 } 0. \\ \text{Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount} \end{array}$$

Capital Tax for Financial Institutions – other than Credit Unions (before Section II)

$$\text{569} + \text{574} = \text{575 } 0.$$

** 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.)

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

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

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

Transfer to **543** on Page 12

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

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

Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in **588** and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in **588**.)
Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

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

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

Transfer to page 17

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

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

+ [600] 30,970.

Transfer to Page 15

Add:

Federal capital cost allowance	+	[601]	26,880,359.
Federal cumulative eligible capital deduction	+	[602]	108,056.
Ontario taxable capital gain	+	[603]	159,216.
Federal non-allowable reserves. Balance beginning of year	+	[604]	0.
Federal allowable reserves. Balance end of year	+	[605]	0.
Ontario non-allowable reserves. Balance end of year	+	[606]	0.
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 after
Sept. 30, 2001 and
before Jan. 1, 2004

[612] 0. x 5 + 12.5000 x [33] 365 + [73] 365 = + [633] 0.

Days after
Dec. 31, 2003

[612] 0. x 5 + 14.0000 x [34] 0 + [73] 365 = + [634] 0.

Total add-back amount for Management fees, etc. [633] + [634] = 0. + [613] 0.

Federal Scientific Research Expenses claimed in year from line [480] of fed. form T681
excluding any negative amount in [473] from Ont. CT23 schedule 161 + [615] 0.

Add any negative amount in [473] from Ont. CT23 Schedule 161 + [616] 0.

Federal allowable business investment loss + [620] 0.

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

Total of Additions [601] to [611] + [613] + [615] + [616] + [620] + [614] = 27,147,631. [640] 27,147,631.

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under [675])	+	[650]	26,880,359.
Ontario cumulative eligible capital deduction	+	[651]	108,056.
Federal taxable capital gain	+	[652]	159,216.
Ontario non-allowable reserves. Balance beginning of year	+	[653]	0.
Ontario allowable reserves. Balance end of year	+	[654]	0.
Federal non-allowable reserves. Balance end of year	+	[655]	0.
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 current cost adjustment (Attach schedule)	+	[661]	0.
Incentive for new electricity supply (section 13.6 deduction from income) (Applies only to electrical generating corporations.)	+	[674]	0.
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources.	+	[675]	0.

Subtotal of deductions for this page [650] to [659] + [661] + [674] + [675] [681] 27,147,631.

Transfer to Page 15

HYDRO-OTTAWA LIMITED

1800113

2003-12-31

DOLLARS ONLY

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

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From \pm 600 30,970.

Total of Additions From $=$ 640 27,147,631.

Sub Total of deductions on page 14 From $=$ 681 27,147,631.

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up

(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying intellectual property deducted in the current taxation year 662 0.

ONTTI Gross-up deduction calculation:

Gross-up of CCA

From 662 0. x 100 - From 662 0. = 663 0.

From 30 100.0000 Ontario Allocation

Workplace Child Care Tax Incentive

Qualifying expenditures: 665 0. x 30.00% x 100 = 666 0.

From 30 100.0000 Ontario Allocation

Workplace Accessibility Tax Incentive

Qualifying expenditures: 667 0. x 100.00% x 100 = 668 0.

From 30 100.0000 Ontario Allocation

Number of Employees accommodated 669 0

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

Qualifying expenditures: 670 0. x 30.00% x 100 = 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 100 = 673 0.

From 30 100.0000 Ontario Allocation

Ontario allowable business investment loss + 678 0.

Ontario Scientific Research Expenses claimed in year in 477 + 679 0.

from Ont. CT23 Schedule 161

Amount added to income federally for an amount that was negative on federal form T661, line 454 or 455 (if filed after June 30, 2003) + 677 0.

Total of other deductions allowed by Ontario (Attach schedule) + 684 0.

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 684 .. = 27,147,631. 680 27,147,631.

Net income (loss) for Ontario Purposes 600 + 640 - 680 = 690 30,970.

Transfer to Page 4

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) 26,703,062	710 (2) 0	720 (2) 0	730 0	740 0	750 0
Add:						
Current year's losses (7)	701 0	711 0	721 0	731 0	741 0	751 0
Losses from predecessor corporations (3)	702 0	712 0	722 0	732 0	 0	752 0
Subtotal	703 0	713 0	723 0	733 0	743 0	753 0
Subtract:						
Utilized during the year to reduce taxable income	704 (2) 30,970	715 (2) (4) 0	724 (2) 0	734 (2) (4) 0	744 (4) 0	754 (4) 0
Expired during the year	705 0	 0	725 0	735 0	745 0	 0
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17 0	716 (2) to Page 17 0	726 (2) to Page 17 0	736 (2) to Page 17 0	746 0	 0
Subtotal	707 30,970	717 0	727 0	737 0	747 0	757 0
Balance at End of Year	709 (8) 26,672,092	719 0	729 0	739 0	749 0	759 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) Commencing 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 adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 1995-09-30				850 0	870 0
801 8th preceding taxation year 1996-09-30				851 0	871 0
802 7th preceding taxation year 1997-09-30				852 0	872 0
803 6th preceding taxation year 1998-09-30	820 0	830 0	840 0	853 0	873 0
804 5th preceding taxation year 1999-09-30	821 0	831 0	841 0	854 0	874 0
805 4th preceding taxation year 2000-09-30	822 0	832 0	842 0	855 0	875 0
806 3rd preceding taxation year 2001-09-30	823 0	833 0	843 0	856 0	876 0
807 2nd preceding taxation year 2001-12-31	824 8,934,973	834 0	844 0	857 0	877 0
808 1st preceding taxation year 2002-12-31	825 17,737,119	835 0	845 0	858 0	878 0
809 Current taxation year 2003-12-31	826 0	836 0	846 0	859 0	879 0
Total	829 26,672,092	839 0	849 0	869 0	889 0

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 0	920 0	930 0	940 0
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 0	921 0	931 0	941 0
ii) 2nd preceding	902 0	922 0	932 0	942 0
iii) 1st preceding	903 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	..... + From 230 or 320	0.
Corporate Minimum Tax	..... + From 280	0.
Capital Tax	..... + From 550	1,452,879.
Premium Tax	..... + From 590	0.
Total Tax Payable	..... = 950	1,452,879.
Subtract: Payments	..... - 960	1,401,796.
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	51,083.
If payment due	..... Enclosed * 990	51,083.
If overpayment: Refund (Refer to Guide)	.. = 975	0.
year month day		
Apply to	..... 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. (Refer to Guide for other payment methods.)

Certification

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

Name (please print)

MIKE GRUE

Title

TREASURER

Full Residence Address

891 TOWNLINE ROAD

RR 2

ON CA K0G-1J0

Signature

Date

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

LINE 361

PROPERTY PLANT AND EQUIPMENT PER FS

-352701591.00

0.00

400,048,634.00

UCC FOR ONTARIO

CEC FOR ONTARIO

LAND CAPITALIZED IN PROPERTY PLANT AND EQUIPMENT

1,435,604.00

1,970,693.00

0.00

CIP

35,325,863.00

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

86,079,203.00

=====

HYDRO OTTAWA LIMITED

Corp. Tax Acct. No. : 1800113

Year Ended:

Attached Sch.

2003-12-31

CT 23 Line 353 and T2 Sch 33 Line 108

NOTES PAYABLE	232,185,000.00
CUSTOMER DEPOSITS	20,120,397.00
BANK INDEBTEDNESS	0.00
OUTSTANDING CHEQUES AND OTHER RECONCILING ITEMS	-758,357.00
DUE TO RELATED PARTIES	8,318,405.00
ACCOUNTS PAYABLE GREATER THAN 120 DAYS	1,085,597.00
	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	----- 260,951,042.00 =====

HYDRO OTTAWA LIMITED

1800113

2003-12-31

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)

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

Provision for recovery of income taxes / benefit of current income taxes	.....	+	2101	0.
Provision for deferred income taxes (credits) / benefit of future income taxes	.....	+	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, under fed.s.191.1(1)	0. x 9/3	+	2108	0.

Subtotal = 0. 2109 0.

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

Provision for current taxes / cost of current income taxes	2110	863,352.
Provision for deferred income taxes (debits) / cost of future income taxes	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 s.57.4(1.1) (excluding dividends under fed.s.137(4.1)) 2114 0.

Subtotal = 863,352. 2115 863,352.

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 2,078,286.

** 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 19.) = 2133 2,078,286.

Deduct: * CMT losses: pre-1994 Loss + From 2210 0.

* CMT losses: other eligible losses + 2211 2,078,286.

* CMT losses applied cannot exceed adjusted net income or increase a loss = 2,078,286. 2134 2,078,286.

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

CMT Base = 2135 0.

Transfer to CMT Base on Page 8

Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2) + [2201] 22,614,000.

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] ☐ Yes Wind-up (x) [2206] ☐ Yes

Subtotal = 0. + [2207] 0.

Adjustments (attach schedule) ± [2208] 0.

CMT losses available [2201] + [2207] ± [2208] = [2209] 22,614,000.

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] 2,078,286.

Losses expired during the year + [2212] 0.

Subtotal = 2,078,286. - [2213] 2,078,286.

Balances at End of Year (5) [2209] - [2213] = [2214] 20,535,714.

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]	9th preceding taxation year 1995-09-30	[2260] 0	[2280] 0
[2241]	8th preceding taxation year 1996-09-30	[2261] 0	[2281] 0
[2242]	7th preceding taxation year 1997-09-30	[2262] 0	[2282] 0
[2243]	6th preceding taxation year 1998-09-30	[2263] 0	[2283] 0
[2244]	5th preceding taxation year 1999-09-30	[2264] 0	[2284] 0
[2245]	4th preceding taxation year 2000-09-30	[2265] 0	[2285] 0
[2246]	3rd preceding taxation year 2001-09-30	[2266] 0	[2286] 0
[2247]	2nd preceding taxation year 2001-12-31	[2267] 6,176,714	[2287] 0
[2248]	1st preceding taxation year 2002-12-31	[2268] 14,359,000	[2288] 0
[2249]	Current taxation year 2003-12-31	[2269] 0	[2289] 0
Totals		[2270] 20,535,714	[2290] 0

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

Corporate Minimum Tax (CMT)



DOLLARS ONLY

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] ☐ Yes Wind-up (x) [2304] ☐ Yes

Subtotal = 0 + [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 - [2309] 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]	9th preceding taxation year	[2360]	[2380]
	1995-09-30	0	0
[2341]	8th preceding taxation year	[2361]	[2381]
	1996-09-30	0	0
[2342]	7th preceding taxation year	[2362]	[2382]
	1997-09-30	0	0
[2343]	6th preceding taxation year	[2363]	[2383]
	1998-09-30	0	0
[2344]	5th preceding taxation year	[2364]	[2384]
	1999-09-30	0	0
[2345]	4th preceding taxation year	[2365]	[2385]
	2000-09-30	0	0
[2346]	3rd preceding taxation year	[2366]	[2386]
	2001-09-30	0	0
[2347]	2nd preceding taxation year	[2367]	[2387]
	2001-12-31	0	0
[2348]	1st preceding taxation year	[2368]	[2388]
	2002-12-31	0	0
[2349]	Current taxation year	[2369]	[2389]
	2003-12-31	0	0
Totals		[2370]	[2390]
		0	0

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

Surtax on Canadian-Controlled Private Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HYDRO OTTAWA LIMITED	1800113	2003-12-31

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Taxable Income (if loss, enter nil)
			+ 19,553
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
Total			= 19,553

Ontario Summary of Dispositions of Capital Property
Schedule 6

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

Period 1: Dispositions before February 28, 2000

Period 2: Dispositions after February 27, 2000 and before October 18, 2000

Period 3: Dispositions after October 17, 2000

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

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

Yes/No [N]

If Yes, complete the following:

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

Part B: Inter-provincial asset transfers

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

Yes/No [N]

If Yes, complete the following:

Property	Class number	Corporation name of transferee/or	Date of disposition YYYY/MM/DD	Cost of asset in other jurisdiction
				0
				0
				0
				0
				0
				=====
Name of other jurisdiction	Allocation ratio to other jurisdictions	Ontario elected amount	Gain or loss	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
	.0000%	0	0	
		=====	=====	

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

Part 1 - Shares

No. of shares	Name of corporation	Class of shares	Gain (loss)			
0			0	0	0	0 3
0			0	0	0	0 3
0			0	0	0	0 3
0			0	0	0	0 3
0			0	0	0	0 3
0			0	0	0	0 3
0			0	0	0	0 3
		Totals	0	0	0	0 A
Gain (loss) on dispositions in period 1						0 A1
Gain (loss) on dispositions in period 2						0 A2
Gain (loss) on dispositions in period 3						0 A3

Part 2 - Real estate ("Do not include losses on depreciable property")

Municipal address						
1 = Address 1						
2 = Address 2						
3 = City						
4 = Province, Country, Postal Code, Zip Code or Foreign Postal Code						
Land - 789 Montreal Road	26,443	5,000	0	21,443	3	
Land - 86 Bayswater	41,860	3,258	0	38,602	3	
Maple Grove Property	26,000	744	0	25,256	3	
	0	0	0	0	3	
	0	0	0	0		
Totals	94,303	9,002	0	85,301	B	
Gain (loss) on dispositions in period 1						0 B1
Gain (loss) on dispositions in period 2						0 B2
Gain (loss) on dispositions in period 3						85,301 B3

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

Part 3 - Bonds

Face value	Maturity date YYYY/MM/DD	Name of issuer	Gain (loss)			
0			0	0	0	0 3
0			0	0	0	0 3
0			0	0	0	0 3
0			0	0	0	0 3
			0	0	0	0
		Totals	0	0	0	0 C
=====						
Gain (loss) on dispositions in period 1						0 C1
Gain (loss) on dispositions in period 2						0 C2
Gain (loss) on dispositions in period 3						0 C3

Part 4 - Other properties - ("Do not include losses on depreciable property")

Description	Gain (loss)				
789 Montreal Road	105,772	20,000	0	85,772	3
86 Bayswater	159,795	12,436	0	147,359	3
	0	0	0	0	3
	0	0	0	0	
Gain or loss from a partnership					
	0	0	0	0	
Totals	265,567	32,436	0	233,131	D
	=====	=====	=====	=====	
	Gain (loss) on dispositions in period 1				0 D1
	Gain (loss) on dispositions in period 2				0 D2
	Gain (loss) on dispositions in period 3				233,131 D3

Part 5 - Personal-use property

Description of capital property	Gain only			
	0	0	0	0 3
	0	0	0	0 3
	0	0	0	0 3
	0	0	0	0 3
Note: Losses are not deductible.	Totals	0	0	0 0 E
	=====	=====	=====	=====
				Gain on dispositions in period 1 0 E1
				Gain on dispositions in period 2 0 E2
				Gain on dispositions in period 3 0 E3

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

Part 6 - Listed personal property

Description				Gain (loss)	
	0	0	0	0	3
	0	0	0	0	3
	0	0	0	0	3
	0	0	0	0	3
Totals	0	0	0	0	
	=====	=====	=====	=====	
	Period 1	Period 2	Period 3		
Gain (or loss) on dispositions	0	0	0	0	
Subtract: Unapplied LPP losses from other years applicable to gain on dispositions	0	0	0	0	
Net gain (loss) on dispositions	0	0	0	0	F

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

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

Name of small business corporation	Shares enter 1 Debt enter 2	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Ontario adjusted cost base	Outlays and expenses	Ontario loss (col. 3 less (cols 4 & 5)	Date of disp.
	0		0	0	0	0	3
	0		0	0	0	0	3
	0		0	0	0	0	3
	0		0	0	0	0	3
Totals			0	0	0	0	G
			=====	=====	=====	=====	
						Loss on dispositions in period 1	0 G1
						Loss on dispositions in period 2	0 G2
						Loss on dispositions in period 3	0 G3

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

Determining capital gains and capital losses

	Period 1	Period 2	Period 3	
Gains or losses on dispositions (Total of amounts A to F, if amount F is a loss, do not include it)	0	0	318,432	318,432
Allowable business investment losses (G1, G2, G3)	0	0	0	
Gains or losses on dispositions (including ABIL)	0	0	318,432	
Add:				
Gain or loss from a partnership				0
Capital gains dividends received in the year	0	0	0	0
Capital gains reserve				
(Opening balance) Schedule 13	0	0	0	0
Subtotal	0	0	318,432	318,432
Less:				
Capital gains reserve				
(Closing balance) from Schedule 13 (note 1)	0	0	0	0
Deductible portion of gain on donations (including ecologically sensitive land)	0	0	0	
Gains (or losses)	0 H	0 I	318,432 J	318,432 Z

Note 1: Applicable to dispositions made in the period. Closing balance reserves from dispositions made in a previous taxation year need to be deducted in the period during which the taxation year begins.

Inclusion rate

	Gains or losses	Inclusion Rate		Net capital gain/capital loss
Amount from line I, period 1	0 H x	75.0000%	=	0 K
Amount from line I, period 2	0 I x	66.6667%	=	0 L
Subtotal (note 2)	0 M x	.0000%	=	0 AA
Amount from line I, period 3	318,432 J x	50.0000%	=	159,216 N
Total (note 3)	318,432 O			159,216 P
Inclusion rate for the year expressed as a decimal fraction (P divided by O)				50.000000% Q
Note 2				
If one of either line H or line I is positive, and the other is negative, enter the difference (gain or loss) on the subtotal line. On the inclusion rate line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line AA based on that rate. In this case, it would not be necessary to calculate an amount at K and L. Otherwise, add lines H and I, and lines K and L for the subtotals. At the inclusion rate line between M and AA, enter the result of M divided by AA. This rate may be required in further calculations.				
Note 3				
If one of either line M or line J is positive, and the other is negative, enter the difference (gain or loss) on the total line. On the inclusion rate line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line P based on that rate. This could be the rate referred to at the end of note 2 above. In this case, it would not be necessary to calculate an amount at line N. Otherwise, add lines M and J, and lines AA and N for the totals.				
Time Weighted Method for investment corporation or mutual fund corporation				
Is the corporation a mutual fund corporation that wishes to use the time weighted method?..... [Y/N] N				
Number of days in period 1	0 x	75.0000%	=	.0000%
Number of days in period 2	0 x	66.6667%	=	.0000%
Number of days in period 3	0 x	50.0000%	=	.0000%
Number of days in the taxation year	0			.000000%

Determination of taxable capital gains and allowable business investment losses

Amount from line Z..... 318,432 Z

Deduct:

Gain on donations of a share, debt obligation, or right
(included in amounts A to F) (note 4)

Before February 28, 2000	0			
After February 27, 2000 and before October 18, 2000	0			
After October 17, 2000	0			

	0	x	1/2	= 0
Subtotal				318,432

Deduct:

Amount of gain on donations of ecologically sensitive land after February 27, 2000

After February 27, 2000 and before October 18, 2000	0			
After October 17, 2000	0			

	0	x	1/2	= 0

Gains or Loss

Include 100% of the losses in box **711** of the CT23..... 318,432 R

Taxable capital gains (amount R x Inclusion rate)

Transfer to **603** of the CT23..... 159,216 S

Allowable business investment loss (line G x Inclusion rate)

Transfer to **678** of the CT23..... 0 G4
=====

Note 4:

Gain on donations of a share, debt obligation, or right listed on a prescribe stock exchange and amounts
under paragraph 38(a.1) of the Act on (for donations made after February 18, 1997, and before the year 2002
to charities other than private foundations).

Portion of Gain or Loss from Foreign sources (100%)..... 0

CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

Part 1 - Aggregate and foreign investment income calculation

	Canadian investment income	Foreign investment income	Aggregate investment income	
The eligible portion of taxable capital gains included in income for the year.....	159,216	0	159,216	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses).....	0	0	0	B
Net capital losses of other years claimed at line 332 on the T2 return.....	0		0	C
Total of amounts B and C.....	0	0	0	D
Amount A minus amount D (if negative, enter "0").....	159,216	0	159,216	E
Total income from property (include only income from a specified investment business carried on in Canada other than income from a source outside Canada)				
Taxable dividends.....	0	0	0	
Other property income.....	0	0	0	
Total income from property.....	0	0	0	F
Exempt income.....	0	0	0	G
Amounts received from NISA Fund No.2 that were included in computing the corporation's income for the year.....	0	0	0	H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2).....	0	0	0	I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a).....	0	0	0	J
Total of amounts G, H, I, and J.....	0	0	0	K
Amount F minus amount K.....	0	0	0	L
Total of amount E plus amount L.....	159,216	0	159,216	M
Total losses from property (include only losses from a specified investment business carried on in Canada other than a loss from a source outside Canada).....	0	0	0	N
Amount M minus amount N (if negative, enter "0").....	159,216	0	159,216	P

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

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

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

NET TAXABLE DIVIDENDS

	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3.....	0	0	0
Less: Expenses related to such dividends			
Total expenses	0	0	0
Net taxable dividends	0	0	0

Part 2 - Specified partnership income

A	B	C	D	E	F	G	H
Partnership name	Total income (loss) of partnership from an active business	Corp's share of amount in column B	Adjustments (add prior-year reserves added back to current-year income, under subsection 34.2(5), and deduct expenses incurred to earn partnership income)	Corp's income (loss) of the partnership (column C plus column D)	Number of days in the partnership (column C plus ship's fiscal period	Prorated business limit in (columns C / B) x [200,000 x (column F / 365)] (if column C is negative, enter "0")	Lesser of columns E and G (if E is negative, enter "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
				Total	0	Total	0 H.1

Add to the total of Line H, the lesser of:

- i) the corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) - enter as a positive amount. 128,246
- plus:
- the specified partnership loss of the corporation for the year - enter as a positive amount (total of all negative amounts in column E) 0 H.2
-
- 128,246
- =====
- ii) Column E minus column G - if negative, enter "0" (if a member of more than one partnership, calculate separately for each partnership and enter total) 0 H.3
-
- 0 H.4
- =====
- Specified partnership income (line H.1 plus line H.3)

* When a partnership carries on more than one business, one of which generates income and another realizes a loss, the partnership loss is not netted against the partnership's income.

Part 3 - Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada
after deducting related expenses - from the total of line E above (if the net amount
is negative, enter "0" on line M)

0 I

Add: Specified partnership loss (from line H.2 above)

0 J

Subtotal

0 K

Deduct: Specified partnership income (from line H.4 above)

0 L

Partnership Income (enter on line P below)

0 M

Part 4 - Income from active business carried on in Canada

Net income for Ontario income tax purposes 30,970 N

Deduct: Foreign business income after deducting related expenses * 0

Taxable capital gains minus allowable capital loss

- amount A minus amount B (page 1) * 159,216

Net property income

- amount F minus amounts G, H and N (page 1) * 0 O

Personal services business income after deducting related

expenses * 0

159,216

159,216

Net amount

-128,246

Deduct: Partnership income (line M above)

0 P

Income from active business carried on in Canada (if negative, enter "0")

0 Q

* If negative, enter in brackets, and add instead of subtracting.

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [Y/N] N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	Cost of acquisitions during the year (new property available for use)	Net adjustments (show negative amounts in brackets)	Proceeds of disposals during the year (amount not to exceed the capital cost)	Ontario undepreciated capital cost plus column 3 or minus column 4 minus column 5)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)	Reduced undepreciated capital cost (column 6 minus column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	239,550,286	25,789,312	0	0	265,339,598	12,894,656	252,444,942	4	0	0	10,097,798	255,241,800
2	121,415,808	0	0	0	121,415,808	0	121,415,808	6	0	0	7,284,948	114,130,860
3	17,889,379	45,195	0	32,436	17,902,138	6,379	17,895,759	5	0	0	894,788	17,007,350
8	3,283,706	1,451,988	0	7,062	4,728,632	722,463	4,006,169	20	0	0	801,234	3,927,398
10	5,665,969	2,478,329	0	127,270	8,017,028	1,175,529	6,841,499	30	0	0	2,052,450	5,964,578
12	3,150,537	4,902,855	0	0	8,053,392	2,451,427	5,601,965	100	0	0	5,601,965	2,451,427
42	980,535	491,863	0	0	1,472,398	245,931	1,226,467	12	0	0	147,176	1,325,222
Total	391,936,220	35,159,542	0	166,768	426,928,994	17,496,385	409,432,609				26,880,359	400,048,635
									Enter in boxes [650]	[650]	[650] on the CT23	

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

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

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

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



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

Ontario Cumulative Eligible Capital Deduction

Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
HYDRO OTTAWA LIMITED	1800113	2003-12-31

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

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

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) 1,543,660^A

Add: Cost of eligible capital property acquired during the taxation year + 0^B
Amount transferred on amalgamation or wind-up of subsidiary + 0^C
Other adjustments + 0^D

Total of B + C + D = 0 X 0.75 = 0^E

Subtotal A + E = 1,543,660^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 = 1,543,660^K

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction 1,543,660^K X 7.00%* = 108,056^L

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum. Enter amount in box 651 of the CT23

Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero) = 1,435,604^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 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 beginning after June 30, 1988 0¹

Total of all amounts which reduced cumulative eligible capital in the current or prior years under subsection 80(7) of the ITA 0²

Total of cumulative eligible capital deductions claimed for taxation years beginning before July 1, 1988 0³

Negative balances in the cumulative eligible capital account that were included in income for taxation years beginning before July 1, 1988 0⁴

Line 3 deduct line 4 0

Total lines 1 + 2 + 5 0⁵

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 0⁶

Deduct line 7 from line 6 0⁷

N – O (cannot be negative) 0^O

Amount on line 5 0 X 1/2 0^P

P – Q 0^Q

Amount on line R 0 X 2/3* 0^R

Lesser of line N or line O 0^S

Amount to be included in income S + T 0^T

Amount to be included in income S + T 0

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

T2 CORPORATION INCOME TAX RETURN

FILING FOR FIL

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, see the corresponding items in the *T2 Corporation - Income Tax Guide* (T4012).

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

200
Code 0301

055 Do not use this area

Identification

Business Number (BN) 001 863391363RC0001

Corporation's name

002 HYDRO OTTAWA LIMITED

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 3025 ALBION ROAD NORTH

012 PO BOX 8700

City Province, territory, or state

015 OTTAWA 016 ON
Country (other than Canada) Postal code/ZIP code

017 018 K1G-3S4

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

025 026
Country (other than Canada) Postal code/ZIP code

027 028

Location of books and records

031 3025 ALBION ROAD NORTH

032 PO BOX 8700

City Province, territory, or state

035 OTTAWA 036 ON
Country (other than Canada) Postal code/ZIP code

037 038 K1G-3S4

040 Type of corporation at the end of the taxation year

- | | |
|--|---|
| 1 <input checked="" type="checkbox"/> Canadian-controlled private corporation (CCPC) | 4 <input type="checkbox"/> Corporation controlled by a public corporation |
| 2 <input type="checkbox"/> Other private corporation | 5 <input type="checkbox"/> Other corporation (specify, below) |
| 3 <input type="checkbox"/> Public corporation | |

If the type of corporation changed during the taxation year, 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 2003-01-01 061 2003-12-31
YYYY/MM/DD YYYY/MM/DDHas there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒If Yes, give the date control was acquired 065
YYYY/MM/DDIs the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:

Incorporation? 070 1 Yes ☐ 2 No ☒
Amalgamation? 071 1 Yes ☐ 2 No ☒

If Yes, complete and attach 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, complete and attach 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, complete and attach Schedule 91.

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

- 085
-
- | | |
|----------------------------|--|
| 1 <input type="checkbox"/> | Exempt under paragraph 149(1)(e) or (f) |
| 2 <input type="checkbox"/> | Exempt under paragraph 149(1)(j) |
| 3 <input type="checkbox"/> | Exempt under paragraph 149(1)(l) |
| 4 <input type="checkbox"/> | Exempt under other paragraphs of section 149 |

Financial statement information: For taxation years ending in 2000 and later, use GIFI schedules 100, 125, and 141. Schedules - Answer the following questions. For each response, attach to the T2 return the schedule that applies.

* We do not print these schedules.

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 Income Tax Regulations?	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 For private corporations: Does the corporation 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, a province, or a territory, 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 type="checkbox"/>	3
69-76 Is the corporation claiming any type of losses?	204 <input checked="" type="checkbox"/>	4
132 Is the corporation claiming a provincial or territorial 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 checked="" type="checkbox"/>	6
103 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 checked="" 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 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
150 Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
131 Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
118 Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
155 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
111 Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
121 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
124 Is the corporation subject to gross Part I.3 tax?	233 <input checked="" type="checkbox"/>	33/34/35
124 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
124 Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
128 Is the corporation subject to gross Part VI tax on capital of financial institutions?	238 <input type="checkbox"/>	38
128 Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
129 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
129 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
125 Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
128 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
128 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
128 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
152 Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131

Attachments – continued from page :

Guide Item

	Yes	Schedule
130 Is the corporation subject to Part XIII.1 tax?	<input type="checkbox"/>	92 *
153 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?
(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 ☐ 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	DIST. OF ELECTRICITY	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 GIF ☐ 300 30,970 A

Deduct:

Charitable donations from Schedule 2	311	0
Gifts to Canada, a province, or a territory 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 or 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	30,970
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		30,970

Subtotal (amount A minus amount B) (if negative, enter "0") ☐ 30,970 B

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions ☐ 355 0 C

Taxable income (amount C plus amount D) ☐ 360 0 D

Income exempt under paragraph 149(1)(t) ☐ 370 0

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) ☐ 0 Z

* This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction

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

Income from active business carried on in Canada from Schedule 7

400 0 A

Taxable income from line 360 on page 3, minus 10/3 of the amount at line 632* on page 7, minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax

405 0 B

Calculation of the business limit:

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

200,000	x	Number of days in the taxation year before 2003	0	=	0	1
		Number of days in the taxation year	365			
225,000	x	Number of days in the taxation year in 2003	365	=	225,000	2
		Number of days in the taxation year	365			
250,000	x	Number of days in the taxation year in 2004	0	=	0	3
		Number of days in the taxation year	365			
300,000	x	Number of days in the taxation year in 2005	0	=	0	3.1
		Number of days in the taxation year	365			

Add amounts at lines 1, 2, 3, and 3.1

225,000 4

Business limit (see notes 1 and 2 below)

410 205,425 C

Notes: 1. For CCPCs that are not associated, enter the amount from line 4 at line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered at line 410.

Business limit reduction:

Amount C 205,425 x 415*** 0 D = 0 E

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

11,250

425 205,425 F

Small business deduction - 16.00% of whichever amount is least: A, B, C, or F

(enter amount G on line 9 of page 7)

430 0 G

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

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

***** Large corporation tax**

• The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).

• If the corporation is not associated with any corporation in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its preceding taxation year.

• If the corporation is not associated with any corporation in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:

- starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its preceding taxation year; or
- starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its current taxation year.

• For corporations associated in the current taxation year, 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) 205,425 x $\frac{300,000}{\text{line 4 above}}$ = 273,900 A

Net active business income (amount from line 400) * 0 B

Taxable income from line 360 on page 3 minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt for Part I tax 0 C

Deduct: Aggregate investment income (amount from line 440 of page 6) 159,216 D

Amount C minus amount D (if negative, enter "0") 0 E

Amount A, B, or E above, whichever is less 0 F

Amount Z from Part 9 of Schedule 27 0 x 100/7 = 0 G

Amount QQ from Part 13 of Schedule 27 0 H

Taxable resource income from line 435 of page 5 0 I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) 0 J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less 0 K

Total of amounts G, H, I, J, and K 0 L

Amount F minus amount L (if negative, enter "0") 0 M

Accelerated tax reduction - 7% of amount M (enter amount N on line 637 of page 7) 0 N

* If the amount at line 450 of Schedule 7 is positive, members of 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.

Resource deduction

Taxable resource income [as defined in subsection 125(1)]		435	0	A
Amount A	0	x	Number of days in the taxation year in 2003 365	x 1% = 0
			Number of days in the taxation year 365	
Amount A	0	x	Number of days in the taxation year in 2004 0	x 2% = 0
			Number of days in the taxation year 365	
Amount A	0	x	Number of days in the taxation year in 2005 0	x 3% = 0
			Number of days in the taxation year 365	
Resource deduction - total of amounts B, C, and C.1 (enter amount D on line 10 of page 7)		438	0	D

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

Taxable income from line 360 on page 3		0	E
Amount Z from Part 9 of Schedule 27	0	x 100/7 =	0
Amount QQ from Part 13 of Schedule 27			0
Taxable resource income from line 435 above			0
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0
Amount on line 400, 405, 410, or 425 on page 4, whichever is less			0
Aggregate investment income from line 440 of page 6			159,216
Amount used to calculate the accelerated tax reduction (amount M of page 4)			0
Total of amounts F, G, H, I, J, K, and L			159,216
Amount E minus amount M (if negative, enter "0")			159,216
			0
Amount N	0	x	Number of days in the taxation year in 2001 0
			Number of days in the taxation year 365
Amount N	0	x	Number of days in the taxation year in 2002 0
			Number of days in the taxation year 365
Amount N	0	x	Number of days in the taxation year in 2003 365
			Number of days in the taxation year 365
Amount N	0	x	Number of days in the taxation year after 2003 0
			Number of days in the taxation year 365
General tax reduction for Canadian-controlled private corporations - total of amounts year 2001, O, P, and Q (enter amount R on line 638 of page 7)			0

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 of page 3		0	S
Amount Z from Part 9 of Schedule 27	0	x 100/7 =	0
Amount QQ from Part 13 of Schedule 27			0
Taxable resource income from line 435 above			0
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0
Total of amounts T, U, V, and W			0
Amount S minus amount X (if negative, enter "0")			0
Amount Y	0	x	Number of days in the taxation year in 2001 0
			Number of days in the taxation year 365
Amount Y	0	x	Number of days in the taxation year in 2002 0
			Number of days in the taxation year 365
Amount Y	0	x	Number of days in the taxation year in 2003 365
			Number of days in the taxation year 365
Amount Y	0	x	Number of days in the taxation year after 2003 0
			Number of days in the taxation year 365
General tax reduction - total of amounts year 2001, Z, AA, and BB (enter amount CC on line 639 of page 7)			0

Canadian-controlled private corporations throughout the taxation year

Aggregate investment income **440** 159,216 x 26 2/3% = 42,458 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 0 B

Amount A minus amount B (if negative, enter "0") 42,458 C

Taxable income from line 360 on page 3 0

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 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 3 = 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) 0

Deduct: Corporate surtax from line 600 of page 7 0

Net amount 0 0 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is less **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 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 – Amount A or B, whichever is less (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

0 A

Corporate surtax calculation

Base amount from line A above 0 1

Deduct:

10% of taxable income (line 360 or amount Z, whichever applies) from page 3 0 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 amount a, b, or c below on line 6, whichever is less:

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 0 7

Net amount (line 1 minus line 7) 0 8

Corporate surtax – 4.00% of the amount on line 8

600

0 B

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31

602

0 C

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

Aggregate investment income from line 440 on page 6 159,216 i

Taxable income from line 360 on page 3 0

Deduct:

Amount on lines 400, 405, 410, or 425 of page 4, whichever is less 0

Net amount 0 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) 0 E

Deduct:

Small business deduction from line 430 of page 4 0 9

Federal tax abatement 608 0

Manufacturing and processing profits deduction from amount BB or amount RR 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 N of page 4 637 0

Resource deduction from line 438 of page 5 0 10

General tax reduction for CCPCs from amount R of page 5 638 0

General tax reduction from amount CC 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 0

0 F

Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8)

0 G

Summary of tax and credits

Federal tax

Part I tax payable from page 7

Part I.3 tax payable from Schedule 33, 34, or 35

Part II surtax payable from Schedule 46

Part IV tax payable from Schedule 3

Part IV.1 tax payable from Schedule 43

Part VI tax payable from Schedule 38

Part VI.1 tax payable from Schedule 43

Part XIII.1 tax payable from Schedule 92

Part XIV tax payable from Schedule 20

700	0
704	883,988
708	0
712	0
716	0
720	0
724	0
727	0
728	0

Total federal tax 883,988

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)

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

760	0
765	0
	0

Total tax payable 770 883,988 A

Deduct other credits:

Investment tax credit refund from Schedule 31

Dividend refund from page 6

Federal capital gains refund from Schedule 18

Federal qualifying environmental trust tax credit refund

Canadian film or video production tax credit refund from Form T1131

Film or video production services tax credit refund from Form T1177

Tax withheld at source

Total payments on which tax has been withheld

Allowable refund for non-resident-owned investment corporations from Schedule 26

Provincial and territorial capital gains refund from Schedule 18

Provincial and territorial refundable tax credits from Schedule 5

Royalties deductible under Syncrude Remission Order

Tax remitted under Syncrude Remission Order

Tax instalments paid

780	0
784	0
788	0
792	0
796	0
797	0
800	0

801 0

804	0
808	0
812	0

815 0

816 0

840 883,988

890 883,988

Refund code 894 1

Overpayment 0

Total credits

883,988 B

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:

<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 \$2 or less.

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 GRUE

Last name in block letters

951 MIKE

First name in block letters

954 TREASURER

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

Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 613-738-5499

Telephone number

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

957 1 Yes ☒ 2 No ☐

958

Name in block letters

959

Telephone number

Language of correspondence - Langue de correspondance

990

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.....

1,214,934 A

Additions:

Provision for income taxes - current.....	<input type="checkbox"/> 101	863,352	
Interest and penalties on taxes.....	<input type="checkbox"/> 103	19,501	
Amortization of tangible assets.....	<input type="checkbox"/> 104	25,106,763	
Taxable capital gains from Schedule 6.....	<input type="checkbox"/> 113	159,216	
Non-deductible meals and entertainment expenses.....	<input type="checkbox"/> 121	32,706	
Subtotal of additions.....		26,181,538	26,181,538

Other Additions:**Miscellaneous Other Additions:**

<input type="checkbox"/> 600 EMPLOYEE FUTURE BENEFIT PER FINANCIAL STATEMENTS	<input type="checkbox"/> 290	314,947	
Subtotal of Other Additions.....	<input type="checkbox"/> 199	314,947	314,947
Total Additions <input type="checkbox"/> 500		26,496,485	26,496,485

Deductions:

Gain on disposal of assets per financial statements.....	<input type="checkbox"/> 401	389,806	
Capital cost allowance from Schedule 8.....	<input type="checkbox"/> 403	26,880,359	
Cumulative eligible capital deduction from Schedule 10.....	<input type="checkbox"/> 405	108,056	

Subtotal of Deductions.....		27,378,221	27,378,221

Other Deductions:**Miscellaneous Other Deductions:**

<input type="checkbox"/> 700 ACTUAL EMPLOYEE BENEFITS PAID	<input type="checkbox"/> 390	302,228	

Subtotal of Other Deductions.....	<input type="checkbox"/> 499	302,228	302,228

Total Deductions <input type="checkbox"/> 510		27,680,449	27,680,449

Net income (loss) for income tax purposes	30,970
(enter on line 300 on the T2 return)	=====

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

CORPORATION LOSS CONTINUITY AND APPLICATION

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to prior years.
- The corporation can choose whether or not to deduct an available loss from income in a taxation year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- For a detailed description and calculation of these losses, see Interpretation Bulletin IT-232, "Losses - Their Deductibility in the Loss Year or in Other Years." For information on these losses, see the "T2 Corporation Income Tax Guide."
- File one completed copy of this schedule with the T2 return, or forward it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs, referred to on this schedule are from the federal "Income Tax Act."

Part 1 - Non-capital losses**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes		30,970
Deduct: (increase a loss)		
Net capital losses deducted in the year (enter as a positive amount)	0	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	0	
Amount of Part VI.1 tax deductible	0	
Amount deductible as prospector's and grubstaker's shares - Paragraph 110(1)(d.2)	0	0

	Subtotal (if positive, enter "0")	0
Deduct: (increase a loss)		
Section 110.5 - Addition for foreign tax deductions		0

	Subtotal	0
Add: (decrease a loss)		
Current-year farm loss		0

Current-year non-capital loss (if positive, enter "0")		0
		=====

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding taxation year		26,703,063
Deduct: Non-capital loss expired after seven taxation years	100	0
Non-capital losses at beginning of taxation year	102	26,703,062
Add: Non-capital losses transferred on amalgamation or wind-up of subsidiary corporation	105	0
Current-year non-capital loss (from calculation above)	110	0
		26,703,062

Continuity of non-capital losses and request for a carryback (cont'd)

Deduct:

Amount applied against taxable income (enter on line 331 of the T2 return).....	<input type="text" value="130"/>	30,970	
Amount applied against taxable dividends subject to Part IV tax.....	<input type="text" value="135"/>	0	
Section 80 - Adjustments for forgiven amounts.....	<input type="text" value="140"/>	0	
Subsection 111(10) - Adjustments for fuel tax rebate.....		0	
Other adjustments.....	<input type="text" value="150"/>	0	30,970

		Subtotal	26,672,092

Deduct - Request to carry back non-capital loss to:

First preceding taxation year to reduce taxable income.....	<input type="text" value="901"/>	0	
Second preceding taxation year to reduce taxable income.....	<input type="text" value="902"/>	0	
Third preceding taxation year to reduce taxable income.....	<input type="text" value="903"/>	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax.....	<input type="text" value="911"/>	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax.....	<input type="text" value="912"/>	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax.....	<input type="text" value="913"/>	0	0

Non-capital losses - Closing balance.....	<input type="text" value="180"/>		26,672,092
			=====

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator..... Yes []

Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding taxation year.

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding taxation year.....	<input type="text" value="200"/>	0	
Capital losses transferred on amalgamation or wind-up of subsidiary corporation.....	<input type="text" value="205"/>	0	
Current-year capital loss (from Schedule 6 calculation).....	<input type="text" value="210"/>	0	0
Add:			
Allowable business investment loss expired as non-capital loss.....	0 x 4/3.. <input type="text" value="220"/>	0	

		Subtotal	0
Deduct:			
Amount applied against current-year capital gain (see note 1).....	<input type="text" value="225"/>	0	
Section 80 - Adjustments for forgiven amounts.....	<input type="text" value="240"/>	0	
Other adjustments.....	<input type="text" value="250"/>	0	0

		Subtotal	0

Part 2 - Capital losses (cont'd)**Continuity of capital losses and request for a carryback (cont'd)****Deduct - Request to carry back capital loss to: (see note 2)**

	Capital gain (100%)		Amount carried back (100%)	
First preceding taxation year.....	0.....	951	0	
Second preceding taxation year.....	0.....	952	0	
Third preceding taxation year.....	0.....	953	0	0
Capital losses - Closing balance.....		280		0

Capital losses carried back to taxation years ending before February 28, 2000, the inclusion rate is 3/4.

Capital losses carried back to taxation years starting after October 17, 2000, the inclusion rate is 2/3.

For taxation years that straddle February 28, 2000 or October 18, 2000, the inclusion rate will be determined by dividing the total taxable capital gain by the total capital gain.

Note 1

On line 332 of the T2 return, enter the amount from line 225 multiplied by the current year inclusion rate (see Schedule 6.)

Note 2

Enter on lines 225, 951, 952, or 953, whichever is applicable, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

Part 3 - Farm losses**Continuity of farm losses and request for a carryback**

Farm losses at end of preceding taxation year.....		0	
Deduct: Farm loss expired after 10 taxation years.....	300	0	
Farm losses at beginning of taxation year.....	302	0	
Add: Farm losses transferred on amalgamation or wind-up of subsidiary corporation.....	305	0	
Current-year farm loss.....	310	0	0
Deduct:			
Amount applied against taxable income (enter on line 334 of the T2 return).....	330	0	
Amount applied against taxable dividends subject to Part IV tax.....	335	0	
Section 80 - Adjustment forgiven amount.....	340	0	
Other adjustments.....	350	0	0

		Subtotal	0
Deduct - Request to carry back farm loss to:			
First preceding taxation year to reduce taxable income.....	921	0	
Second preceding taxation year to reduce taxable income.....	922	0	
Third preceding taxation year to reduce taxable income.....	923	0	
First preceding taxation year to reduce taxable dividends subject to Part IV tax.....	931	0	
Second preceding taxation year to reduce taxable dividends subject to Part IV tax.....	932	0	
Third preceding taxation year to reduce taxable dividends subject to Part IV tax.....	933	0	0
Farm losses - Closing balance.....		380	0

Restricted Farm Loss Determination:

Is the corporation exempt from the restricted farm loss rules?

(A reply of "NO" triggers the restricted farm loss rules.) [Y/N] [Y]

Part 4 - Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	485	0	A
Minus the deductible farm loss:			
\$2,500 plus B or C, whichever is less	2,500		
(Amount A above 0 - \$2,500) divided by 2 =	0	B	
	6,250	C	0 2,500
Current-year restricted farm loss (enter this amount on line 410)			0

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at end of preceding taxation year		0	
Deduct: Restricted farm loss expired after 10 taxation years	400	0	
Restricted farm losses at beginning of taxation year	402	0	
Add: Restricted farm losses transferred on amalgamation or wind-up of subsidiary corporation	405	0	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	0	0
Deduct:			
Amount applied against farming income (enter on line 333 of the T2 return)	430	0	
Section 80 - Adjustments for forgiven amounts	440	0	
Other adjustments	450	0	0
		Subtotal	0
Deduct - Request to carry back restricted farm loss to:			
First preceding taxation year to reduce farming income	941	0	
Second preceding taxation year to reduce farming income	942	0	
Third preceding taxation year to reduce farming income	943	0	0
Restricted farm losses - Closing balance	480		0

Note
The total losses for the year from all farming businesses are computed without including any scientific research expenses.

Part 5 - Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at end of preceding taxation year		0	
Deduct: Listed personal property loss expired after seven taxation years	500	0	
Listed personal property losses at beginning of taxation year	502	0	
Add: Current-year listed personal property loss (from Schedule 6)	510	0	
		Subtotal	0
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	0	
Other adjustments	550	0	0
		Subtotal	0

Part 5 - Listed personal property losses (cont'd)

Continuity of listed personal property loss and request for a carryback (cont'd)

Deduct - Request to carry back listed personal property loss to:

First preceding taxation year to reduce listed

personal property gains 961 0

Second preceding taxation year to reduce listed

personal property gains 962 0

Third preceding taxation year to reduce listed

personal property gains 963 0 0

Listed personal property losses - Closing balance 580 0

Part 6 - Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2002	17,737,119	N/A	0	N/A	0	0	17,737,119
2001	8,965,943	N/A	0	N/A	30,970	0	8,934,973
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0 *
Total	26,703,062	0	0	0	30,970	0	26,672,092

Farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back Parts I & 4	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	0	0
2002	0	N/A	0	N/A	0	0	0
2001	0	N/A	0	N/A	0	0	0
2001	0	N/A	0	N/A	0	0	0
2000	0	N/A	0	N/A	0	0	0
1999	0	N/A	0	N/A	0	0	0
1998	0	N/A	0	N/A	0	0	0
1997	0	N/A	0	N/A	0	0	0
1996	0	N/A	0	N/A	0	0	0
1995	0	N/A	0	N/A	0	0	0
1994	0	N/A	0	N/A	0	0	0 *
Total	0	0	0	0	0	0	0

Restricted farm losses

Year of origin	Balance at Beginning of year	Loss Incurred in Current Year	Adjustments and Transfers <F1> for help	Loss Carried Back	Applied to Reduce		Balance at End of Year
					Taxable Income	Part IV Tax	
Current	N/A	0	0	0	N/A	N/A	0
2002	0	N/A	0	N/A	0	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
2001	0	N/A	0	N/A	0	N/A	0
2000	0	N/A	0	N/A	0	N/A	0
1999	0	N/A	0	N/A	0	N/A	0
1998	0	N/A	0	N/A	0	N/A	0
1997	0	N/A	0	N/A	0	N/A	0
1996	0	N/A	0	N/A	0	N/A	0
1995	0	N/A	0	N/A	0	N/A	0
1994	0	N/A	0	N/A	0	N/A	0 *
Total	0	0	0	0	0	N/A	0

* This balance expires this year and will not be available next year

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

SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY

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

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

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

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

☐ [Y/N] ☐ [N] If "yes", attach a statement specifying which properties are subject to such a designation.

1	2	3	4	5	6	7
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (col. 3 less cols. 4 and 5)	Date of disp.

Part 1 - Shares

No. of shares 100	Name of corporation 105	Class of shares 106	110	120	130	140	Gain (or loss) 150
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
0				0	0	0	0 3
				0	0	0	0
				0	0	0	0 A
Totals							
Gain (loss) on dispositions before February 28, 2000							0 A1
Gain (loss) on dispositions after February 27, 2000 and before October 18, 2000							0 A2
Gain (loss) on dispositions after October 17, 2000							0 A3

1	2	3	4	5	6	7
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (col. 3 less cols. 4 and 5)	Date of disp.

Part 2 - Real estate - Do not include losses on depreciable property.

Municipal address

1 = Address 1

2 = Address 2

3 = City

4 = Province, Country, Postal Code and

Zip Code or Foreign Postal Code

	210	220	230	240	Gain (or loss) 250	
Land - 789 Montreal Road		26,443	5,000	0	21,443	3
-						
Land - 86 Bayswater		41,860	3,258	0	38,602	3
-						
Maple Grove Property		26,000	744	0	25,256	3
-						
		0	0	0	0	3
-						
		0	0	0	0	
Totals		94,303	9,002	0	85,301	B
=====						
Gain (loss) on dispositions before February 28, 2000					0	B1
Gain (loss) on disposition after February 27, 2000 and before October 18, 2000					0	B2
Gain (loss) on dispositions after October 17, 2000					85,301	B3

Part 3 - Bonds

Face value 300	Maturity date 305	Name of issuer 307	310	320	330	340	Gain (or loss) 350	
0				0	0	0	0	3
0				0	0	0	0	3
0				0	0	0	0	3
0				0	0	0	0	3
				0	0	0	0	
Totals				0	0	0	0	C
=====								
Gain (loss) on dispositions before February 28, 2000							0	C1
Gain (loss) on dispositions after February 27, 2000 and before October 18, 2000							0	C2
Gain (loss) on dispositions after October 17, 2000							0	C3

1	2	3	4	5	6	7
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (col. 3 less cols. 4 and 5)	Date of disp.

Part 4 - Other properties - Do not include losses on depreciable property.

Description 400	410	420	430	440	Gain (or loss) 450	
789 Montreal Road		105,772	20,000	0	85,772	3
86 Bayswater		159,795	12,436	0	147,359	3
		0	0	0	0	3
		0	0	0	0	
Disposition from a partnership						
		0	0	0	0	
Totals		265,567	32,436	0	233,131	D
=====						
Gain (loss) on dispositions before February 28, 2000					0	D1
Gain (loss) on dispositions after February 27, 2000 and before October 18, 2000					0	D2
Gain (loss) on dispositions after October 17, 2000					233,131	D3

Part 5 - Personal-use property

Description 500	510	520	530	540	Gain only 550	
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	3
Totals		0	0	0	0	E
=====						
Gain on dispositions before February 28, 2000					0	E1
Gain on dispositions after February 27, 2000 and before October 18, 2000					0	E2
Gain on dispositions after October 17, 2000					0	E3

Part 6 - Listed personal property

Description 600	610	620	630	640	Gain (or loss) 650	
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	3
		0	0	0	0	3
Totals		0	0	0	0	
=====						

Part 6 - Listed personal property (cont'd)

Note:

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

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

	Before 2000/02/28	After 2000/02/27 and before 2000/10/18	After 2000/10/17	
Gains or losses on dispositions	0	0	0	0
Subtract: Unapplied listed personal property losses from other years	0	0	0	655
	657	658	659	0
Net gains (or loss)	0	0	0	0 F

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

Name of small business corporation	Shares, enter 1; debt, enter 2	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Loss (col. 920 less cols. 930 and 940)	Date of disp.
900	905	910	920	930	940	950	
	0		0	0	0	0	0 3
	0		0	0	0	0	0 3
	0		0	0	0	0	0 3
	0		0	0	0	0	0 3
Totals			0	0	0	0	0 G
Loss on dispositions before February 28 2000							0 G1
Loss on dispositions after February 27, 2000 and before October 18, 2000							0 G2
Loss on dispositions after October 17, 2000							0 G3

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

Determining capital gains or losses

	Before 2000/02/28	After 2000/02/27 and before 2000/10/18	After 2000/10/17	Total	
Sum of the Total amounts A to F (do not include F, if the amount is a loss)	0	0	318,432	318,432	H
Allowable business investment losses (G1, G2, G3)	0	0	0		
	770	670	570		
Gains or losses on dispositions (including ABIL)	0	0	318,432		
Add:					
Gain or loss from a partnership	0	0	0	0	
	775	675	575	875	
Capital gains dividend received in the year	0	0	0	0	
Capital gains reserve opening balance (from Schedule 13)	0	0	0	0	
				880	
Subtotal	0	0	318,432	318,432	

Determining capital gains or losses (cont'd)

Deduct:

Capital gains reserve closing balance (from Schedule 13) (note 1)	785	685	585	885
	0	0	0	0
Deductible portion of gain on donations (including ecologically sensitive land)	790	690	590	890
	0	0	318,432	318,432
Gains (or losses)				

Note 1: Applicable to dispositions made in the period. Closing balance reserves from dispositions made in a previous taxation year need to be deducted in the period during which the taxation year begins.

Inclusion rate

	Gain/loss		Inclusion rate		Net capital gain or Net capital loss
Amount from line 790	0	J x	75.0000%	=	0 JJ
Amount from line 690	0	K x	66.6667%	=	0 KK
Subtotal (note 2)	0	a x	.0000%	=	0 aa
Amount from line 590	318,432	L x	50.0000%	=	159,216 LL
Total (note 3)	318,432	b		=	159,216 bb
Inclusion rate for the year expressed as a decimal fraction (bb divided by b)					50.0000% M

Note 2

If one of either line J or line K is positive, and the other is negative, enter the difference (gain or loss) on the **subtotal** line. On the **inclusion rate** line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line **aa** based on that rate. In this case, it would not be necessary to calculate an amount at **JJ** and **KK**. Otherwise, add lines J and K, and lines JJ and KK for the subtotals. At the **inclusion rate** line between a and aa, enter the result of aa divided by a. This rate may be required in further calculations.

Note 3

If one of either line a or line L is positive, and the other is negative, enter the difference (gain or loss) on the **total** line. On the **inclusion rate** line, enter the inclusion rate applicable to the period from which the larger amount originates, and calculate the net gain or net loss at line **bb** based on that rate. This could be the rate referred to at the end of the note 2 above. In this case, it would not be necessary to calculate an amount at line **LL**. Otherwise, add lines a and L, and lines aa and LL for the totals.

Time Weighted Method for investment corporation or mutual fund corporation

Is the corporation a mutual fund corporation that wishes to use the time weighted method?.....	[Y/N]	N
Number of days before February 28, 2000	0 x	75.0000% = .0000%
Number of days after February 27, 2000 and before October 18, 2000	0 x	66.6667% = .0000%
Number of days after October 17, 2000	0 x	50.0000% = .0000%
Number of days in the taxation year	0	.0000% N

Determining taxable capital gains, total capital losses and allowable business investment losses

Amount from line 890						318,432	O
Gain on donations of a share, debt obligation, or right (included in amounts A to F) (note 4)							
	Before February 28, 2000	0					
	After February 27, 2000 and before October 18, 2000	0					
	After October 17, 2000	0					

		0	x	1/2	=	895	0 P
Amount on line O minus line 895						318,432	Q
Amount of gain on donation of ecologically sensitive land after February 27, 2000							
	After February 27, 2000 and before October 18, 2000	0					
	After October 17, 2000	0					

		0	x	1/2	=	896	0 R
Amount on line Q minus line 896						318,432	S
If this amount is a loss, enter on line 210 of Schedule 4.							
Taxable capital gains (line S x line M or N)						159,216	T
Enter the amount on line 113 of Schedule 1.							

Determining taxable capital gains and allowable business investment losses (cont'd)

Allowable business investment loss (line G x rate M or N)						0	U
Enter the amount on line 406 of Schedule 1.							
Note 4: Gain on donations of a share, debt obligation, or right listed on a prescribed stock exchange and amounts under paragraph 38(a.1) of the Act (for donations made after February 18, 1997, and before the year 2002 to charities other than private foundations)							

Portion of Gain or Loss from Foreign sources (100%) 0

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

CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

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

Part 1 - Foreign and aggregate investment income calculation

	Canadian investment income	Foreign investment income	Aggregate investment income
The eligible portion of taxable capital gains included in income for the year.....	159,216	0	159,216 A
Eligible portion of allowable capital losses for the year (including allowable business investment losses).....	0	0	0 B
Net capital losses of other years claimed on line 332 on the T2 return.....	0		0 C
Total of amounts B and C.....	0	0	0 D
Amount A minus amount D (if negative, enter "0").....	159,216	0	159,216 E
Total income from property (in box 32 include income from a specified investment business carried on in Canada other than income from a source outside Canada)			
Taxable dividends.....	0	0	0
Other property income.....	0	0	0
Total income from property.....	0	0	0 F
Exempt income.....	0	0	0 G
Amounts received from NISA Fund No. 2 that were included in computing the corporation's income for the year.....	0	0	0 H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2).....	0	0	0 I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a).....	0	0	0 J
Total of amounts G, H, I, and J.....	0	0	0 K

Part 1 - Foreign and aggregate investment income calculation (cont'd)

Total of amounts G, H, I, and J.....	0	0	0 K
Amount F minus amount K.....	0	0	0 L
Total of amount E plus amount L.....	159,216	0	159,216 M
Total losses from property (in box 82 include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada).....	0	0	0 N
Amount M minus amount N (if negative, enter "0").....	159,216	0	159,216

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

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

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

NET TAXABLE DIVIDENDS

	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3.....	0	0	0
Less: Expenses related to such dividends			
Total expenses.....	0	0	0
Net taxable dividends.....	0	0	0

Part 2 - Specified partnership income

A	B	C
Partnership name	Total income (loss) of partnership from an active business	Corporation's share of amount in column B
200	300	310
	0	0
	0	0
	0	0
	0	0

Part 2 - Specified partnership income (cont'd)

D	E	F	G	I
Adjustments [add prior-year reserves under subsection 34.2(5), and deduct expenses incurred to earn partnership income, including any reserve under subsection 34.2(4)]	Corporation's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C / column B) x [business limit* x (column F / 365)] (if column C is negative, enter "0")**	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330	340
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
Total 350	0		Total 360	0
Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) - enter as a positive amount 370 0				
Specified partnership loss of the corporation for the year - enter as a positive amount (total of all negative amounts in column E) 380 0				
Total of line 370 and 380 0 J				
Column E minus column G - if negative, enter "0" (if a member of more than one partnership, calculate separately for each partnership and enter total) 385 0				
Amount at line 385 or line J, whichever is less 390 0				
Specified partnership income (line 360 plus line 390) 400 0				

* Use one of the following business limits to calculate column G, whichever applies:

- \$225,000 if the corporation's taxation year ends in 2003;
- \$250,000 if the corporation's taxation year ends in 2004;
- \$300,000 if the corporation's taxation year ends in 2005 or after.

** When a partnership carries on more than one business, one of which generates income and another
of which realizes a loss, the loss is not netted against the partnership's income.

Part 3 - Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses - from line 350 above (if the net amount is negative, enter "0" on line O).....

0 K

Add: Specified partnership loss (from line 380 above).....

0 L

Subtotal

0 M

Deduct: Specified partnership income (from line 400 above).....

0 N

Partnership income * (enter on line S below)..... 450

0 O

* If the amount on line 450 is positive, complete Schedule 70.

Part 4 - Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return..... 30,970 P

Deduct: Foreign business income after deducting related expenses *..... 500 0

Taxable capital gains minus allowable capital loss

- amount A minus amount B * (page 1) **..... 159,216

Net property income = amount F minus amounts G, H and N * (page 1)..... 0 Q

Personal services business income after deducting related

expenses *..... 520 0

159,216 159,216

Net amount -128,246 R

Deduct: Partnership income (line 450 above)..... 0 S

Income from active business carried on in Canada (enter on line 400 of the T2 return

- if negative, enter "0")..... 0 T

* If negative, enter a negative amount, and add instead of subtracting.

** This amount may only be negative to the extent of any allowable business investment losses.

Summary of Capital Cost Allowance

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

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	239,550,286	25,789,312	0	0	12,894,656	4	0	0	10,097,798	255,241,800
2	121,415,808	0	0	0	0	6	0	0	7,284,948	114,130,860
3	17,889,379	45,195	0	32,436	6,379	5	0	0	894,788	17,007,350
8	3,283,706	1,451,988	0	7,062	722,463	20	0	0	801,234	3,927,398
10	5,665,969	2,478,329	0	127,270	1,175,529	30	0	0	2,052,450	5,964,578
12	3,150,537	4,902,855	0	0	2,451,427	100	0	0	5,601,965	2,451,427
42	980,535	491,863	0	0	245,931	12	0	0	147,176	1,325,222
Total	391,936,220	35,159,542	0	166,768	17,496,385		0	0	26,880,359	400,048,635

2005
 10.2
 6.8
 .9
 .8
 1.8
 2.4
 .2
 23.1

new

.8
 .3
 9.0
 10.1

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 OTTAWA HOLDING INC	894110816RC0001	1		0	0.00	0	0.00	0
ENERGY OTTAWA INC	863389961RC0001	3		0	0.00	0	0.00	0
TELECOM OTTAWA LIMITED	862446531RC0001	3		0	0.00	0	0.00	0
TELECOM OTTAWA HOLDINGS LTD	862029337RC0001	3		0	0.00	0	0.00	0
CORNWALL CONNECTIONS INC.	887903326RC0001	3		0	0.00	0	0.00	0
TRYTEL INTERNET INC.	140480203RC0001	3		0	0.00	0	0.00	0
1457844 ONTARIO INC.	888889110RC0001	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.

HYDRO OTTAWA LIMITED

Account/Business No.: 86339-363RC0001

Year Ended:

2003-12-31

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 1,543,660 A**Add:**Cost of eligible capital property acquired during
the taxation year 222 0 BAmount transferred on amalgamation or wind-up
of subsidiary 224 0 COther adjustments 225 0 D

(add amounts B, C, and D) 0 x 0.75 = 0 E

Subtotal (amount A plus amount E) 230 1,543,660 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) 1,543,660 K
(if amount K is negative, enter "0" at line M and proceed to Part 2)Current year deduction amount K 1,543,660 x 7.00% = 250 108,056 L
(enter amount L at line 405 of Schedule 1)Cumulative eligible capital - Closing balance 300 1,435,604 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 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

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

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one 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) of the "Income Tax Act," 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 business limit for the year of each corporation in the associated group that is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004;
- from \$250,001 to \$275,000, if the calendar year to which this agreement applies is 2005; or
- from \$275,001 to \$300,000, if the calendar year to which this agreement applies is 2006.

If the calendar year to which this agreement applies is after 2006, ensure that the total at line A does not exceed \$300,000.

Column 7: Complete this 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.

Allocation of the business limit

Date filed (do not use this area)..... ☐025 Year Month DayEnter the calendar year to which the agreement applies..... ☐050 Year
2003Is this an amended agreement for the above-noted calendar year that
is intended to replace an agreement previously filed by any of
the associated corporations listed below?..... ☐075 [Y/N] [N]

1	2	3	4	5	6	7
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation) \$	Percentage of the business limit %	Business limit allocated* \$	Taxation year end to which this agreement applies (YYYY/MM/DD)
<input type="checkbox"/> 100	<input type="checkbox"/> 200	<input type="checkbox"/> 300		<input type="checkbox"/> 350	<input type="checkbox"/> 400	<input type="checkbox"/> 500
HYDRO OTTAWA LIMITED	863391363RC0001	1	225,000	91.3000	205,425	
See attached				8.7000	19,575	
			Total	100.0000	225,000 A	

* The % of the annual business limit required to maximize the small business deduction is
.0000%.

100.0000% of the annual business limit can be attributed to an associated corporation.

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return.

One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group*** of corporations in the current taxation year,
and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part 1.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part 1.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to 0.225% x (A - \$10,000,000) where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's taxation year is less than 51 weeks, prorate the amount in column 6 by the number of days in the taxation year divided by 365, and enter the result on line 410 of the T2 return.

** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the "Income Tax Act."

*** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

HYDRO OTTAWA LIMITED

Sch. 023-Supp.

Account/Business No.: 863391363RC0001 Year Ended:

2003-12-31

AGREEMENT AMONG ASSOCIATED CPC's TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6	7	8
Name of associated corporation [100]	Business Number of associated corporation [200]	Association code [300]	Business limit (before the allocation) [350]	Percentage of the business limit [400]	Business limit allocated [400]	Taxation year end to which this agreement applies [500]	Part I.3 Tax
HYDRO OTTAWA HOLDING INC	894110816RC0001	1	225,000	.0000	0		0
ENERGY OTTAWA INC	863389961RC0001	1	225,000	.0000	0		0
TELECOM OTTAWA LIMITED	862446531RC0001	1	225,000	.0000	0		0
TELECOM OTTAWA HOLDINGS LTD	862029337RC0001	1	225,000	.0000	0		0
CORNWALL CONNECTIONS INC.	887903326RC0001	1	225,000	.0000	0		0
TRYTEL INTERNET INC.	140480203RC0001	1	225,000	8.7000	19,575		0
1457844 ONTARIO INC.	888889110RC0001	1	225,000	.0000	0		0
TOTALS			1,575,000	8.7000	19,575		0

Schedule 23-Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-09

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

PART I.3 TAX ON LARGE CORPORATIONS

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part I.3 tax for the purposes or unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act" and the "Income Tax Regulations."
- 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 I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part I.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 carrying 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 any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.
- This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

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	0
Capital stock (or members' contributions if incorporated without share capital).	103	167,080,816
Retained earnings.	104	0
Contributed surplus.	105	0
Any other surpluses.	106	0
Deferred unrealized foreign exchange gains.	107	0
All loans and advances to the corporation.	108	260,623,802
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, 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 (see note below) for 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.

112 0

Subtotal 427,704,618 427,704,618 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year.

121 0

Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year.

122 24,821,165

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 at the end of the year.

124 0

Subtotal 24,821,165 24,821,165 B

Capital for the year (amount A minus amount B) (if negative, enter "0").

190 402,883,453

Note:

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

- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined under lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Amounts owing to the member or to other corporations that are 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.
- The proportion of the total amounts is determined by 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, hypothecary claim, 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, hypothecary claim, 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 (see note 1 below).

407 0

Investment allowance for the year.

490 0

Part 2 - Investment allowance (cont'd)**Notes:**

- 1) Where the corporation has an interest in a partnership or tiered partnerships, consider the following:
 - the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
 - the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's taxation year; and
 - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
- 2) 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.3 [other than by reason of paragraph 181.1(3)(d)].
- 3) Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 - Taxable capital

Capital for the year (line 190).....	402,883,453	C
Deduct: Investment allowance for the year (line 490).....	0	D
Taxable capital for the year		
(amount C minus amount D) (if negative, enter "0").....	500 402,883,453	
	=====	

Part 4 - Taxable capital employed in Canada

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

Taxable capital for the year (line 500)	402,883,453	X	Taxable income earned in Canada	610 1,000		Taxable capital employed in Canada	690 402,883,453
			-----	-----	=		
			Taxable income	1,000			=====

- 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 4 - Taxable capital employed in Canada (cont'd)

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of 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 through a permanent establishment in Canada

712

0

Total of all amounts each of which is the 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 through a permanent establishment in Canada (see note below)

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

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 - Calculation of gross Part 1.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies) 402,883,453

Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)

801

10,000,000

Excess of taxable capital employed in Canada over capital deduction

811

392,883,453

Year	Line 811		Number of days	Number of days in the taxation year					
Before 2004	392,883,453	x	(365 /	365)	x	.2250%	=	883,988	F
2004	392,883,453	x	(0 /	365)	x	.2000%	=	0	G
2005	392,883,453	x	(0 /	365)	x	.1750%	=	0	H
2006	392,883,453	x	(0 /	365)	x	.1250%	=	0	I
2007	392,883,453	x	(0 /	365)	x	.0625%	=	0	J

Note: The Part 1.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007.

Subtotal (add amounts F to J)

883,988 K

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax as follows:

Amount K 883,988 x Number of days in the year 365 = 0 L

365

Gross Part 1.3 tax (amount K or L, whichever applies)

820

883,988

Part 6 - Calculation of gross Part I.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)	402,883,453	M
Deduct: Capital deduction claimed for the year		
(1/5 of line 801 if the taxation year end after 2003)	10,000,000	N

Excess (amount M minus amount N) (if negative, enter "0")	392,883,453	O
	=====	
Amount O 392,883,453 x .2250% =	883,988	P

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part I.3 tax for purposes of the unused surtax credit as follows:

Amount P 883,988 x	Number of days in the year 365	=	0	Q
	-----		=====	
	365			

Gross Part I.3 tax for purposes of the unused surtax credit

(amount P or Q, whichever applies)	821	883,988
		=====

Part 7 - Calculation of current-year surtax credit available

- Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable for the year. 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 for 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.

For a corporation that was a non-resident of Canada throughout the year, enter amount a or b at line R, whichever is less:

a) line 600 from the T2 return	0	a	
b) line 700 from the T2 return	0	b	0 R

In any other case, enter amount c or d at line S, whichever is less:

		line 690 of this schedule		
c) line 600 from the T2 return	0 x	402,883,453	=	0 c

		402,883,453		
		line 500 of this schedule		
d) line 700 from the T2 return			0 d	0 S

Current-year surtax credit available (amount R or S, whichever applies)	830	0
		=====

Part 8 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)	0
Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821)	883,988

Current-year unused surtax credit (if negative, enter "0")	850
Enter this amount at line 600 on Schedule 37.	0

Part 9 - Calculation of net Part I.3 tax payable

Gross Part I.3 tax (line 820).....		883,988	T
Deduct:			
Current-year surtax credit applied (line 820 or 830, whichever is less).....	881	0	
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37).....	852	0	

Subtotal (cannot be more than amount on line 820)		0	0 U
		=====	-----
Net Part I.3 tax payable (amount T minus amount U).....	870	883,988	
Enter this amount at line 704 of the T2 return.		=====	

Loans and Advances

Notes payable	232,185,000.00
Customer deposits	20,120,397.00
Loans and advances to related company	8,318,405.00
	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	----- 260,623,802.00 =====

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

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 or \$50,000,000 among the members of the related group.
- Do not file this agreement if no members of the related group have 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 has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends 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

Date filed (do not use this area) [010] Year Month Day

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

Calendar year to which the agreement applies. [030] Year 2003

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 that is exempt from Part I.3 tax under subsection 181.1(3) does not have 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 OTTAWA LIMITED	863391363RC0001	10,000,000	
See attached		0	
Total (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000)		10,000,000	

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

Note 2: Entries are only required in this column 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 or \$50,000,000 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 OTTAWA HOLDING INC	894110816RC0001	0	
ENERGY OTTAWA INC	863389961RC0001	0	
TELECOM OTTAWA LIMITED	862446531RC0001	0	
TELECOM OTTAWA HOLDINGS LTD	862029337RC0001	0	
CORNWALL CONNECTIONS INC.	887903326RC0001	0	
TRYTEL INTERNET INC.	140480203RC0001	0	
1457844 ONTARIO INC.	888889110RC0001	0	
TOTAL		0	

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

Note 2: Entries are only required in this column 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.

Schedule 36 - Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-09

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

SHAREHOLDER INFORMATION

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	300	400	500
HYDRO OTTAWA HOLDING INC	894110816RC0001		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	
			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.

Hydro Ottawa Limited



Financial Statements **For the year ended December 31, 2003**



Deloitte and Touche LLP
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Auditors' Report

To the Shareholder of
Hydro Ottawa Limited

We have audited the balance sheet of Hydro Ottawa Limited as at December 31, 2003 and the statements of operations and deficit and of cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The figures for 2002, presented for comparative purposes, are taken from financial statements reported on by another firm of auditors.

Deloitte & Touche LLP

Chartered Accountants

February 20, 2004

Report of Management

Management is responsible for the integrity of the financial data reported by the Corporation. Fulfilling this responsibility requires the preparation and presentation of financial statements and other data using management's best judgment, estimates and Canadian generally accepted accounting principles, applied on a basis consistent with the preceding year.

Management maintains appropriate systems of internal control and corporate-wide policies and procedures which provide reasonable assurance that the Corporation's assets are safeguarded and that financial records are relevant and reliable.

The Board of Directors, through the Audit Committee, ensures that management fulfills its responsibility for financial reporting and internal control. The Audit Committee consists of outside directors and at regular meetings reviews audit, internal control and financial reporting matters with management and external auditors. The Audit Committee has reviewed the financial statements and submitted its report to the Board of Directors.

On behalf of Management,



Ronald H. Stewart
President and Chief Executive Officer



Shirley Mears
Senior Vice President and Chief Financial
Officer

HYDRO OTTAWA LIMITED
Financial Statements
December 31, 2003

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HYDRO OTTAWA LIMITED
Statement of Operations and Deficit
year ended December 31, 2003
(tabular amounts are in thousands of dollars)

	<u>2003</u>	<u>2002</u>
REVENUES		
Power recovery (Note 14)	\$ 494,365	\$ 498,673
Distribution sales (Note 14)	89,680	84,190
Other revenue	4,055	4,876
	<u>588,100</u>	<u>587,739</u>
EXPENSES		
Purchased power (Note 14)	494,365	498,673
Operating, maintenance and administration	45,856	48,115
Amortization of capital assets	25,107	23,432
Provision for obsolete inventory (Note 7)	-	2,450
Provision for regulatory asset write-down (Note 8)	(165)	17,964
Provision for restructuring costs (Note 15)	3,332	-
	<u>568,495</u>	<u>590,634</u>
Earnings (loss) before other (revenue) expenses and payments in lieu of corporate income taxes	<u>19,605</u>	<u>(2,895)</u>
OTHER (REVENUE) EXPENSES		
Investment revenue	-	(553)
Interest on notes payable (Note 12)	16,021	10,767
Payments in lieu of provincial capital tax	1,506	1,250
	<u>17,527</u>	<u>11,464</u>
Earnings (loss) before payments in lieu of corporate income taxes	<u>2,078</u>	<u>(14,359)</u>
Payments in lieu of corporate income taxes (Note 16)	<u>863</u>	<u>1,024</u>
NET EARNINGS (LOSS)	<u>1,215</u>	<u>(15,383)</u>
DEFICIT, BEGINNING OF YEAR	<u>(26,036)</u>	<u>(10,084)</u>
Dividends	-	(2,207)
Development charges transferred to equity (Note 3)	-	1,638
DEFICIT, END OF YEAR	<u>\$ (24,821)</u>	<u>\$ (26,036)</u>

HYDRO OTTAWA LIMITED


Balance Sheet

as at December 31, 2003

(tabular amounts are in thousands of dollars)

	2003	2002
CURRENT ASSETS		
Cash (Note 4)	\$ 11,055	\$ -
Accounts receivable (Note 5)	46,944	48,732
Unbilled revenue (Note 6)	76,965	94,641
Inventory (Note 7)	10,572	13,661
	145,536	157,034
NON-CURRENT ASSETS		
REGULATORY ASSETS (Note 8)	39,025	29,068
Less: provision for doubtful recovery	(33,205)	(24,609)
	5,820	4,459
CAPITAL ASSETS (Note 9)	352,701	320,196
TOTAL ASSETS	\$ 504,057	\$ 481,689
CURRENT LIABILITIES		
Bank indebtedness (Note 4)	\$ -	\$ 7,645
Accounts payable and accrued liabilities (Notes 10,15)	109,981	86,055
	109,981	93,700
NON-CURRENT LIABILITIES		
REGULATORY LIABILITY (Note 8)	6,998	2,958
EMPLOYEE FUTURE BENEFITS (Note 11)	3,194	3,180
CUSTOMER DEPOSITS	9,439	8,621
NOTES PAYABLE (Note 12)	232,185	232,185
TOTAL LIABILITIES	361,797	340,644
CONTINGENT LIABILITIES (Note 18)		
SHAREHOLDER'S EQUITY		
Share capital (Note 13)	167,081	167,081
Deficit	(24,821)	(26,036)
Total shareholder's equity	142,260	141,045
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 504,057	\$ 481,689

ON BEHALF OF THE BOARD

 Director

 Director

HYDRO OTTAWA LIMITED

Statement of Cash Flows

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

	<u>2003</u>	<u>2002</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings (loss)	\$ 1,215	\$ (15,383)
Adjustments for non-cash items		
Amortization of capital assets	25,107	23,432
Gain on disposal of capital assets	(390)	-
Allowance for funds used during construction (Note 3)	(708)	(256)
	25,224	7,793
Net change in non-cash operating working capital items and regulatory assets and liabilities (Note 17)	44,655	(57,055)
	69,879	(49,262)
FINANCING		
Contributions in aid of construction	8,744	19,137
Development charges	-	578
Advances from parent company	4,517	3,712
Net increase in customer deposits	818	2,674
Dividend paid	-	(2,207)
	14,079	23,894
INVESTING		
Acquisition of capital assets	(65,727)	(36,562)
Acquisition of Casselman Hydro Inc.	-	(1,451)
Proceeds on sale of capital assets	469	3,898
	(65,258)	(34,115)
NET CASH INFLOW (OUTFLOW)	18,700	(59,483)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	(7,645)	51,838
CASH (BANK INDEBTEDNESS), END OF YEAR	\$ 11,055	\$ (7,645)
Other information		
Interest paid	\$ 16,021	\$ 6,726
Payments in lieu of taxes paid	\$ 2,369	\$ 2,274

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

1. DESCRIPTION OF BUSINESS

Hydro Ottawa Limited (Hydro Ottawa or the Corporation) was incorporated on October 3, 2000 pursuant to the *Business Corporations Act* (Ontario). The incorporation was required by the Ontario government's *Electricity Act*, 1998. The Corporation is a wholly owned subsidiary of Hydro Ottawa Holding Inc., which in turn is owned by the City of Ottawa.

The value of the net assets transferred to the Corporation at November 1, 2000 was \$399,266,000. In consideration for such transfer, the Corporation issued notes payable to the City of Ottawa in the principal amount of \$232,185,000, and 154,798,000 Class A common shares with a stated value of \$167,081,000.

The Corporation is a regulated electricity distribution company that owns and operates the electricity infrastructure, distributing a safe, reliable delivery of electricity to homes and businesses in the City of Ottawa and the Village of Casselman. In addition to billing for its own services, it also acts as a billing agent for generation companies, the province-wide transmission grid, wholesale market services and for debt retirement which are provided by other organizations in Ontario's electricity system.

2. REGULATORY ENVIRONMENT

The Ontario *Energy Competition Act*, 1998 (ECA) was given Royal Assent on October 30, 1998. The ECA provides for a competitive market for the sale of electricity, in addition to the regulation of the monopoly electricity delivery system in the Province of Ontario, by the Ontario Energy Board (OEB). The electricity marketplace was deregulated on May 1, 2002 and electricity generators, wholesalers and retailers began competing for customers.

On December 9, 2002, The *Electricity Pricing, Conservation and Supply Act*, 2002 (Bill 210) was given Royal Assent. Bill 210 introduced further reforms to the electricity industry and significantly increased the powers of the provincial cabinet and more particularly the Minister of Energy to control the regulation and operation of the electricity industry.

Bill 210 established a price cap of 4.3 cents per kilowatt-hour for the commodity for low-volume and designated customers (Eligible Customers) retroactive to May 1, 2002. Bill 210 therefore required that rebates be issued to Eligible Customers beginning with a \$75 refund cheque to residential customers in December 2002 and then subsequent refunds on electricity bills for remaining retroactive amounts. On an ongoing basis distributors file each month for rebates to recover the difference between the spot market price, billed by the Independent Market Operator (IMO), and the 4.3 cents billed to Eligible Customers. The IMO facilitates all rebates through funding from the Ontario Electricity Financial Corporation (OEFC).

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

2. REGULATORY ENVIRONMENT (Continued)

Existing distribution rate orders that were in force on November 11, 2002 were legislated to remain in force until at least May 1, 2006, unless approval is granted by the Minister of Energy. As such, planned rate increases for March 1, 2003 to achieve the full regulated return on equity of 9.88% were deferred indefinitely.

Bill 210 also deemed all local distribution companies (LDCs), such as the Corporation, that are owned or partially owned by a municipality, as operating on a not-for-profit basis unless the municipal council passed a resolution affirming the for-profit operation, in the prescribed form, and filed it with the Minister of Energy within 90 days of the enactment of Bill 210. The City of Ottawa council approved the Corporation's continued for-profit status by council resolution on February 26, 2003.

On November 25, 2003, the provincial Minister of Energy announced changes to the pricing of electricity in Ontario. The *Ontario Ensergy Board Amendment Act (Electricity Pricing)*, 2003 (Bill 4), which enables these changes to take place, received Royal Assent on December 18, 2003. On April 1, 2004, those customers currently paying a fixed price of 4.3 cents per kilowatt-hour for the electricity commodity will move to a new two-tier price structure which better reflects the true cost of electricity. The Corporation is currently undertaking the necessary changes to its internal systems to implement this change.

Regulatory assets

Under Bill 210, certain costs and variance account balances are deemed to be "regulatory assets" and are reflected in the balance sheet until the manner and timing of disposition is determined by the OEB.

On December 19, 2003, the Corporation received approval from the Minister of Energy to proceed with an application to the OEB for new distribution rates that will start to recover regulatory assets. Regulatory asset costs that are approved by the OEB are to be recovered over a four-year period.

The OEB's consideration of the distributors' applications will occur in two phases. In phase one, the distributors are applying to the OEB for the recovery in rates of 25% of their regulatory assets, beginning April 1, 2004. On January 15, 2004, the OEB issued filing guidelines for electricity distributors for phase one.

In phase two of these proceedings, the OEB will review the prudence of costs claimed by electricity distributors for costs related to market restructuring and the remaining regulatory asset accounts. Costs which the OEB finds to be prudently incurred will be recovered in distribution rates over three years, beginning March 1, 2005.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

2. REGULATORY ENVIRONMENT (Continued)

Regulatory assets

The continuing restructuring of Ontario's electricity industry and other regulatory developments may affect the distribution rates charged by the Corporation and the costs the Corporation is permitted to recover.

The principal regulatory assets of the Corporation are comprised of transition costs, a pre-market opening electricity variance and various retail settlement variances.

(i) Transition costs:

Costs incurred to align systems and practices with the requirements of the future competitive electricity market in Ontario in accordance with the ECA (Transition costs). Criteria set out in the OEB's Distribution Rate Handbook and Accounting Procedures Handbook (AP Handbook) allow certain costs to be deferred that would be expensed when incurred under GAAP for an unregulated business.

(ii) Pre-market opening electricity variance:

At December 31, 2002, the Corporation recognized the pre-market opening electricity variance for the period January 1, 2001 to April 30, 2002, the date of market opening, in accordance with the AP Handbook. The pre-market opening variance represents the difference between the utility's cost of power purchased based upon time-of-use (TOU) rates and amounts billed for the cost of power to non-TOU customers at an average rate for the same period.

(iii) Post-market opening variances:

The Corporation has recognized retail settlement variances for the period May 1, 2002 to December 31, 2003 in accordance with criteria set out in the AP Handbook. The retail settlement variances relate to the charges the Corporation incurred for transmission services, generation (the commodity) and wholesale market operations from the IMO and Hydro One Networks that were not recovered from customers during the period. The nature of the settlement variances is such that the balance will fluctuate between assets and liabilities over time and are reported at period-end dates in accordance with rules prescribed by the OEB. The Corporation has also recognized the net cost of providing Retailer billing services and Service Transaction Requests services as a variance amount.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

2. REGULATORY ENVIRONMENT (Continued)

Payments in lieu of corporate income taxes and large corporations tax (LCT)

The *Electricity Act*, 1998 provides that a municipal electric utility (MEU) that is exempt from tax under the *Income Tax Act* (ITA) of Canada and the *Corporations Tax Act Ontario* (CTA) is required to make, for each taxation year, payments in lieu of taxes (PILs) payment to the Ontario Electricity Financial Corporation in an amount approximating the tax that would be liable to pay under the ITA of Canada and the CTA if it were not exempt from tax.

The AP Handbook provides for the recovery of PILs by the Corporation through annual distribution rate adjustments as permitted by the OEB. As a result of Bill 210, the PILs recovery for 2003 remained at the level in the March 2002 rate order issued by the OEB.

The Corporation provides for PILs using the taxes payable method as permitted by the OEB.

The Corporation is generally exempt from tax under the ITA of Canada, as all of its capital is owned by Hydro Ottawa Holdings Inc. and not less than 90% of Hydro Ottawa Holding Inc.'s capital is owned by the City of Ottawa and not more than 10% of its income is derived from activities carried on outside the municipal boundaries of the City of Ottawa. A Corporation exempt under the Income Tax Act of Canada is also generally exempt from tax under the Corporations Tax Act.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for commercial entities, including principles prescribed by the OEB in the AP Handbook, and reflect the significant accounting policies summarized below.

a) Measurement uncertainty

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the financial statement date. Accounts receivable, unbilled revenue and regulatory assets are reported net of an appropriate allowance for unrecoverable amounts. Inventory is recorded net of provisions for obsolescence.

Due to the inherent uncertainty involved in making such estimates, actual results could differ from estimates recorded in preparing these financial statements, including changes as a result of future decisions made by the OEB or the Minister of Energy. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments

The Corporation's financial instruments consist of cash, accounts receivable, unbilled revenue, bank indebtedness, accounts payable and accrued liabilities, customer deposits and notes payable. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant, currency or credit risks arising from these financial instruments. The carrying values of the Corporation's financial instruments approximate their fair values unless otherwise noted.

Concentration of credit risk in accounts receivable and unbilled revenue is limited, due to the large number of customers the Corporation services. The Corporation performs ongoing credit evaluations on its customers and requires collateral to support customer accounts receivable on specific accounts to mitigate significant losses. The Corporation establishes an allowance for doubtful accounts based on the credit risk applicable to particular customers, historical and other information.

c) Inventory

Inventory consists primarily of parts and supplies acquired for internal construction or consumption and are stated at the lower of cost and replacement cost, with cost determined on a weighted moving average basis.

d) Contributions in aid of construction

Capital contributions are required contributions received from outside sources used to finance additions to capital assets. Capital contributions received are treated as a contra account and are included in capital assets. The amount is amortized by a charge to accumulated amortization and a credit to amortization expense at an equivalent rate to that used for the amortization of the related asset.

e) Allowance for funds used during construction

Commencing January 1, 2000, an allowance for the cost of funds used during the construction period of major capital and development projects has been applied. The rate applied for the current fiscal period is equal to the rate allowed by the OEB in respect of long-term borrowings, being 6.9% (2002 - 6.9%).

f) Development charges

Development charges were collected in accordance with the Development Charges Act, 1997. Development charges deposits and receivables are restricted for use on qualifying growth related capital projects. These funds are initially deferred and then transferred to equity as they are expended on the projects. The funds on hand as of December 31, 2002 have been fully applied to applicable projects during 2003. Development charges for electricity distribution growth related capital projects are no longer supported by legislation.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Spare transformers and meters

Effective January 1, 2002, the Corporation adopted the change in accounting policy for spare transformers and meters, as prescribed by the AP Handbook. Spare transformers and meters are items that are expected to substitute for original distribution plant transformers and meters when these original plant assets are being repaired and are held and dedicated for the specific purpose of backing up plant in service as opposed to assets available for other uses. Effective January 1, 2002, spare transformers and meters are treated as capital assets.

h) Capital assets

Capital Assets include distribution equipment and facilities and buildings, as well as construction and operating equipment. Costs are considered capital provided there is a reasonable assurance that these costs will be recovered through future earnings.

Capital assets are recorded at cost and include contracted services, materials, labour, engineering costs, overheads and an allowance for the cost of funds used during construction. Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers.

Significant renewals and enhancements to existing assets are capitalized only if the service life of the asset is increased, reliability is improved above original design standards or if operating costs are reduced by a substantial and quantifiable amount.

Maintenance and repair costs are expensed as incurred.

Amortization is recorded on a straight-line basis over the estimated service life of the related asset.

Composite estimated service lives for capital asset classes are as follows:

Distribution system	25 to 40 years
General plant	4 to 50 years

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Employee future benefits

i. Pension plan

The Corporation provides pension benefits for its employees through the Ontario Municipal Employees System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (the Fund), and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees and by the investment earnings of the Fund. The Corporation recognizes the expense related to this plan as contributions are made.

ii. Employee future benefits other than pension plan

Employee future benefits other than pensions provided by the corporation include medical and life insurance benefits, supplemental pensions and accumulated sick leave credits. These plans provide benefits to certain employees when they are no longer providing active service.

Employee future benefit expense is recognized in the period in which the employees render services.

Employee future benefits are recorded on an accrual basis. The accrued benefit obligation and current service costs are calculated using the projected benefit method pro rated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation are amortized to expense on a straight-line basis over the average remaining service period of active employees to full eligibility.

j) Customer deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills and fulfillment of construction obligations. Deposits estimated to be refundable to customers within the next fiscal year are classified as a current liability.

k) Revenue recognition

Electricity distribution revenue is recorded on the basis of regular meter readings and estimates of current usage from the last meter reading to the end of the fiscal period. The latter is represented as unbilled revenue in the financial statements.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) Income taxes

Under the taxes payable method, no provisions are made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the regulated business at that time.

4. CASH

	<u>2003</u>	<u>2002</u>
Cash (bank indebtedness)	\$ 11,055	\$ (7,645)

The Corporation participates in a banking arrangement with the Hydro Ottawa Holding Inc. group of companies. The Hydro Ottawa Holding Inc. group of companies includes Hydro Ottawa Holding Inc., Hydro Ottawa Limited, Energy Ottawa Inc. and Telecom Ottawa Holding Inc.

The Hydro Ottawa Holding Inc. group of companies has available to it an unsecured \$70,000,000, 364 day revolving term demand operating line of credit to assist with financing general operating requirements and periodic capital expenditures. The operating line of credit is subject to certain banking covenants and bears interest at prime less 0.35% per annum, with interest payable monthly. The facility will expire on August 23, 2004. It is management's intention to replace the operating line of credit with a similar banking facility before or upon expiry.

The Hydro Ottawa Holding Inc. group of companies also has available to it \$32,000,000 in bank standby letters of credit, issued for periods not to exceed one year from the date of issuance. \$30,000,000 is to provide prudential support to the IMO as required by regulation and \$2,000,000 is to secure miscellaneous sundry obligations. The Hydro Ottawa Holding Inc. group of companies also has available to it an \$800,000 corporate Visa card facility.

5. ACCOUNTS RECEIVABLE

	<u>2003</u>	<u>2002</u>
Electricity receivables net of allowance for doubtful accounts of \$3,115,000 (2002 - \$2,388,000)	\$ 36,490	\$ 39,105
Amounts due from related parties (Note 20)	2,003	5,269
Other services	8,451	4,358
	<u>\$ 46,944</u>	<u>\$ 48,732</u>

HYDRO OTTAWA LIMITED
Notes to the Financial Statements
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(tabular amounts are in thousands of dollars)

6. UNBILLED REVENUE

	<u>2003</u>	<u>2002</u>
Unbilled revenue	\$ 76,965	\$ 93,741
Accrued revenue	-	900
	<u>\$ 76,965</u>	<u>\$ 94,641</u>

Unbilled revenue is accrued revenue from electricity consumed by customers since the date of each customer's last meter reading that has not yet been billed.

7. INVENTORY

The Corporation maintains a stock of materials and supplies needed to service its capital assets. Over time stock items become obsolete. A comprehensive review of the utilization of inventory was conducted in September of 2003 to identify items with an impaired value. This review resulted in the write-off of \$960,000 in obsolete stock items provided for in 2002. The provision recorded against inventory for obsolete stock items at the end of 2003 is \$1,490,000 (2002 - \$2,450,000).

Spare transformers and meters that are expected to substitute for original distribution plant transformers and meters when the original plant assets are being repaired and are held and dedicated for the specific purpose of backing up plant in service are treated as capital assets. During 2003, spare transformers and meters with a carrying amount of \$1,201,000 (2002 - \$1,080,000) were transferred from inventories to capital assets.

8. REGULATORY ASSETS AND LIABILITY

In accordance with the AP Handbook, the Corporation has accounted for regulatory variances during the year. Power variances, other variances related to the expenses associated with the Consumer Rebate program mandated by Bill 210 and the transmission network charges, have been recorded as regulatory assets. The Corporation has recorded as a liability the variance related to transmission connection costs. On January 15, 2004, the OEB issued guidance on the recoverability of regulatory assets. As a result, the Corporation filed an application for recovery of regulatory assets to the OEB on January 22, 2004.

The 2003 financial statements include net regulatory assets of \$5,510,000 that had not been included in the net regulatory assets of the prior year's financial statements due to the lack of certainty regarding the Corporation's ability to file with the OEB for their recovery. Consequently, the Corporation has recorded these additional regulatory assets and liabilities in the current year's financial statements. In the absence of formal approval of the amounts filed with the OEB, the Corporation has recorded a net provision of \$33,028,000 against regulatory assets and liabilities.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

8. REGULATORY ASSETS AND LIABILITY (Continued)

The Corporation continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates was no longer considered probable, the amounts would be charged to the results of operations in the period the assessment was made. If a future recovery decision was made by the OEB or the Minister of Energy to approve a recovery of the regulatory assets, the Corporation would recognize the recovery in the results of operations in the period such a decision is made.

Information about the Corporation's regulatory assets and liability is as follows:

	<u>2003</u>	<u>2002</u>
Transition costs:		
- Capital assets (Note 9)	\$ 6,431	\$ 6,431
- Interest on transition costs	753	-
- Provision for doubtful recovery	(753)	-
	<u>6,431</u>	<u>6,431</u>
Pre-market opening electricity variance:		
- Regulatory assets	21,696	18,496
- Provision for doubtful recovery	(21,696)	(18,496)
	<u>-</u>	<u>-</u>
Post-market opening variances:		
- Regulatory assets	16,576	10,572
- Regulatory liability	(7,175)	(2,958)
- Provision for doubtful recovery	(10,579)	(6,113)
	<u>(1,178)</u>	<u>1,501</u>
Total	<u>\$ 5,253</u>	<u>\$ 7,932</u>
Regulatory assets and liability comprise:		
- Net regulatory assets	\$ 5,820	\$ 4,459
- Regulatory liability	(6,998)	(2,958)
- Capital assets (Note 9)	6,431	6,431
	<u>\$ 5,253</u>	<u>\$ 7,932</u>

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

9. CAPITAL ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Distribution system	\$ 648,070	\$ 308,538	\$ 339,532	\$ 305,719
General plant	97,263	43,315	53,948	48,871
	745,333	351,853	393,480	354,590
Contributions in aid Of construction	(45,741)	4,962	(40,779)	(34,394)
	\$ 699,592	\$ 346,891	\$ 352,701	\$ 320,196

Included in capital assets is \$35,325,000 (2002 - \$12,773,000) of assets under construction not subject to amortization.

Included in general plant is \$6,431,000 (2002 - \$6,431,000) of capital assets that have been designated as regulatory assets, consistent with OEB guidelines. These capital assets align the Corporation's systems and practices with the requirements of the competitive electricity market and may be recoverable (Note 8).

Included in distribution system is \$1,201,000 (2002 - \$1,080,000) of spares and meters transferred from inventory as described in (Note 7).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2003	2002
Purchased power payable	\$ 41,921	\$ 24,906
Rebates payable to eligible customers	6,694	22,000
Customer credit balances and deposits	9,796	5,786
Collateral funds held	13,189	9,748
Other accounts payable and accrued liabilities	22,615	14,779
Accrued interest on notes payable (Note 12)	4,038	4,038
Due to related parties (Note 20)	3,410	997
Advances from parent company (Note 20)	8,318	3,801
	\$ 109,981	\$ 86,055

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

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11. EMPLOYEE FUTURE BENEFITS

i. Pension plan

The Corporation's current service costs for the twelve months ended December 31, 2003 was \$595,000 (2002 - \$NIL). A contribution holiday was in effect for OMERS members from August 1998 to December 2002. Contributions recommenced in January 2003. The Corporation expects a return to full contribution rates in 2004. The Corporation estimates that its annual participating employer contributions during 2004 will be \$2,166,000.

ii. Employee future benefits other than pension plan

Employee future benefits are calculated using an annual compensation rate increase and inflation rate of 2%, and a discount rate of 6.5% to calculate the liabilities.

Information about the Corporation's defined benefits plans is as follows:

	2003		
	Accumulated liability	Expense for the year	Benefits paid
Life insurance			
Retired employees	\$ 1,578	\$ 219	\$ 299
Current employees	1,886	94	-
Supplemental pensions	28	3	3
Sick leave	58	-	-
	<u>\$ 3,550</u>	<u>\$ 316</u>	<u>\$ 302</u>
Projected benefit obligation	<u>\$ 6,075</u>		
Actuarial surplus (deficit)	<u>\$ (2,525)</u>		
	2002		
	Accumulated liability	Expense for the year	Benefits paid
Life insurance			
Retired employees	\$ 1,658	\$ 207	\$ 300
Current employees	1,792	100	-
Supplemental pensions	28	2	3
Sick leave	58	-	-
	<u>\$ 3,536</u>	<u>\$ 309</u>	<u>\$ 303</u>
Projected benefit obligation	<u>\$ 3,420</u>		
Actuarial surplus (deficit)	<u>\$ 116</u>		

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

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(tabular amounts are in thousands of dollars)

11. EMPLOYEE FUTURE BENEFITS (Continued)

As at December 31, 2003, the Corporation engaged an actuary to complete an actuarial valuation of the projected benefit obligation. As a result of this exercise, the Corporation increased the projected benefit obligation by \$2,655,000. This amount is reflected in the projected benefit obligation and will be charged to earnings over the average remaining service life of current employees of 16 years, beginning January 1, 2004.

The current liability portion of the accrued employee future benefits included in other accounts payable is \$356,000 (2002 - \$356,000) and the non-current portion is \$3,194,000 (2002 - \$3,180,000) and is included in long-term liabilities.

12. NOTES PAYABLE

Effective November 1, 2000, the Corporation issued promissory notes due on demand, payable to the City of Ottawa, in the amount of \$232,185,000, as consideration for the transfer of the assets of the Hydro-Electric Commission of the City of Ottawa and certain assets of the Corporation of the City of Ottawa. The notes bear interest at an annual rate of 6.9% and are secured by all present and future personal and real property of the Corporation. These notes are subordinated to senior indebtedness greater than \$5,000,000.

The City of Ottawa does not intend to call these notes within the next 366 day period. As a result these notes have been classified as long-term liabilities.

As at December 31, 2003, the Corporation estimated the fair value of these notes at \$279,000,000 (2002 - \$291,000,000). The fair value has been determined based on discounting future payments of interest at the estimated interest rate that would be available to the Corporation at December 31, 2003.

The notes are convertible into fully paid and non-assessable Class A common shares at a conversion rate equal to 1 Class A common share for each \$1 of the principal amount converted.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

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13. SHARE CAPITAL

Authorized

Unlimited voting first preferred shares, redeemable at \$1 per share

Unlimited non-voting second preferred shares, redeemable at \$10 per share

Unlimited non-voting third preferred shares, redeemable at \$100 per share

Unlimited voting (10 votes per share) fourth preferred shares, redeemable at \$100 per share

Unlimited voting Class A common shares

Unlimited non-voting Class B common shares

Unlimited non-voting Class C common shares

The above shares are without nominal or par value.

The Corporation may, at any time, purchase for cancellation the whole or part of the Class C common shares at the price at which such shares were issued.

Holders of second preferred shares, fourth preferred shares and common shares are entitled to receive dividends as and when declared by the board of directors at their discretion.

	<u>2003</u>	<u>2002</u>
Issued		
154,798,000 Class A common shares	\$ 167,081	\$ 167,081

In 2002, the Corporation declared and paid a dividend of \$2,207,000 to Hydro Ottawa Holding Inc.

Any invitation to the public to subscribe for shares is prohibited by shareholder resolution.

14. ELECTRICITY SALES AND COST OF POWER

The opening of the restructured electricity market on May 1, 2002 separated the purchase of power into several components such as the cost of the commodity, transmission connection and transformation costs, and wholesale market service costs. These costs are to be passed on to the consumer either directly, such as the cost of the commodity, or via rates that were established such as for the transmission and wholesale market service costs. Variances between actual cost and rate revenue were to be accounted for with final disposition subject to OEB approval.

HYDRO OTTAWA LIMITED
Notes to the Financial Statements
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(tabular amounts are in thousands of dollars)

14. ELECTRICITY SALES AND COST OF POWER (Continued)

Bill 210 establishes a fixed price of 4.3 cents for the electricity commodity for low-volume and designated customers (Eligible Customers) retroactive to May 1, 2002. In recognition of the fixed price, Bill 210 required that rebates be issued to Eligible Customers beginning with a \$75 refund in December 2002 and then via subsequent refunds or electricity bills for remaining retroactive amounts. The IMO has, and will continue to facilitate this price freeze through funding from the OEFC, and accordingly power recovery revenue and purchased power expense have been reduced by \$70,000,000 (2002 - \$41,000,000) representing the difference between the spot market rate and the 4.3 cent fixed price billed to Eligible Customers.

15. RESTRUCTURING COSTS

On December 16, 2003, the Corporation announced a restructuring plan directed at reducing costs by aligning its cost structure and operations to the prevailing economic and regulatory environments. The company has recorded a provision for these restructuring costs of \$3,332,000 during fiscal 2003 (2002 - \$NIL). This amount has been recorded as a separate provision, in its entirety, within expenses on the Corporation's Statement of Operations and Deficit. The restructuring charges are for voluntary and involuntary employee separations relating to the elimination of approximately 50 positions within the Corporation. The employee separations impacted all levels of the organization and included both management and unionized employees. All employee separation payments are expected to take place during fiscal 2004.

The following table summarizes the activity in the restructuring costs during the twelve months ended December 31, 2003:

	<u>Total Provision</u>
Balance, December 31, 2002	\$ -
Restructuring provision of \$3,332 recorded	3,332
Cash payments during 2003	-
Balance, December 31, 2003	<u>\$ 3,332</u>

HYDRO OTTAWA LIMITED
Notes to the Financial Statements
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16. PAYMENTS IN LIEU OF CORPORATE INCOME TAXES

The provision for PILs differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rates. A reconciliation between the statutory and effective tax rates is provided as follows:

	<u>2003</u>	<u>2002</u>
Federal and Ontario statutory income tax rate	36.62%	38.62%
Income before provision for PIL's	\$ 2,078	\$ (14,359)
Provision for PIL's at statutory rate	\$ 761	\$ (5,545)
Increase (decrease) resulting from:		
Permanent differences	17	38
Tax effect of non-capital losses for which no benefit has been recorded	(778)	-
Large corporations tax	863	1,024
Provision for PIL's	\$ 863	\$ 1,024
Effective income tax rate	41.53%	(7.13%)

The Corporation as a rate regulated utility does not recognize future income taxes to the extent they are expected to be included in future approved rates charged to customers and recovered from them. The Corporation has unused tax losses of approximately \$25,906,000 (2002 - \$31,373,000) of which \$8,169,000 expire in 2008, and \$17,737,000 in 2009. The Corporation has deductible temporary differences between the tax basis of assets and their carrying amount for accounting purposes of approximately \$85,782,000 (2002 - \$83,357,000). These amounts translate into an unrecognized future tax asset of approximately \$40,342,000 (2002 - \$44,400,000) which can be used to reduce payments in lieu of taxes calculated in future periods.

17. CHANGE IN NON-CASH WORKING CAPITAL

	<u>2003</u>	<u>2002</u>
Accounts receivable	\$ 1,788	\$ 2,144
Unbilled revenue	17,676	(55,974)
Accounts payable and accrued liabilities	19,409	(4,513)
Regulatory assets and liability	2,679	2,204
Other	3,103	(916)
	\$ 44,655	\$ (57,055)

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

18. CONTINGENT LIABILITIES

(i) A class action claiming \$500,000,000 in restitutionary payments plus interest was served on the former Toronto Hydro-Electric Commission on November 18, 1998. The action was initiated against the former Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario, which have charged late payment charges on overdue utility bills at any time after April 1, 1981.

The claim is that late payment penalties result in electric utilities receiving interest at effective rates in excess of what is allowed under Section 347(1)(b) of the Criminal Code. The Municipal Electrical Association, in cooperation with Toronto Hydro Corporation, is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Corporation.

(ii) Purchasers of electricity in Ontario, through the IMO, are required to provide security to mitigate the risk of their default based on their expected activity in the market. The IMO could draw on these guarantees if the Corporation fails to make a payment required by a default notice issued by the IMO. A prudential support obligation is calculated based upon a default protection amount and the distributor's trading limit less reductions for the distributor's credit rating. At December 31, 2003, the Corporation provided bank letters of credit of \$22,000,000 to cover its prudential support obligation.

(iii) Various lawsuits have been filed against the Corporation for incidents which arose in the ordinary course of business. In the opinion of management, the outcomes of the lawsuits, now pending, are neither determinable nor material. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

(iv) The Corporation participates with other electrical utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electrical Association Reciprocal Insurance Exchange. The Corporation is liable for additional assessments to the extent premiums collected and reserves established are not sufficient to cover the cost of claims and costs incurred. If any additional assessments are required in the future, their cost would be charged to operations in the year in which they occur.

19. COMMITMENTS

(i) The Corporation has \$5,700,000 in open commitments for 2004. This includes \$800,000 for a one year extension of tree trimming services.

(ii) The Corporation has committed to provide support for a community park in the Village of Casselman. The total amount of the commitment remaining is \$81,000, which will be paid annually in the amount of \$27,000 until 2006.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

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20. RELATED PARTY TRANSACTIONS

The Corporation entered into transactions with related parties as follows:

	<u>2003</u>	<u>2002</u>
i) The Corporation is 100% owned by Hydro Ottawa Holding Inc. Significant transactions with the parent not separately disclosed in these financial statements are as follows:		
Administration and Corporate Services expense - net	\$ 17,815	\$ 14,795
ii) The Corporation and Energy Ottawa Inc. are both controlled by Hydro Ottawa Holding Inc. Significant transactions with Energy Ottawa Inc. not separately disclosed in these financial statements are as follows:		
Purchased power	6,086	5,268
Recovery of expenses by Service Level Agreements	792	798
Recovery of Administration and Corporate Services expenses	158	220
iii) The Corporation and Telecom Ottawa Limited are both controlled by Hydro Ottawa Holding Inc. Significant transactions with Telecom Ottawa Limited not separately disclosed in these financial statements are as follows:		
Pole and Duct Rental revenue	1,000	1,000
Lease expense for Dark Fibre	1,236	1,069
Recovery of Administration and Corporate Services expenses	214	198
Other recoverable work revenue	114	-

Amounts due (to) from the Hydro Ottawa group of companies are non-interest bearing and have no specific terms of repayment.

The Corporation and its subsidiaries provide certain services to the City of Ottawa in the normal course of business at commercial rates.

For the year ended December 31, 2003, the Corporation earned revenues of \$28,115,000 (2002 - \$26,250,000), from the City of Ottawa.

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

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(tabular amounts are in thousands of dollars)

20. RELATED PARTY TRANSACTIONS (Continued)

As at December 31, 2003, the promissory note payable in the amount of \$232,185,000 (2002 - \$232,185,000) was payable to the City of Ottawa. For the year ended December 31, 2003, interest expense of \$16,021,000 (2002 - \$16,021,000), on the promissory note payable had been paid to the City of Ottawa (Note 12).

The Corporation purchases certain services from the City of Ottawa in the normal course of business at commercial rates.

For the year ended December 31, 2003, the Corporation purchased certain services from the City of Ottawa of \$317,000 (2002 - \$442,000).

For the year ended December 31, 2003, the Corporation incurred property taxes payable to the City of Ottawa of \$1,597,000 (2002 - \$1,622,000).

At the end of the year, the amounts due from and to related parties which are included in account receivable and accounts payable and accrued liabilities are as follows:

	2003	2002
Due from related parties		
Hydro Ottawa Holding Inc.	\$ 12	\$ -
Telecom Ottawa Limited	1,199	-
Energy Ottawa Inc.	792	5,269
	\$ 2,003	\$ 5,269
Due to related parties		
Telecom Ottawa Limited	\$ 73	\$ 997
Energy Ottawa Inc.	3,337	-
	\$ 3,410	\$ 997
Advances from parent company	\$ 8,318	\$ 3,801

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21. SUBSEQUENT EVENTS

(i) On January 22, 2004, the Corporation filed a rate application with the OEB to recover 25% of the regulatory assets accumulated to December 31, 2002. Upon approval, distribution rates will increase on April 1, 2004, with an impact on electricity bills of approximately 1%. Included in the rate application was a reduction in the PILs recovery for 2004 as required by the OEB in its rate filing guidelines.

(ii) On February 3, 2004, the OEB released amendments to the Distribution System Code (DSC) with respect to consumer security deposits. The DSC now sets out the maximum consumer security deposits permitted, the length of time that deposits can be held, how consumers can seek exemption for part or all of the deposit and the interest that distributors must pay. The new requirements will result in a reduction in the security held by the Corporation for consumer energy bills. The new DSC requirements come into effect on August 3, 2004. However, a further transition period through to February 1, 2005 has been provided before electricity distributors are required to return consumer security deposits under the new rules.

Effective January 1, 2004, the Hydro Ottawa Holding Inc. entered into a financing arrangement with the Corporation. Hydro Ottawa Holding Inc. is committed to provide 60% of the funding requirements of the Corporation in non interest bearing notes and 40% in interest bearing, demand loans and advances.

22. COMPARATIVE FIGURES

In certain instances, the 2002 information presented for comparative purposes has been reclassified to conform to the financial statement presentation adopted for the current year.