

Federal Tax Instalments

Federal tax instalments

For the taxation year ended: 2006-12-31

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made either to an authorized financial institution or filed with form T9 (instalment form) and addressed to the appropriate Revenue Canada Taxation Centre.

Date	Instalments required	Instalments paid	Cumulative difference	Instalments payable
2006-01-31	124,928			124,928
2006-02-28	124,928			124,928
2006-03-31	124,928			124,928
2006-04-30	124,928			124,928
2006-05-31	124,928			124,928
2006-06-30	124,928			124,928
2006-07-31	124,928			124,928
2006-08-31	124,928			124,928
2006-09-30	124,928			124,928
2006-10-31	124,928			124,928
2006-11-30	124,928			124,928
2006-12-31	124,926			124,926
Total	1,499,134			1,499,134

Indicate instalment method chosen [1-3]: 1

1st Instalment base method

If instalments are starting late, indicate the MONTH in which you want them to start (1=January, 2=February, etc.) 1

1 – 1st Instalment base method

1st Instalment base amount (amount I below)	<u>1,499,134</u> ÷ 12 =	<u>124,928</u>
Monthly instalments required		<u>124,928</u>

2 – Combined 1st and 2nd instalment base method

2nd Instalment base amount:

Indicate:	Part I tax			
	Part I.3, VI & VI.I tax	+	<u>760,999</u>	
	Provincial tax	+		
	Total		<u>760,999</u> ÷ 12 =	<u>63,417</u> A
1/12 of estimated current year credits (H below /12)			-	
Each of the first two instalment payments			=	<u>63,417</u> B
Total tax from I below			<u>1,499,134</u>	
Amount B above x 2	-		<u>126,834</u>	
	=		<u>1,372,300</u> ÷ 10 =	<u>137,230</u>
Each of the remaining ten instalment payments			=	<u>137,230</u>

3 – Estimated tax method

Instalment base amount (amount I below)		÷ 12 =	
Monthly instalments required			

Instalment base calculation

	1st instalment base method	Estimated tax method	
Taxable income	3,855,343		
Calculation of tax payable			
Federal part I tax	1,465,030		
Federal surtax	43,180	+	
Refundable tax on a CCPC's investment income		+	
Subtotal	1,508,210		A
Small business deduction			
Investment corporation deduction	+	+	
Federal tax abatement	385,534	+	
Manufacturing and processing profits deduction	+	+	
Non-business foreign tax credit	+	+	
Business foreign tax credit	+	+	
Tax reduction, general and accelerated	269,874	+	
Logging tax credit	+	+	
Federal political contribution tax credit	+	+	
Investment tax credit per Schedule 31 and resource deduction	+	+	
Qualifying environmental trust tax credit	+	+	
Subtotal	655,408		B
Total part I tax payable (A - B)	852,802		C
Part I.3 tax	646,332	+	D
Part VI tax	+	+	D.1
Part VI.I tax	+	+	D.2
Provincial/territorial tax	+	+	E
Total			
Parts I, I.3, VI, VI.I and provincial/territorial tax	1,499,134		F
Adjustment for short taxation years:			
x 365 ÷ number of days in year if less than 365	365 ÷ 365	365 ÷ 365	
	1,499,134		G
Estimated current year credits:			
Investment tax credit refund			
Dividend refund	+	+	
Federal capital gains refund	+	+	
Provincial and territorial capital gains refund	+	+	
NRO allowable refund per Schedule 26	+	+	
Tax withheld at source	+	+	
Other estimated credits	+	+	
Total estimated current year credits			H
Instalment base amount (G - H)	1,499,134		I

Ontario Tax Instalments

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Ontario tax instalments

For the taxation year ended: 2006-12-31

The following is a list of Ontario instalments payable for the current taxation year. The last column indicates the instalments payable to the Ontario Ministry of Revenue. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Minister of Finance. Payment may be made either to a chartered bank in Ontario or filed with an instalment form and addressed to:

Ministry of Revenue (Ontario)
Corporation Tax Branch
P.O. Box 620
33 King Street West
Oshawa, Ontario
L1H 8E9

Quarterly instalment

Date	Instalments required	Instalments paid	Cumulative difference	Instalments payable
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total	_____	_____	_____	_____

Date	Instalments required	Instalments paid	Cumulative difference	Instalments payable
2006-01-31	171,607	_____	_____	171,607
2006-02-28	171,607	_____	_____	171,607
2006-03-31	171,607	_____	_____	171,607
2006-04-30	171,607	_____	_____	171,607
2006-05-31	171,607	_____	_____	171,607
2006-06-30	171,607	_____	_____	171,607
2006-07-31	171,607	_____	_____	171,607
2006-08-31	171,607	_____	_____	171,607
2006-09-30	171,607	_____	_____	171,607
2006-10-31	171,607	_____	_____	171,607
2006-11-30	171,607	_____	_____	171,607
2006-12-31	171,606	_____	_____	171,606
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total	<u>2,059,283</u>	_____	_____	<u>2,059,283</u>

Indicate instalment method chosen [1-3]: 1

1st Instalment base method

Do not use the quarterly payment even if applicable "X" to continue montly payments

If instalments are starting late, indicate the MONTH in which you want them to start (1=January, 2=February, etc.) 1

1 – 1st Instalment base method

1st instalment base amount (amount I below)	<u>2,059,283</u> ÷ 12 =	<u>171,607</u>
Monthly instalments required		<u>171,607</u>
Quarterly instalments required		_____

2 – Combined 1st and 2nd instalment method	
2nd instalment base amount:	
Indicate: Income tax, C.M.T	
Capital tax, prem. tax	+
	1,271,644
Total	=
	1,271,644 ÷ 12 =
Each of the first two instalment payments	105,971 A
	105,971 B
Total tax from I below	2,059,283
Amount A above x 2	–
	211,942
	=
	1,847,341 ÷ 10 =
Each of the remaining ten instalment payments	184,735
Quarterly instalments required	

3 – Estimated tax method

Instalment base amount (amount I below) _____ ÷ 12 = _____

Monthly instalments required _____

Quarterly instalments required _____

	1st instalment base method	Estimated tax method
Ontario taxable income	3,855,343	
Calculation of tax payable		
Gross Ontario tax	539,748	A
Incentive deduction for an S.B.C., net of surtax		
Manufacturing and processing profits credit	+	+
Additional deduction for credit unions	+	+
Credit for foreign taxes paid	+	+
Credit for investment in S.B.D.C.	+	+
Specified credits applied against income tax	+	+
Total deduction and credits	=	= B
Income tax (A - B)	539,748	C
Capital tax	+ 1,258,885	+ D
Corporate minimum tax paid (credited)	+ 260,650	+ E
Premium tax	+	+ F
Total income tax and other taxes (C + D + E + F)	= 2,059,283	= G
Adjustment for short taxation years x 365 ÷ number of days in year if less than 365	365 ÷ 365	365 ÷ 365
	2,059,283	H
Total estimated current year credits	-	-
	2,059,283	I

Canada Revenue
Agency Agence du revenu
du Canada

T2 CORPORATION INCOME TAX RETURN

200

PIL FILING

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. For more information on how to complete the return, see 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 tax year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

055 Do not use this area

Identification

Business Number (BN) 001 86339 1363 RC0001

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 this address changed since the last time we were notified? 010 1 Yes ☐ 2 No ☒
(If Yes, complete lines 011 to 018)

011 3025 Albion Road North

012 P.O. 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 this address changed since the last time we were notified? 020 1 Yes ☐ 2 No ☒
(If Yes, complete lines 021 to 028)

021 c/o

022

023

City Province, territory, or state

025 Ottawa 026 ON

Country (other than Canada) Postal code/Zip code

027 028

Location of books and records

Has the location of books and records changed since the last time we were notified? 030 1 Yes ☐ 2 No ☒
(If Yes, complete lines 031 to 038)

031 3025 Albion Road North

032 P.O. 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 ☒ Canadian-controlled private corporation (CCPC) 4 ☐ Corporation controlled by a public corporation2 ☐ Other private corporation 5 ☐ Other corporation (specify, below)3 ☐ Public corporation

If the type of corporation changed during the tax year, provide the effective date of the change 043

YYYY MM DD

To which tax year does this return apply?

Tax year start Tax year end
060 2005-01-01 061 2005-12-31
YYYY MM DD YYYY MM DDHas there been an acquisition of control to which subsection 249(4) applies since the previous tax year? 063 1 Yes ☐ 2 No ☒If Yes, provide the date control was acquired 065
YYYY MM DDIs the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒Is this the first year of filing after:
Incorporation? 070 1 Yes ☐ 2 No ☒
Amalgamation? 071 1 Yes ☐ 2 No ☒

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

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

If Yes, complete and attach Schedule 24.

Is this the final tax year before amalgamation? 076 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒Is the corporation a resident of Canada? 080 1 Yes ☒ 2 No ☐ If No, give the country of residence on line 081 and complete and attach Schedule 97.081
Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes ☐ 2 No ☒
If Yes, complete and attach Schedule 91.

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

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

Do not use this area

091 092 093 094 095 096
100

Attachments

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

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated Canadian-controlled private corporation?	160	X	23
Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	X	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming reserves of any kind?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26*
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233	X	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236	X	36
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax?	255		92 *

* We do not print this schedule.

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	<input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	258	<input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	<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?	264	<input type="checkbox"/>	T1174

Additional information

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

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

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

If the major business activity involves the resale of goods, show 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	100.000 %
286		287	%
288		289	%

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL. 300 20,974,079 A

Deduct:

Charitable donations from Schedule 2	311	36,101
Gifts to Canada, a province, or a territory from Schedule 2	312	
Cultural gifts from Schedule 2	313	
Ecological gifts from Schedule 2	314	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	
Part VI.1 tax deduction from Schedule 43 *	325	
Non-capital losses of preceding tax years from Schedule 4	331	17,082,635
Net capital losses of preceding tax years from Schedule 4	332	
Restricted farm losses of preceding tax years from Schedule 4	333	
Farm losses of preceding tax years from Schedule 4	334	
Limited partnership losses of preceding tax years from Schedule 4	335	
Taxable capital gains or taxable dividends allocated from a central credit union	340	
Prospector's and grubstaker's shares	350	
Subtotal		17,118,736

Subtotal (amount A minus amount B) (if negative, enter "0") 3,855,343 C

Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions 355 D

Taxable income (amount C plus amount D) 360 3,855,343

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

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) 3,855,343 Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	20,974,079	A
Taxable income from line 360, minus 10/3 of the amount on line 632*, minus 3 times the amount on line 636**, and minus any amount that, because of federal law, is exempt from Part I tax	405	3,855,343	B

Calculation of the business limit:

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

250,000	x	Number of days in the tax year in 2004	=	1
		Number of days in the tax year	365	
300,000	x	Number of days in the tax year in 2005 and in 2006	365	= 300,000 2
		Number of days in the tax year	365	
400,000	x	Number of days in the tax year after 2006	=	3
		Number of days in the tax year	365	
Add amounts at lines 1, 2, and 3				300,000 4

Business limit (see notes 1 and 2 below)	410	300,000	C
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- Notes:**
- For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.
 - For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C	300,000	x	415 ***	946,124	D	=	25,229,973	E
				11,250				

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

Whichever amount is the least A, B, C or F										G1
Amount G1		x	Number of days in the tax year before 2008	365	x	16.00 %	=		G2	
			Number of days in the tax year	365						
Amount G1		x	Number of days in the tax year in 2008		x	16.50 %	=		G3	
			Number of days in the tax year	365						
Amount G1		x	Number of days in the tax year after 2008		x	17.00 %	=		G4	
			Number of days in the tax year	365						

Small business deduction – total of amounts G2, G3, and G4	430	G
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(enter amount G on line 9)

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

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

*** Large corporations

- The amount to be entered at line 415 is the total taxable capital employed in Canada **minus** \$10,000,000 x 0.225%, calculated on Schedule 33, *Part I.3 Tax On Large Corporations*, Schedule 34, *Part I.3 Tax On Financial Institutions* or Schedule 35, *Part I.3 Tax On Large Insurance Companies*.
- If the corporation is not associated with any corporations in both the current and the preceding tax years, use the applicable schedule for the **prior** year. (Amount **P** in Part 6 of Schedule 33; Amount **O** in Part 6 of Schedule 34; Amount **DD** in Part 6 of Schedule 35)
- If the corporation is not associated with any corporations in the current tax year, but was associated in the preceding tax year, use the applicable schedule for the **current** year.
- For corporations associated in the current tax 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)	.....	x	$\frac{300,000}{\text{line 4 above}}$	=	.....	A
Net active business income (amount from line 400) *	.....				20,974,079	B
Taxable income from line 360 minus 3 times the amount at line 636** on, and minus any amount that, because of federal law, is exempt from Part I Tax	.....		3,855,343			C
Deduct:						
Aggregate investment income (amount from line 440)	.....					D
Amount C minus amount D (if negative, enter "0")	.....		3,855,343	▶	3,855,343	E
Amount A, B, or E above, whichever is less	.....					F
Amount Z from Part 9 of Schedule 27	.....	x	$100 / 7$	=	.....	G
Amount QQ from Part 13 of Schedule 27	.....					H
Taxable resource income (amount from line 435)	.....					I
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	.....					J
Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less	.....					K
Total of amounts G, H, I, J, and K	.....			▶	.....	L
Amount F minus amount L (if negative, enter "0")	.....					M
Accelerated tax reduction – 7.00 % of amount M (enter amount N on line 637)	.....					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 125.11(1)]							435	A
Amount A		x	Number of days in the tax year in 2004		x	2 % =	B	
			Number of days in the tax year	365				
Amount A		x	Number of days in the tax year in 2005	365	x	3 % =	C	
			Number of days in the tax year	365				
Amount A		x	Number of days in the tax year in 2006		x	5 % =	D	
			Number of days in the tax year	365				
Amount A		x	Number of days in the tax year after 2006		x	7 % =	E	
			Number of days in the tax year	365				
Resource deduction – total of amounts B, C, D, and E (enter amount F on line 10)							438	F

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360	.....					3,855,343	A
Amount Z1 from Part 9 of Schedule 27	.....						B
Amount QQ from Part 13 of Schedule 27	.....						C
Taxable resource income from line 435 above	.....						D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	.....						E
Amount on line 400, 405, 410, or 425, whichever is the least	.....						F
Aggregate investment income from line 440	.....						G
Amount used to calculate the accelerated tax reduction (amount M)	.....						H
Total of amounts B, C, D, E, F, G, and H	.....				▶		I
Amount A minus amount I (if negative, enter "0")	.....					3,855,343	J
Amount J	3,855,343	x	Number of days in the tax year before 2008	.....	x	7 % =	K1
			Number of days in the tax year	365			
Amount J	3,855,343	x	Number of days in the tax year in 2008	.....	x	7.5 % =	K2
			Number of days in the tax year	365			
Amount J	3,855,343	x	Number of days in the tax year in 2009	.....	x	8 % =	K3
			Number of days in the tax year	365			
Amount J	3,855,343	x	Number of days in the tax year after 2009	.....	x	9 % =	K4
			Number of days in the tax year	365			
General tax reduction for Canadian-controlled private corporations – total of amounts K1, K2, K3, and K4 (enter amount K on line 638)	.....					269,874	K

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation; and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the full tax rate of 38% (eg. deposit insurance company).

Taxable income from line 360					L	
Amount Z1 from Part 9 of Schedule 27			M			
Amount QQ from Part 13 of Schedule 27			N			
Taxable resource income from line 435 above			O			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			P			
Total of amounts M, N, O, and P			▶		Q	
Amount L minus amount Q (if negative, enter "0")					R	
Amount R	x	Number of days in the tax year before 2008	365	x	7 % =	S1
		Number of days in the tax year	365			
Amount R	x	Number of days in the tax year in 2008		x	7.5 % =	S2
		Number of days in the tax year	365			
Amount R	x	Number of days in the tax year in 2009		x	8 % =	S3
		Number of days in the tax year	365			
Amount R	x	Number of days in the tax year after 2009		x	9 % =	S4
		Number of days in the tax year	365			
General tax reduction – total of amounts S1, S2, S3, and S4 (enter amount S on line 639)						S

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income	440	x	26 2 / 3 % =		A
(amount O from Part 1 of Schedule 7)					
Foreign non-business income tax credit from line 632					
Deduct:					
Foreign investment income	445	x	9 1 / 3 % =		B
(amount L from Part 2 of Schedule 7)			(if negative, enter "0")	▶	
Amount A minus amount B (if negative, enter "0")					C
Taxable income from line 360	3,855,343				
Deduct:					
Amount on line 400, 405, 410, or 425, whichever is the least					
Foreign non-business income tax credit from line 632	x	25 / 9 =			
Foreign business income tax credit from line 636	x	3 =			
			▶	3,855,343	
			x	26 2 / 3 % =	1,028,091 D
Part I tax payable minus investment tax credit refund (line 700 minus line 780)	852,802				
Deduct: Corporate surtax from line 600	43,180				
Net amount	809,622				▶ 809,622 E
Refundable portion of Part I tax – Amount C, D, or E, whichever is the least	450				F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding tax year	460		
Deduct: Dividend refund for the previous tax year	465		
		▶	G
Add the total of:			
Refundable portion of Part I tax from line 450 above			
Total Part IV tax payable from line 360 of Schedule 3			
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480		
		▶	H
Refundable dividend tax on hand at the end of the tax year – Amount G plus amount H		485	

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the tax year			
Taxable dividends paid in the tax year from line 460 of Schedule 3		x 1 / 3	I
Refundable dividend tax on hand at the end of the tax year from line 485 above			J
Dividend refund – Amount I or J, whichever is less (enter this amount on line 784)			

Part I tax

Base amount of Part I tax – 38.00 % of taxable income (line 360 or amount Z, whichever applies) **550** 1,465,030 A

Corporate surtax calculation

Base amount from line A above 1,465,030 1

Deduct:

10 % of taxable income (line 360 or amount Z, whichever applies) 385,534 2

Investment corporation deduction from line 620 below 3

Federal logging tax credit from line 640 below 4

Federal qualifying environmental trust tax credit from line 648 below 5

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

28.00 % of taxable income from line 360 a

28.00 % of taxed capital gains b

Part I tax otherwise payable c

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

Total of lines 2 to 6 385,534 7

Net amount (line 1 **minus** line 7) 1,079,496 8

Corporate surtax

line 8 1,079,496 x 4 % x $\frac{\text{Number of days in the tax year before 2008}}{\text{Number of days in the tax year}} \times \frac{365}{365} = \mathbf{600}$ 43,180 B

Recapture of investment tax credit from line OO in Part 17 of Schedule 31 **602** C

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

Aggregate investment income from line 440 i

Taxable income from line 360 3,855,343

Deduct:

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

Net amount 3,855,343 ▶ 3,855,343 ii

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

Subtotal (add lines A, B, C, and D) 1,508,210 E

Deduct:

Small business deduction from line 430 9

Federal tax abatement **608** 385,534

Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27 **616**

Investment corporation deduction (taxed capital gains **624**) **620**

Additional deduction – credit unions from Schedule 17 **628**

Federal foreign non-business income tax credit from Schedule 21 **632**

Federal foreign business income tax credit from Schedule 21 **636**

Accelerated tax reduction from amount N **637**

Resource deduction from line 438 10

General tax reduction for CCPCs from amount K **638** 269,874

General tax reduction from amount S **639**

Federal logging tax credit from Schedule 21 **640**

Federal political contribution tax credit **644**

Federal political contributions **646**

Federal qualifying environmental trust tax credit **648**

Investment tax credit from Schedule 31 **652**

Subtotal 655,408 ▶ 655,408 F

Part I tax payable – Line E **minus** line F (enter amount G on line 700) 852,802 G

Summary of tax and credits

Federal tax

Part I tax payable	700	852,802
Part I.3 tax payable from Schedule 33, 34, or 35	704	646,332
Part II surtax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		1,499,134

Add provincial or territorial tax:

Provincial or territorial jurisdiction	750	Ontario
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)		
Net provincial or territorial tax payable (except Québec, Ontario, and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	1,499,134 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	1,499,134
Total credits	890	1,499,134
Balance (line A minus line B)		1,499,134 B

Refund code 894 Overpayment

Direct deposit request

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

☐ Start ☐ Change information 910 Branch number
914 Institution number 918 Account number

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

Balance unpaid
Enclosed payment 898

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No ☒

Certification

I, 950 Grue	951 Mike	954 Treasurer
Last name	First name	Position, office, or rank
am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.		
955 2007-11-26	Signature of the authorized signing officer of the corporation	956 (613) 738-5499
Date (yyyy/mm/dd)		Telephone number
Is the contact person the same as the authorized signing officer? If No, complete the information below		957 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
958	Name	959 Telephone number

Language of correspondence – Langue de correspondance

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

1 English / Anglais ☒ 2 Français / French ☐

Schedule of Instalment Remittances

Name of corporation contact: Mike Grue
Telephone number: (613) 738-5499

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Instalment Remittances	1,499,134
Total amount of instalments claimed (carry the result to line 840 of the T2 Return)		<u>1,499,134</u> A
Total instalments credited to the taxation year per T9		<u>1,499,134</u> B

Transfer

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



GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

Balance sheet information

Account	Description	GIFI	Amount	Prior year
Assets				
	Total current assets	1599 +	153,868,192	141,255,284
	Total tangible capital assets	2008 +	410,388,854	383,162,690
	Total accumulated amortization of tangible capital assets	2009 –		
	Total intangible capital assets	2178 +		
	Total accumulated amortization of intangible capital assets	2179 –		
	Total long-term assets	2589 +	6,999,809	5,859,466
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	571,256,855	530,277,440

Liabilities				
	Total current liabilities	3139 +	133,299,663	356,218,096
	Total long-term liabilities	3450 +	258,339,372	15,183,166
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	391,639,035	371,401,262

Shareholder equity				
	Total shareholder equity (mandatory field)	3620 +	179,617,820	158,876,178

	Total liabilities and shareholder equity	3640 =	571,256,855	530,277,440
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Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849 =	12,537,004	-8,204,822

* Generic item

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

Income statement information

Description	GIFI	
Operating name	0001	Hydro Ottawa Limited
Description of the operation . .	0002	Hydro distribution
Sequence Number	0003	01

Account	Description	GIFI	Amount	Prior year
Income statement information				
	Total sales of goods and services	8089 +	693,897,820	605,213,934
	Cost of sales	8518 -	592,231,027	507,837,542
	Gross profit/loss	8519 =	101,666,793	97,376,392
	Cost of sales	8518 +	592,231,027	507,837,542
	Total operating expenses	9367 +	78,498,095	79,999,416
	Total expenses (mandatory field)	9368 =	670,729,122	587,836,958
	Total revenue (mandatory field)	8299 +	693,897,820	605,213,934
	Total expenses (mandatory field)	9368 -	670,729,122	587,836,958
	Net non-farming income	9369 =	23,168,698	17,376,976

Farming income statement information				
	Total farm revenue (mandatory field)	9659 +		
	Total farm expenses (mandatory field)	9898 -		
	Net farm income	9899 =		

	Net income/loss before taxes and extraordinary items	9970 =	23,168,698	17,376,976
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Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975 -		
	Legal settlements	9976 -		
	Unrealized gains/losses	9980 +		
	Unusual items	9985 -		
	Current income taxes	9990 -	2,426,873	761,192
	Deferred income tax provision	9995 -		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	20,741,825	16,615,784

Attached Schedule with Total

Amount – Sales from resource properties

Title _____



NOTES CHECKLIST

Corporation's name	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- This schedule should be completed from the perspective of the person who prepared or reported on the **financial statements**. This person is referred to as the "accounting practitioner", in this schedule.
- For more information, see RC4088, *Guide to the General Index of Financial Information (GIFI) for Corporations* and T4012, *T2 Corporation – Income Tax Guide*.
- Attach a copy of this schedule, along with any Notes to the financial statements, to the GIFI.

Part 1 – Accounting practitioner information

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

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

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

Note

If the accounting practitioner does not have a professional designation **or** is connected with the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4.

Part 2 – Type of involvement

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

Completed an auditor's report	1	<input checked="" type="checkbox"/>
Completed a review engagement report	2	<input type="checkbox"/>
Conducted a compilation engagement	3	<input type="checkbox"/>

Part 3 – Reservations

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

Has the accounting practitioner expressed a reservation? **099** 1 Yes ☐ 2 No ☒

Part 4 – Other information

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

If Yes, complete lines 102 to 107 below:

Are any values presented at other than cost?	102	1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
Has there been a change in accounting policies since the last return?	103	1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
Are subsequent events mentioned in the notes?	104	1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
Is re-evaluation of asset information mentioned in the notes?	105	1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
Is contingent liability information mentioned in the notes?	106	1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
Is information regarding commitments mentioned in the notes?	107	1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>

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

If Yes, complete line 109 below:

Are you filing financial statements of the joint venture(s) or partnership(s)?	109	1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>
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SCHEDULE 1

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Corporation's name	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

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

Net income (loss) after taxes and extraordinary items per financial statements 20,741,825 A

Add:

Provision for income taxes – current	101	2,426,873	
Amortization of tangible assets	104	29,674,251	
Charitable donations from Schedule 2	112	36,101	
Non-deductible meals and entertainment expenses	121	83,724	
Reserves from financial statements – balance at the end of the year	126	9,690,400	
Subtotal of additions		41,911,349	▶ 41,911,349

Other additions:

Miscellaneous other additions:

600 Employee future benefit per Financial Statements	290	584,689	
601 Accrued penalty for occupational health & safety act	291	120,000	
Subtotal of other additions	199	704,689	▶ 704,689
Total additions	500	42,616,038	▶ 42,616,038

Deduct:

Gain on disposal of assets per financial statements	401	29,705	
Capital cost allowance from Schedule 8	403	37,305,089	
Cumulative eligible capital deduction from Schedule 10	405	99,620	
Reserves from financial statements – balance at the beginning of the year	414	4,154,356	
Subtotal of deductions		41,588,770	▶ 41,588,770

Other deductions:

Miscellaneous other deductions:

700 Actual employee benefits paid	390	328,171	
701 AFUDC	391	466,843	
Subtotal of other deductions	499	795,014	▶ 795,014
Total deductions	510	42,383,784	▶ 42,383,784

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 20,974,079



CHARITABLE DONATIONS AND GIFTS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- For use by corporations to claim any of the following:
 - charitable donations;
 - gifts to Canada, a province, or a territory;
 - gifts of certified cultural property;
 - gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five-year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the windup of a subsidiary as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*.
- For donations and gifts made after March 22, 2004, proposed subsection 110.1(1.2) of the *Income Tax Act* provides as follows:
 - where a particular corporation has undergone a change of control, for taxation years that end on or after the change of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the change of control.
 - if a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the change of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation – Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount (\$100 or more only)
United Way	36,101
	Subtotal 36,101
Add: Total donations of less than \$100 each	
Total donations in current taxation year	36,101

	Federal	Quebec	Alberta
Charitable donations at the end of the preceding taxation year			
Deduct: Charitable donations expired after five taxation years	239		
Charitable donations at the beginning of the taxation year	240		
Add:			
Charitable donations transferred on an amalgamation or the windup of a subsidiary	250		
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1)	210 36,101		
Subtotal (line 250 plus line 210)	36,101	36,101	36,101
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255		
Total charitable donations available	36,101 A	36,101	36,101
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	260 36,101	36,101	36,101
Charitable donations closing balance	280		

Amounts carried forward – Charitable donations

Year of origin:	Federal	Quebec	Alberta
1 st prior year	2004		
2 nd prior year	2003		
3 rd prior year	2002		
4 th prior year	2001		
5 th prior year	2001		
6 th prior year *	2000		
Total (to line A)			

* These donations expired in the current year.

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

Net income for tax purposes * multiplied by 75 %	15,730,559	B
Taxable capital gains arising in respect of gifts of capital property		
– lines 895 and 896 of Schedule 6, multiplied by the inclusion rate		
– other		
Total	225	C
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01)	227	D
The amount of the recapture of capital cost allowance in respect of charitable gifts	230	
Proceeds of disposition, less outlays and expenses	E	
Capital cost	F	
Amount E or F, whichever is less	235	
Amount on line 230 or 235, whichever is less	G	
Subtotal (add amounts C, D, and G)	H	
Amount H multiplied by 25 %	I	
Subtotal (amount B plus amount I)	15,730,559	J
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)	36,101	K

* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

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

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

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If the taxation year straddles February 18, 1997, and gifts were made after this date, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Quebec	Alberta
1 st prior year	2004			
2 nd prior year	2003			
3 rd prior year	2002			
4 th prior year	2001			
5 th prior year	2001			
6 th prior year *	2000			
Total				

* These donations expired in the current year.

Part 5 – Gifts of certified ecologically sensitive land

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

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:		Federal	Quebec	Alberta
1 st prior year	2004			
2 nd prior year	2003			
3 rd prior year	2002			
4 th prior year	2001			
5 th prior year	2001			
6 th prior year *	2000			
Total				

* These donations expired in the current year.



CORPORATION LOSS CONTINUITY AND APPLICATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- 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 previous years.
- The corporation can choose whether or not to deduct an available loss from income in a tax year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- In accordance with subsection 111(4) of the Income Tax Act, when control has been acquired no amount of capital loss incurred for a tax year ending (TYE) before that time is deductible in computing taxable income in a TYE after that time AND no amount of capital loss incurred in a TYE after that time is deductible in computing taxable income of a TYE before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) & (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send 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	20,974,079
Deduct: (increase a loss)	
Net capital losses deducted in the year (enter as a positive amount)	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	
Amount of Part VI.1 tax deductible	
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)	
Deduct: (increase a loss)	Subtotal (if positive, enter "0")
Section 110.5 and/or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions	
Add: (decrease a loss)	Subtotal
Current-year farm loss	
Current-year non-capital loss (if positive, enter "0")	

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding tax year	17,082,635
Deduct: Non-capital loss expired *	100
Non-capital losses at beginning of tax year	102 17,082,635
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105
Current-year non-capital loss (from calculation above)	110 17,082,635
Deduct:	
Other adjustments (includes adjustments for an acquisition of control)	150
Section 80 – Adjustments for forgiven amounts	140
Subsection 111(10) – Adjustments for fuel tax rebate	
Deduct:	
Amount applied against taxable income (enter on line 331 of the T2 return)	130 17,082,635
Amount applied against taxable dividends subject to Part IV tax	135 17,082,635
	Subtotal
Deduct – Request to carry back non-capital loss to:	
First preceding tax year to reduce taxable income	901
Second preceding tax year to reduce taxable income	902
Third preceding tax year to reduce taxable income	903
First preceding tax year to reduce taxable dividends subject to Part IV tax	911
Second preceding tax year to reduce taxable dividends subject to Part IV tax	912
Third preceding tax year to reduce taxable dividends subject to Part IV tax	913
Non-capital losses – Closing balance	180

* A non-capital loss expires as follows:

- After **7** tax years if it arose in a tax year ending before March 23, 2004;
- After **10** tax years if it arose in a tax year ending after March 22, 2004 and ending before 2006; or
- After **20** tax years if it arose in a tax year ending in 2006 and later.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator	190 Yes <input type="checkbox"/>
Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding tax year.	

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding tax year	200	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205	
Deduct:		
Other adjustments (includes adjustments for an acquisition of control)	250	
Section 80 – Adjustments for forgiven amounts	240	
Add:		Subtotal
Current-year capital loss (from Schedule 6 calculation)	210	
Non capital losses from a preceding tax year* that expired this year		A
Allowable business investment losses (ABIL) incurred in the same preceding tax year* referred to at line A		B
Enter amount from line A or B, whichever is less	215	
Allowable business investment loss expired as non-capital loss:		
line 215 divided by inclusion rate** 75.0000 %		220
		Subtotal
Note: If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the allowable business investment loss expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total at line 220 above.		
Deduct: Amount applied against current-year capital gain (see Note 1)		225
		Subtotal
Deduct – Request to carry back capital loss to: (see Note 2)		
	Capital gain (100%)	Amount carried back (100%)
First preceding tax year	67,437	951
Second preceding tax year	318,432	952
Third preceding tax year		953
Capital losses – Closing balance		280

Note 1

On line 332 of the T2 return, enter the amount from line 225 multiplied by 50%.

Note 2

Enter on lines 225, 951, 952, or 953, whichever applies, 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.

* Losses from a preceding tax year to be entered at line A and line B are the following:

- If the loss was incurred in a tax year ending before March 23, 2004, enter the loss from the 8th preceding tax year, which has expired this year;
- If the loss was incurred in a tax year ending after March 22, 2004 and before 2006, enter the loss from the 11th preceding tax year, which has expired this year.
- If the loss was incurred in a tax year ending in 2006 and later, enter the loss from the 21th preceding tax year, which has expired this year.

** The inclusion rate is the one that you used to calculate your ABIL referred to at line B. Therefore, use one of the following inclusion rates, whichever applies:

- For ABILs incurred in 1999 and preceding tax years, use 0.75.
- For ABILs incurred in 2000 and 2001 tax years, the inclusion rate is equal to amount M on Schedule 6 - version T2SCH6(01).
- For ABILs incurred in 2002 and later tax years, use 0.5.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding tax year		
Deduct: Farm loss expired after 10 tax years	300	
Farm losses at beginning of tax year	302	
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation	305	
Current-year farm loss	310	
Deduct:		
Other adjustments (includes adjustments for an acquisition of control)	350	
Section 80 – Adjustments for forgiven amounts	340	
Amount applied against taxable income (enter on line 334 of the T2 return)	330	
Amount applied against taxable dividends subject to Part IV tax	335	
		Subtotal
Deduct – Request to carry back farm loss to:		
First preceding tax year to reduce taxable income	921	
Second preceding tax year to reduce taxable income	922	
Third preceding tax year to reduce taxable income	923	
First preceding tax year to reduce taxable dividends subject to Part IV tax	931	
Second preceding tax year to reduce taxable dividends subject to Part IV tax	932	
Third preceding tax year to reduce taxable dividends subject to Part IV tax	933	
Farm losses – Closing balance	380	

Part 4 – Restricted farm losses

Current-year restricted farm loss

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

Continuity of restricted farm losses and request for a carryback

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

Note

The total losses for the year from all farming businesses are calculated without including 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 tax year	.....	
Deduct: Listed personal property loss expired after seven tax years	.....	500	
Listed personal property losses at beginning of tax year	.....	502	
Add: Current-year listed personal property loss (from Schedule 6)	.....	510	
		Subtotal	
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	.....	530	
Other adjustments	.....	550	
		Subtotal	
Deduct – Request to carry back listed personal property loss to:			
First preceding tax year to reduce listed personal property gains	.....	961	
Second preceding tax year to reduce listed personal property gains	.....	962	
Third preceding tax year to reduce listed personal property gains	.....	963	
Listed personal property losses – Closing balance	.....	580	

Part 7 – Limited partnership losses

Current-year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 minus column 5 If negative, enter "0".	Current-year limited partnership losses Column 3 - 6
600	602	604	606	608		620

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from prior tax years that may be applied in the current year						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at end of preceding tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 minus column 5 If negative, enter "0".	Limited partnership losses that may be applied in the year. The lesser of columns 3 and 6
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future tax years					
Partnership identifier	Limited partnership losses at end of preceding tax year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from column 620)	Limited partnership losses applied (cannot exceed column 650)	Limited partnership losses closing balance (662 + 664 + 670 - 675)
660	662	664	670	675	680

Total (enter this amount on line 335 of the T2 return)

Non-Capital Loss Continuity Workchart

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	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A		
2004		N/A		N/A			
2003		N/A		N/A			
2002	17,082,635	N/A		N/A	17,082,635		
2001		N/A		N/A			
2001		N/A		N/A			
2000		N/A		N/A			
1999		N/A		N/A			*
Total	17,082,635				17,082,635		

Farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A		
2004		N/A		N/A			
2003		N/A		N/A			
2002		N/A		N/A			
2001		N/A		N/A			
2001		N/A		N/A			
2000		N/A		N/A			
1999		N/A		N/A			
1998		N/A		N/A			
1997		N/A		N/A			
1996		N/A		N/A			*
Total							

Restricted farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A	N/A	
2004		N/A		N/A		N/A	
2003		N/A		N/A		N/A	
2002		N/A		N/A		N/A	
2001		N/A		N/A		N/A	
2001		N/A		N/A		N/A	
2000		N/A		N/A		N/A	
1999		N/A		N/A		N/A	
1998		N/A		N/A		N/A	
1997		N/A		N/A		N/A	
1996		N/A		N/A		N/A	*
Total						N/A	

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

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 1101(5q)?

101

 1 Yes ☐ 2 No ☒

1 Class number	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (column 7 multiplied by column 8; or a lower amount) (line 403 of Schedule 1)****	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200		201	203	205	207	211		212	213	215	217	220
1	1	286,954,529	16,927,836		0	8,463,918	295,418,447	4	0	0	11,816,738	292,065,627
2	2	Dist equip pre 88	107,283,008		0		107,283,008	6	0	0	6,436,980	100,846,028
3	3	buildings pre 88	16,156,982		0		16,156,982	5	0	0	807,849	15,349,133
4	8		4,784,717	2,918,464	59,389	1,429,538	6,214,254	20	0	0	1,242,851	6,400,941
5	10		5,052,989	2,209,685	28,403	1,090,641	6,143,630	30	0	0	1,843,089	5,391,182
6	12		12,155,057	1,952,126	0	976,063	13,131,120	100	0	0	13,131,120	976,063
7	42		1,166,195		0		1,166,195	12	0	0	139,943	1,026,252
8	45		938,507	360,808	93	180,358	1,118,864	45	0	0	503,489	795,733
9	47			34,575,757	0	17,287,879	17,287,878	8	0	0	1,383,030	33,192,727
Total		434,491,984	58,944,676		87,885	29,428,397	463,920,378				37,305,089	456,043,686

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

** Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) plus or minus certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return

Tax return			
Additions for tax purposes – Schedule 8 regular classes		58,944,676	
Additions for tax purposes – Schedule 8 leasehold improvements	+		
Operating leases capitalized for book purposes	+		
Capital gain deferred	+		
Recapture deferred	+		
Deductible expenses capitalized for book purposes – Schedule 1	+		
capitalized interest	+	320,749	
Total additions per books	=	59,265,425	59,265,425
Proceeds up to original cost – Schedule 8 regular classes		87,885	
Proceeds up to original cost – Schedule 8 leasehold improvements	+		
Proceeds in excess of original cost – capital gain	+		
Recapture deferred – as above	+		
Capital gain deferred – as above	+		
Pre V-day appreciation	+		
CIP	+	2,324,284	
Total proceeds per books	=	2,412,169	2,412,169
Depreciation and amortization per accounts – Schedule 1			– 29,674,251
Loss on disposal of fixed assets per accounts			–
Gain on disposal of fixed assets per accounts			+ 29,705
Net change per tax return			= 27,208,710

Financial statements			
Fixed assets (excluding land) per financial statements			
Closing net book value			410,388,854
Opening net book value	–		383,162,690
Net change per financial statements	=		27,226,164
If the amounts from the tax return and the financial statements differ, explain why below			
difference is ECE addition of land rights of \$17460			

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

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

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

	Name 100	Country of residence (if other than Canada) 200	Business Number (Canadian corporation only) (see note 1) 300	Relation-ship code (see note 2) 400	Number of common shares owned 500	% of common shares owned 550	Number of preferred shares owned 600	% of preferred shares owned 650	Book value of capital stock 700
1.	Hydro Ottawa Holding Inc.		89411 0816 RC0001	1					
2.	Energy Ottawa Inc.		86338 9961 RC0001	3					
3.	Telecom Ottawa Limited		86244 6531 RC0002	3					
4.	Telecom Ottawa Holding Inc.		86202 9337 RC0001	3					
5.	Telecom Ottawa Regional Limited		88790 3326 RC0002	3					
6.	2038455 Ontario Inc.			3					
7.	Powertrail Inc.			3					

Note 1: Enter "NR" if a corporation is not registered.

Note 2: Enter the code number of the relationship that applies from the following order: 1 – Parent 2 – Subsidiary 3 – Associated 4 – Related, but not associated.



CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation Hydro Ottawa Limited	Business Number 86339 1363 RC0001	Tax year end Year Month Day 2005-12-31
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- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")		200	1,410,042	A
Add:	Cost of eligible capital property acquired during the taxation year	222	17,460	
	Other adjustments	226		
	Subtotal (line 222 plus line 226)		17,460	
			x 3 / 4 =	13,095 B
	Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228	x 1 / 2 =	C
	amount B minus amount C (if negative, enter "0")		13,095	D
	Amount transferred on amalgamation or wind-up of subsidiary	224		E
	Subtotal (add amounts A, D, and E)	230	1,423,137	F
Deduct:	Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242		G
	The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244		H
	Other adjustments	246		I
	(add amounts G,H, and I)		x 3 / 4 =	248 J
	Cumulative eligible capital balance (amount F minus amount J)		1,423,137	K
	(if amount K is negative, enter "0" at line M and proceed to Part 2)			
	Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
	amount K		1,423,137	
	less amount from line 249			
	Current year deduction		1,423,137 x 7.00 % =	250 99,620 *
	(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		99,620	L
	Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")		300 1,323,517	M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

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

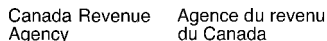
(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)		N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400	1
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401	2
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402	3
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408	4
Line 3 minus line 4 (if negative, enter "0")		5
Total of lines 1, 2 and 5		6
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400		7
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000		8
Subtotal (line 7 plus line 8)	409	9
Line 6 minus line 9 (if negative, enter "0")		O
Line N minus line O (if negative, enter "0")		P
Line 5 × 1 / 2 =		Q
Line P minus line Q (if negative, enter "0")		R
Amount R × 2 / 3 =		S
Amount N or amount O, whichever is less		T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410	

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)						
	Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
1	Net regulatory liability	4,154,356		5,536,044		9,690,400
2						
	Reserves from Part 2 of Schedule 13					
Totals		4,154,356		5,536,044		9,690,400

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.



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

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.

- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

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

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

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

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

Column 4: Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

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

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2004	\$225,001 to \$250,000
2005	\$250,001 to \$300,000
2006	maximum \$300,000
2007	\$300,001 to \$400,000

If the calendar year to which this agreement applies is after 2007, ensure that the total at line A does not exceed \$400,000.

Allocating the business limit

Date filed (do not use this area) **025** Year Month Day

Enter the calendar year to which the agreement applies **050** Year 2005

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? **075** 1 Yes ☐ 2 No ☒

	1 Names of associated corporations	2 Business Number of associated corporations	3 Asso- ciation code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
1	Hydro Ottawa Limited	86339 1363 RC0001	1	300,000	100.0000	300,000
2	Hydro Ottawa Holding Inc.	89411 0816 RC0001	1	300,000		
3	Energy Ottawa Inc.	86338 9961 RC0001	1	300,000		
4	Telecom Ottawa Limited	86244 6531 RC0002	1	300,000		
5	Telecom Ottawa Holding Inc.	86202 9337 RC0001	1	300,000		
6	Telecom Ottawa Regional Limited	88790 3326 RC0002	1	300,000		
7	2038455 Ontario Inc.		1	300,000		

	1 Names of associated corporations	2 Business Number of associated corporations	3 Asso- ciation code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
8	Powertrail Inc.		1	300,000		
				Total	100.0000	300,000

A

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 factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to $0.225\% \times (A - \$10,000,000)$ where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

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

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

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

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

PART I.3 TAX ON LARGE CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- 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 of 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) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 2) 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);
 - 3) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 4) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 5) 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	9,877,000
Capital stock (or members' contributions if incorporated without share capital)	103	167,080,816
Retained earnings	104	12,537,004
Contributed surplus	105	
Any other surpluses	106	
Deferred unrealized foreign exchange gains	107	
All loans and advances to the corporation	108	254,512,159
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	
Any dividends declared but not paid by the corporation before the end of the year	110	
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	

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 Subtotal 444,006,979 ▶ 444,006,979 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year	121	
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	
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	
The amount of deferred unrealized foreign exchange losses at the end of the year	124	

Subtotal ▶ B

Capital for the year (amount A minus amount B) (if negative, enter "0") **190** 444,006,979

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
A loan or advance to another corporation (other than a financial institution)	402
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403
Long-term debt of a financial institution	404
A dividend receivable on a share of the capital stock of another corporation	405
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
An interest in a partnership (see note 1 below)	407
Investment allowance for the year	490

Notes:

- Where the corporation has an interest in a partnership or in 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.
- 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)].
- 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)	444,006,979	C
Deduct: Investment allowance for the year (line 490)		D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500	444,006,979

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)	444,006,979	x	Taxable income earned in Canada	610	3,855,343	=	Taxable capital employed in Canada	690	444,006,979
			Taxable income		3,855,343				

- Notes:**
- Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - 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.
 - In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was 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
--	-----

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
---	-----

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
--	-----

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

Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0")	790
--	------------

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)	444,006,979	
Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)	801 50,000,000	
Excess of taxable capital employed in Canada over capital deduction	811 394,006,979	
Line 811 $\frac{394,006,979}{365} \times \frac{\text{Number of days in the taxation year in 2004}}{365} \times 0.00200000 =$		F
Line 811 $\frac{394,006,979}{365} \times \frac{\text{Number of days in the taxation year in 2005}}{365} \times 0.00175000 =$		G 689,512
Note: The Part 1.3 tax rate is reduced to 0% for the days in the taxation year that are after 2005.		
Subtotal (add amounts F and G)	689,512	H
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax as follows:		
Amount H $\frac{689,512}{365} \times \frac{\text{Number of days in the year (365)}}{365} =$		I
Gross Part 1.3 tax (amount H or I, whichever applies)	820 689,512	

Part 6 – Calculation of gross Part 1.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)	444,006,979	J
Deduct: Line 801 above $\frac{50,000,000}{1/5} =$	10,000,000	K
Excess (amount J minus amount K) (if negative, enter "0")	434,006,979	L
Amount L $\frac{434,006,979}{365} \times 0.00225 =$	976,516	M
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax for purposes of the unused surtax credit as follows:		
Amount M $\frac{976,516}{365} \times \frac{\text{Number of days in the year (365)}}{365} =$		N
Gross Part 1.3 tax for purposes of the unused surtax credit (amount M or N, whichever applies)	821 976,516	

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 O, whichever is less:

a) line 600 from the T2 return **a**
b) line 700 from the T2 return **b** O

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

c) line 600 from the T2 return $\frac{43,180}{\text{line 690 of this schedule}} \times \frac{444,006,979}{\text{line 500 of this schedule}} = 43,180$ **c**
d) line 700 from the T2 return 852,802 **d** 43,180 P

Current-year surtax credit available (amount O or P, whichever applies) **830** 43,180

Part 8 – Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830) 43,180
Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821) 976,516

Current-year unused surtax credit (if negative, enter "0") **850**

Enter this amount at line 600 on Schedule 37.

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

Gross Part I.3 tax (line 820) 689,512 Q

Deduct:

Current-year surtax credit applied (line 820 or 830, whichever is less) **861** 43,180
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37) **862**
Subtotal (cannot be more than amount on line 820) 43,180 ► 43,180 R

Net Part I.3 tax payable (amount Q minus amount R) **870** 646,332

Enter this amount at line 704 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Sch.33 Line 108

Description	Amount	
Notes payable	232,185,000	00
Customer deposits	20,327,159	00
Owed to Related Parties	2,000,000	00
Total	254,512,159	00

AGREEMENT AMONG RELATED CORPORATIONS – PART 1.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$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 1.3 tax.**
- 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.

Agreement

Date filed (do not use this area)	.....	010	Year Month Day
Is this an amended agreement?	.....	020	1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
Calendar year to which the agreement applies	.....	030	Year 2005

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 1.3 tax under subsection 181.1(3) does not have to be included.

	Names of all corporations which are members of the related group 200	Business Number (if a corporation is not registered, enter "NR") 300	Allocation of capital deduction for the year \$ 400	Taxation year end to which this agreement applies* (YYYY/MM/DD) 500
	Hydro Ottawa Limited	86339 1363 RC0001	50,000,000	
1	Hydro Ottawa Holding Inc.	89411 0816 RC0001		
2	Energy Ottawa Inc.	86338 9961 RC0001		
3	Telecom Ottawa Limited	86244 6531 RC0002		
4	Telecom Ottawa Holding Inc.	86202 9337 RC0001		
5	Telecom Ottawa Regional Limited	88790 3326 RC0002		
6	2038455 Ontario Inc.			
7	Powertrail Inc.			

Total (cannot be more than \$50,000,000) 50,000,000

* 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.

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

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

		Provide only one number per shareholder				
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)		Business Number	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100		200	300	350	400	500
1	Hydro Ottawa Holding Inc.	89411 0816 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						



Ontario

Ministry of Finance

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

2006

CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2003

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

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

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

MGS Annual Return Required? (Not required if already filed or Annual Return exempt. Refer to Guide)

☒ Yes

☐ No

Page 1 of 20

Ministry Use

Corporation's Legal Name (including punctuation)

Hydro Ottawa Limited

Mailing Address

3025 Albion Road North
P.O. 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
P.O. Box 8700
Ottawa
ON CA K1G 3S4

Location of Books and Records

3025 Albion Road North
P.O. 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)

(MGS)

Ontario Canada

Former Corporation Name (Extra-Provincial Corporations only)

☒ Not Applicable

(MGS)

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

No. of Schedule(s)

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

☒ No Change

Ontario Corporations Tax Account No. (MOF)

1800113

This Return covers the Taxation Year

Start

year month day

2005-01-01

End

year month day

2005-12-31

Date of Incorporation or Amalgamation

year month day

2000-10-03

Ontario Corporation No. (MGS)

1427586

Canada Revenue Agency Business No.

If applicable, enter

86339 1363 RC0001

Jurisdiction Incorporated

Ontario

If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:

Commenced

year month day

Ceased

year month day

☒ Not Applicable

Preferred Language / Langue de préférence

☒ English
anglais

☐ French
français

Ministry Use



Certification (MGS)

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

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

Mike Grue

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

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

Hydro Ottawa Limited

1800113

2005-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

Type of corporation

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

2 ☐ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify) ▼

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100 %

2 1 ☐ Family Farm corporation s.1(2)

2 ☐ Family Fishing corporation s.1(2)

3 ☐ Mortgage Investment corporation s.47

4 ☐ Credit Union s.51

5 ☐ Bank Mortgage subsidiary s.61(4)

6 ☐ Bank s.1(2)

7 ☐ Loan and Trust corporation s.61(4)

8 ☐ Non-resident corporation s.2(2)(a) or (b)

9 ☐ Non-resident corporation s.2(2)(c)

10 ☐ Mutual Fund corporation s.48

11 ☐ Non-resident owned Investment corporation s.49

12 ☐ Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)

14 ☐ Bare Trustee corporation

15 ☐ Branch of Non-resident s.63(1)

16 ☐ Financial institution prescribed by Regulation only

17 ☐ Investment Dealer

18 ☐ Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale

19 ☒ Hydro successor, municipal electrical utility or subsidiary of either

20 ☐ Producer and seller of steam for uses other than for the generation of electricity

21 ☐ Insurance Exchange s.74.4

22 ☐ Farm Feeder Finance Co-operative corporation

23 ☐ Professional corporation (incorporated professionals only)

☐ This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)

☐ Amended Return

☐ Taxation year end change – Canada Revenue Agency approval required

☐ Final taxation year up to dissolution (Note: for discontinued businesses, see guide.)

☐ Final taxation year before amalgamation

☐ The corporation has a floating fiscal year end

☐ There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario

☐ There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year

If checked, date control was acquired

year month day

☐ The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)

☐ First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)

☐ Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

Yes No

☐ ☒ Was the corporation inactive throughout the taxation year?

☒ ☐ Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?

Are you requesting a refund due to:

☐ ☒ the Carry-back of a Loss?

☒ ☐ an Overpayment?

☐ ☒ a Specified Refundable Tax Credit?

☐ ☒ Are you a member of a Partnership or Joint Venture?

Complete if applicable

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

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

82097143

111195452

Specify major business activity

DISTRIBUTION OF ELE

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	20,974,079	●
Subtract: Charitable donations	- - - - -	-		1	36,101	●
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	- - - - -	-		2		●
Subtract: Taxable dividends deductible, per federal Schedule 3	- - - - -	-		3		●
Subtract: Ontario political contributions (Attach Schedule 2A) (Int.B. 3002R)	- - - - -	-		4		●
Subtract: Federal Part VI.1 tax	● x 3	-		5		●
Subtract: Prior years' losses applied – Non-capital losses	- - - - -	-	From	704	17,082,635	●
	From 715					
Net capital losses (page 16)	● x inclusion rate			50.000000	% =	-
Farm losses	- - - - -	-	From	724		●
Restricted farm losses	- - - - -	-	From	734		●
Limited partnership losses	- - - - -	-	From	754		●
Taxable Income (Non-capital loss)	- - - - -	=		10	3,855,343	●

Addition to taxable income for unused foreign tax deduction for federal purposes - - - - - + 11 ●

Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11) - - - - - = 20 3,855,343 ●

Taxable Income

From 10 (or 20 if applicable) 3,855,343 ● x 30 100.0000 % x 12.5 % x 33 73 365 = + 29 ●

Ontario Allocation

From 10 (or 20 if applicable) 3,855,343 ● x 30 100.0000 % x 14 % x 34 73 365 = + 32 539,748 ●

Ontario Allocation

Income Tax Payable (before deduction of tax credits) 29 + 32 - - - - - = 40 539,748 ●

Number of Days in Taxation Year

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

Days after Dec. 31, 2003 Total Days

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X)

☒ Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a)) - - - - 50 20,974,079 ●

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b)) + 51 3,855,343 ●

Add: Losses of other years deducted for federal purposes (fed.s.111) + 52 17,082,635 ●

Subtract: Losses of other years deducted for Ontario purposes (s.34) - 53 17,082,635 ●

= 3,855,343 ● ▶ 54 3,855,343 ●

Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1) - - - - 55 300,000 ●

Ontario Business Limit Calculation

320,000 x 31 365 = + 46 ●

400,000 x 34 365 = + 47 400,000 ●

Business Limit for Ontario purposes 46 + 47 = 44 400,000 ● x 48 100.0000 % = 45 400,000 ●

Income eligible for the IDSBC - - - - - From 30 100.0000 % x 56 400,000 ● = 60 400,000 ●

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

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

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

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

continued on Page 5

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

110

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

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

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

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

Eligible Canadian Profits

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

Add: Adjustment for Surtax on Canadian-controlled private corporations

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

*Ontario Allocation

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

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

Taxable Income - - - - - + From 10 3,855,343

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

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

Subtract: Taxable Income 10 3,855,343 X Allocation % to jurisdictions outside Canada % - - - 140

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

10 - 56 + 122 - 140 - 141 - - - - - = 142 3,855,343

Claim**Number of Days in Taxation Year**

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

$$143 \times \text{From } 30 \div 100.0000\% \times 1.5\% \times \frac{33}{73} \div 365 = + 154$$

Lesser of 130 or 142 Ontario Allocation

Days after Dec. 31, 2003 Total Days

$$143 \times \text{From } 30 \div 100.0000\% \times 2\% \times \frac{34}{73} \div 365 = + 156$$

Lesser of 130 or 142 Ontario Allocation

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

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

= 161

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

= 162

Credit for Foreign Taxes Paid (s.40)

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

170

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit 175

Credit Claimed 180

Subtotal of Income Tax

40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 - - - - - = 190 539,748

continued on Page 7

Income Tax *continued from Page 6*

Specified Tax Credits *(Refer to Guide)*

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

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

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

Eligible Credit From CT23 Schedule 113 *(Attach Schedule 113)* - - - - - +

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

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

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

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

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

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

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 OBPTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - - +

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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - +

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 OBRITC Claim Form *(Attach original Claim Form)* - - - - - +

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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - +

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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - +

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

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

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

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

Applies to employment of eligible apprentices. No. of Apprentices From

Eligible Credit From CT23 Schedule 114 *(Attach Schedule 114)* - - - - - +

Other (specify) _____ - - - - - +

Total Specified Tax Credits + + + + + + + + + + + =

Specified Tax Credits *Applied to reduce Income Tax* - - - - - =

Income Tax - **OR Enter NIL if reporting Non-Capital Loss** *(amount cannot be negative)* - - - - =

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 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**.

DOLLARS ONLY

Total Assets of the corporation	- - - - -	+ [240]	571,256,855 ●	
Total Revenue of the corporation	- - - - -	+ [241]	693,897,820 ●	

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

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

Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
See schedule			+ [243] 588,623,739 ●	+ [244] 28,635,380 ●
			+ [245] ●	+ [246] ●
			+ [247] ●	+ [248] ●
Aggregate Total Assets	[240] + [243] + [245] + [247], etc.	- - - - -	= [249] 1,159,880,594 ●	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.	- - - - -		= [250] 722,533,200 ●

Determination of Applicability

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

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

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

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

Calculation: CMT (Attach Schedule 101.)

Gross CMT Payable	- - CMT Base	From Schedule 101 [2136] 20,009,960 ●	X From [30] 100.0000 % X 4 %	= [276] 800,398 ●
		If negative, enter zero	Ontario Allocation	
Subtract: Foreign Tax Credit for CMT purposes (Attach Schedule)	- - - - -		-	[277] ●
Subtract: Income Tax	- - - - -		- From [190]	539,748 ●
Net CMT Payable (If negative, enter Nil on Page 17.)	- - - - -		=	[280] 260,650 ●

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

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

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

CMT Credit Carryover available	From Schedule 101	- - - - -	From [2333]	260,650 ●
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Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)	- - - - -	+ From [190]	539,748 ●
	Gross CMT Payable	- - - - -	+ From [276]	800,398 ●
	Subtract: Foreign Tax Credit for CMT purposes	- - - - -	- From [277]	●
	If [276] - [277] is negative, enter NIL in [290]	=		800,398 ●
	Income Tax eligible for CMT Credit	- - - - -	=	[300] ●
B.	Income Tax (after deduction of specified credits)	- - - - -	+ From [230]	539,748 ●
	Subtract: CMT credit used to reduce income taxes	- - - - -	- [310]	●
	Income Tax	- - - - -	=	[320] 539,748 ●

Transfer to page 17

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

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

Hydro Ottawa Limited

1800113

2005-12-31

DOLLARS ONLY

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	- - - - -	+	350	167,080,816
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	±	351	12,537,004
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	- - - - -	+	352	
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+	353	254,512,159
Bank loans (Int.B. 3013R)	- - - - -	+	354	
Bankers acceptances (Int.B. 3013R)	- - - - -	+	355	
Bonds and debentures payable (Int.B. 3013R)	- - - - -	+	356	
Mortgages payable (Int.B. 3013R)	- - - - -	+	357	
Lien notes payable (Int.B. 3013R)	- - - - -	+	358	

Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	- - - - -	+	359	9,877,000
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	- - - - -	+	360	
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	- - - - -	+	361	
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	- - - - -	+	362	
Subtotal	- - - - -	=	370	444,006,979

Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- - - - -	-	371	15,048,773
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Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	- - - - -	-	372	
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Total Paid-up Capital	- - - - -	=	380	428,958,206
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Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	- - - - -	-	381	
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Electrical Generating Corporations Only – All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation

	- - - - -	-	382	
Net Paid-up Capital	- - - - -	=	390	428,958,206

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	- - - - -	+	402	
Mortgages due from other corporations	- - - - -	+	403	
Shares in other corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	404	
Loans and advances to unrelated corporations	- - - - -	+	405	720,574
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	406	1,651,943
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+	407	

Total Eligible Investments	- - - - -	=	410	2,372,517
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continued on Page 10

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

Total Assets per balance sheet		+	420	571,256,855
Mortgages or other liabilities deducted from assets		+	421	
Share of partnership(s)/joint venture(s) total assets <i>(Attach schedule)</i>		+	422	
Subtract: Investment in partnership(s)/joint venture(s)		-	423	
Total Assets as adjusted		=	430	571,256,855
Amounts in 360 and 361 (if deducted from assets)		+	440	
Subtract: Amounts in 371, 372 and 381		-	441	15,048,773
Subtract: Appraisal surplus if booked		-	442	
Add or Subtract: Other adjustments (specify on an attached schedule)		±	443	
Total Assets		=	450	556,208,082

Investment Allowance (÷) x - - - - - **Not to exceed** = 1,829,730.

Taxable Capital	390	-	460	- - - - -	=	470	427,128,476.
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Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	- - -	480	693,897,820
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Total Assets	(as adjusted)	- - - - -	From	430	571,256,855 ●
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Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2006) of the CT23 may only be used for a taxation year that commenced after December 31, 2003.

Financial Institutions use calculations on page 13.

Important:

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

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

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

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

Number of Days in Taxation Year

Days before Jan. 1, 2005		Total Days									
5,000,000	X	<input type="text" value="35"/>	<input type="text"/>	÷	<input type="text" value="73"/>	<input type="text" value="365"/>	=	+	<input type="text" value="500"/>	<input type="text"/>	•
Days after Dec. 31, 2004 and before Jan. 1, 2006		Total Days									
7,500,000	X	<input type="text" value="36"/>	<input type="text" value="365"/>	÷	<input type="text" value="73"/>	<input type="text" value="365"/>	=	+	<input type="text" value="501"/>	<input type="text" value="7,500,000"/>	•
Days after Dec. 31, 2005 and before Jan. 1, 2007		Total Days									
10,000,000	X	<input type="text" value="37"/>	<input type="text"/>	÷	<input type="text" value="73"/>	<input type="text" value="365"/>	=	+	<input type="text" value="502"/>	<input type="text"/>	•
Capital Deduction (TCD)		<input type="text" value="500"/>		+	<input type="text" value="501"/>	+	<input type="text" value="502"/>	=	<input type="text" value="503"/>	<input type="text" value="7,500,000"/>	•

SECTION C

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

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

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

C3. If Taxable Capital in **470** **exceeds the TCD** in **503**, complete the following calculation and transfer the amount from **523** to **543** on page 12, and complete the return from that point.

[illegible]

continued on Page 11

Capital Tax Calculation continued from Page 10

SECTION D

This section applies ONLY to a corporation that is a member of an associated group (excluding Financial Institutions and corporations exempt from Capital Tax) and/or partnership. You must check either 509 or 524 and complete this section before you can calculate your Capital Tax Calculation under either Section E or Section F.

D1. ☐ 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 equal to or less than the TCD 503 on page 10, enter NIL in 550 on page 12 and complete the return from that point.
If Taxable Capital 470 on page 10 exceeds the TCD 503 on page 10, proceed to Section E, enter the TCD amount in 542 in Section E, and complete Section E and the return from that point.

D2. ☒ 524 (X if applicable) One or more of the corporations that you are associated with maintains a permanent establishment in Canada.
You and your associated group may continue to allocate the TCD by completing the Calculation below. Or, the associated group may file an election under subsection 69(2.1) of the Corporations Tax Act, whereby total assets are used to allocate the TCD among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as Net Deduction) of the capital tax effect relating to the TCD to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.
The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.
In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

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

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

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

Names of associated corporations (excluding Financial Institutions and corporations exempt from Capital Tax) having a permanent establishment in Canada (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
			+ 531
			+ 532
			+ 533
Aggregate Taxable Capital	470 + 531 + 532 + 533, etc.	- - - - -	= 540

If 540 above is equal to or less than the TCD 503 on page 10, the corporation's Capital Tax for the taxation year, is NIL.
Enter NIL in 523 in section E on page 12, as applicable.
If 540 above is greater than the TCD 503 on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E on page 12.

From 470 ÷ From 540 × From 503 = 541

Transfer to 542 in Section E on page 12

Ss.69(2.1) Election Filed

☒ 591 (X if applicable) Election filed. Attach a copy of Schedule 591 with this CT23 Return. Proceed to Section F on page 12.

continued on Page 12

2005-12-31

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

continued from Page 14

Net Income (loss) for federal income tax purposes, per federal Schedule 1	- - - - -	From ±	600	20,974,079 ●
Total of Additions on page 14	- - - - -	From =	640	51,249,465 ●
Sub Total of deductions on page 14	- - - - -	From =	681	51,249,465 ●

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

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

- - - 662 ●

ONTTI Gross-up deduction calculation:

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

Workplace Child Care Tax Incentive (WCCT)

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

$$\begin{array}{l}
 \text{Qualifying expenditures: } 665 \text{ ●} \times 30 \% \times \frac{100}{\text{From } 30 \text{ } 100.0000} = 666 \text{ ●} \\
 \text{Ontario allocation}
 \end{array}$$

Workplace Accessibility Tax Incentive (WATI)

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

$$\begin{array}{l}
 \text{Qualifying expenditures: } 667 \text{ ●} \times 100 \% \times \frac{100}{\text{From } 30 \text{ } 100.0000} = 668 \text{ ●} \\
 \text{Ontario allocation}
 \end{array}$$

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)

(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

$$\begin{array}{l}
 \text{Qualifying expenditures: } 670 \text{ ●} \times 30 \% \times \frac{100}{\text{From } 30 \text{ } 100.0000} = 671 \text{ ●} \\
 \text{Ontario allocation}
 \end{array}$$

Educational Technology Tax Incentive (ETTI)

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

$$\begin{array}{l}
 \text{Qualifying expenditures: } 672 \text{ ●} \times 15 \% \times \frac{100}{\text{From } 30 \text{ } 100.0000} = 673 \text{ ●} \\
 \text{Ontario allocation}
 \end{array}$$

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

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

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

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

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 51,249,465 ● ▶ 680 51,249,465 ●

Net income (loss) for Ontario Purposes 600 + 640 - 680 - - - - - = 690 20,974,079 ●

Transfer to Page 4

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 17,082,635	710 (2)	720 (2)	730	740	750
Add:						
Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract:						
Utilized during the year to reduce taxable income	704 (2) 17,082,635	715 (2) (4)	724 (2)	734 (2) (4)	744 (4)	754 (4)
Expired during the year	705		725	735	745	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17	716 (2) to Page 17	726 (2) to Page 17	736 (2) to Page 17	746	
Subtotal	707 17,082,635	717	727	737	747	757
Balance at End of Year	709 (8)	719	729	739	749	759

Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 1997-09-30	817 (9)	860 (9)		850	870
801 8th preceding taxation year 1998-09-30	818 (9)	861 (9)		851	871
802 7th preceding taxation year 1999-09-30	819 (9)	862 (9)		852	872
803 6th preceding taxation year 2000-09-30	820	830	840	853	873
804 5th preceding taxation year 2001-09-30	821	831	841	854	874
805 4th preceding taxation year 2001-12-31	822	832	842	855	875
806 3rd preceding taxation year 2002-12-31	823	833	843	856	876
807 2nd preceding taxation year 2003-12-31	824	834	844	857	877
808 1st preceding taxation year 2004-12-31	825	835	845	858	878
809 Current taxation year 2005-12-31	826	836	846	859	879
Total	829	839	849	869	889

Notes:

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

Hydro Ottawa Limited

1800113

2005-12-31

DOLLARS ONLY

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)	901	911	921	931
Taxation Year Ending year month day	2002-12-31	912	922	932
i) 3 rd preceding	902	913	923	933
ii) 2 nd preceding	903	From 706	From 716	From 726
iii) 1 st preceding				From 736
Total loss to be carried back				
Balance of loss available for carry-forward	919	929	939	949

Summary

Income Tax	- - - - - +	From 230 or 320	539,748 ●
Corporate Minimum Tax	- - - - - +	From 280	260,650 ●
Capital Tax	- - - - - +	From 550	1,258,885 ●
Premium Tax	- - - - - +	From 590	●
Total Tax Payable	- - - - - =	950	2,059,283 ●
Subtract: Payments	- - - - - -	960	2,394,159 ●
Capital Gains Refund (s.48)	- - - - - -	965	●
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- - - - - -	985	●
Specified Tax Credits (Refer to Guide)	- - - - - -	955	●
Other, specify	- - - - - -		●
Balance	- - - - - =	970	-334,876 ●

If payment due - - - - - Enclosed * 990 ●

If overpayment: Refund (Refer to Guide) - = 975 334,876 ●

Apply to year month day 980 ●
(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

2007-11-26

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

Attached Schedule with Total

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

Title	Deferred Credits	
Description	Amount	
Deferred Revenue	5,956,000	00
Employee Future Benefits	3,921,000	00
	Total	9,877,000 00

Attached Schedule with Total

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

Title	Line 371	
Description	Amount	
Cumulative CCA	133,747,752	00
Cumulative Depreciation	-109,468,389	00
Net Regulatory Assets/Liabilities	-9,690,400	00
Cumulative CEC amount	459,810	00
	Total	15,048,773 00

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Part 1: Calculation of CMT Base

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

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± 2100 20,741,825.

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

Provision for recovery of income taxes / benefit of current income taxes + 2101
Provision for deferred income taxes (credits) / benefit of future income taxes + 2102
Equity income from corporations + 2103
Share of partnership(s)/joint venture(s) income + 2104
Dividends received/receivable deductible under fed.s.112 + 2105
Dividends received/receivable deductible under fed.s.113 + 2106
Dividends received/receivable deductible under fed.s.83(2) + 2107
Dividends received/receivable deductible under fed.s.138(6) + 2108
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) x 3 + 2109

Subtotal = - 2110

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

Provision for current taxes / cost of current income taxes + 2111 2,426,873.
Provision for deferred income taxes (debits) / cost of future income taxes + 2112
Equity losses from corporations + 2113
Share of partnership(s)/joint venture(s) losses + 2114
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1)) ... + 2115

Subtotal = 2,426,873. + 2116 2,426,873.

Add/Subtract:

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

** Fed.s.85 + 2117 or - 2118
** Fed.s.85.1 + 2119 or - 2120
** Fed.s.97 + 2121 or - 2122
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years + 2123 or - 2124
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years + 2125 or - 2126
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years ... + 2127 or - 2128

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

Subtotal (Additions) = + 2129

Subtotal (Subtractions) = - 2130

** Other adjustments ± 2131

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 = 2132 23,168,698.

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

Adjusted net income (loss) (if loss, transfer to 2202 in **Part 2: Continuity of CMT Losses Carried Forward.**) = 2134 23,168,698.

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

* CMT losses: other eligible losses + 2211 3,158,738.

= 3,158,738. - 2135 3,158,738.

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

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

CMT Base = 2136 20,009,960.

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

CT23 Schedule 101

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
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Part 2: Continuity of CMT Losses Carried Forward

Balance at Beginning of year NOTES (1), (2)	+	2201	3,158,738
Add: Current year's losses	.....	+	2202	
Losses from predecessor corporations on amalgamation NOTE (3)	.....	+	2203	
Losses from predecessor corporations on wind-up NOTE (3)	.....	+	2204	
Amalgamation (X) 2205 <input type="checkbox"/> Yes Wind-up (X) 2206 <input type="checkbox"/> Yes				
Subtotal	=		2207	
Adjustments (attach schedule)	.....	±	2208	
CMT losses available	2201 + 2207 ± 2208	=	2209	3,158,738
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	2210	
Other eligible losses utilized during the year to reduce adjusted net income NOTE (4)	.....	+	2211	3,158,738
Losses expired during the year	.....	+	2212	
Subtotal	=		2213	3,158,738
Balances at End of Year NOTE (5)	2209 - 2213	=	2214	

Notes:

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

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1997-09-30	2260	2280
2241	8th preceding taxation year 1998-09-30	2261	2281
2242	7th preceding taxation year 1999-09-30	2262	2282
2243	6th preceding taxation year 2000-09-30	2263	2283
2244	5th preceding taxation year 2001-09-30	2264	2284
2245	4th preceding taxation year 2001-12-31	2265	2285
2246	3rd preceding taxation year 2002-12-31	2266	2286
2247	2nd preceding taxation year 2003-12-31	2267	2287
2248	1st preceding taxation year 2004-12-31	2268	2288
2249	Current taxation year 2005-12-31	2269	2289
Totals		2270	2290

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

**Corporate Minimum Tax (CMT)
CT23 Schedule 101****Page 3 of 3**

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
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Part 4: Continuity of CMT Credit Carryovers

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

Add: Current year's CMT Credit ([280] on page 8 of the CT23
or [347] on page 6 of the CT8. If negative, enter NIL) + From [280] or [347] [] 260,650

Gross Special Additional Tax NOTE (2) [312] on page 5 of CT8.
(Life Insurance corporations only.
Others enter NIL.) + From [312] []

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

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

Current year's CMT credit (If negative, enter NIL) [280] or [347] - [2305] ... = [] 260,650 + [2310] [] 260,650

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

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

Subtotal [2301] + [2310] + [2325] = [2330] [] 260,650

Adjustments (Attach schedule) ± [2332] []

CMT Credit Carryover available [2330] ± [2332] = [2333] [] 260,650

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

Subtract: CMT Credit utilized during the year to reduce income tax
([310] on page 8 of the CT23 or [351] on page 6 of the CT8.) + From [310] or [351] []

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

Subtotal = [] - [2335] []

Balances at End of Year NOTE (4) [2333] - [2335] = [2336] [] 260,650

Notes:

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

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
[2340]	9th preceding taxation year 1997-09-30	[2360]	[2380]
[2341]	8th preceding taxation year 1998-09-30	[2361]	[2381]
[2342]	7th preceding taxation year 1999-09-30	[2362]	[2382]
[2343]	6th preceding taxation year 2000-09-30	[2363]	[2383]
[2344]	5th preceding taxation year 2001-09-30	[2364]	[2384]
[2345]	4th preceding taxation year 2001-12-31	[2365]	[2385]
[2346]	3rd preceding taxation year 2002-12-31	[2366]	[2386]
[2347]	2nd preceding taxation year 2003-12-31	[2367]	[2387]
[2348]	1st preceding taxation year 2004-12-31	[2368]	[2388]
[2349]	Current taxation year 2005-12-31	[2369] 260,650	[2389]
Totals		[2370] 260,650	[2390]

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

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

CMT Losses Carried Forward Workchart

(i) Continuity of Pre-1994 CMT Losses

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

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

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1996-09-30					
9th Prior Year	1997-09-30					
8th Prior Year	1998-09-30					
7th Prior Year	1999-09-30					
6th Prior Year	2000-09-30					
5th Prior Year	2001-09-30					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31	3,158,738		3,158,738		
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
Total		3,158,738		3,158,738		

Predecessor Corporations Only – Amalgamation

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

CMT Losses Carried Forward Workchart (continued)

Predecessor Corporations Only – Wind-Up

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

CMT Credit Carryovers Workchart

Filing Corporation

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1996-09-30					
9th Prior Year	1997-09-30					
8th Prior Year	1998-09-30					
7th Prior Year	1999-09-30					
6th Prior Year	2000-09-30					
5th Prior Year	2001-09-30					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31					
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
	Total					

Predecessor Corporations Only – Amalgamation

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
	Total					

Predecessor Corporations Only – Wind-Up

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
	Total					



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

Surtax on Canadian-Controlled Private Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

[illegible]



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

Corporate Minimum Tax - Associated Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Total Assets	Total Revenue
Hydro Ottawa Holding Inc.	1800112	2005-12-31	+ 471,938,558	+ 4,171,026
Energy Ottawa Inc.	1800073	2005-12-31	+ 36,347,073	+ 9,725,083
Telecom Ottawa Limited	1800376	2005-12-31	+ 38,649,411	+ 12,184,284
Telecom Ottawa Holding Inc.	1800371	2005-12-31	+ 36,452,818	+ 947,000
Telecom Ottawa Regional Limited	9540755	2005-12-31	+ 2,292,831	+ 957,987
2038455 Ontario Inc.		2005-12-31	+ 2,943,048	+ 650,000
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
			+	+
Totals			= 588,623,739	= 28,635,380

Transfer to 249 of the CT23 Transfer to 250 of the CT23

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Loans or Advances Credited or Advanced to Corporation (includes accounts payable to related parties outstanding at the taxation year end for 120 days or more, and accounts payable to non-related parties outstanding for 365 days or more at the taxation year end)		
Due to Related Parties	+	2,000,000
Customer Deposits	+	20,327,159
Notes Payable	+	232,185,000
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
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	+	
	+	
	+	
<div> <div>Total</div> <div>Transfer to 353 of the CT23</div> </div>		= 254,512,159



Ontario

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

Ontario Charitable Donations and Gifts

Schedule 2

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

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

Part 1 – Charitable Donations

Charitable Donations at end of preceding taxation year	.....	+		A
Deduct: Donations expired after 5 taxation years	.....	–		B
Charitable donations at beginning of taxation year	.....	=		C
Add: Donations transferred on amalgamation or wind-up of subsidiary	.....	+		D
Total current year charitable donations made	.....	+	36,101	E
Subtotal D + E	.....	=	36,101	
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	.....	–		F
Total donations available C + F – G	.....	=	36,101	H
Deduct: Amount applied against taxable income (amount U, Part 2)	.....	–	36,101	U
Charitable donations closing balance	.....	=		I

Part 2 – Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75%	.....	=	15,730,559	J
Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.				
Ontario taxable capital gains arising in respect of gifts of capital property	.....	+		K
Ontario taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ITA	.....	+		L
Add the lesser of:				
1. The amount of the recapture of capital cost allowance in respect of charitable gifts	.....			M
2. The lesser of:				
2a. Proceeds of dispositions less outlays and expenses	.....			N
2b. The capital cost	.....			O
The lesser of N and O	.....			P
The lesser of M and P	.....	+		Q
Subtotal K + L + Q	.....	=		R
25% X	.....			S
Maximum deduction allowable J + S	.....	=	15,730,559	T
Claim for charitable donations (not exceeding the lesser of H from Part 1, T and net income for tax purposes)	.....		36,101	U

Enter in 1 of the CT23

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
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Part 3 – Gifts to Her Majesty in right of Ontario

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

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

Foundation Name	Date of Donation	Amount \$

Total gifts to Her Majesty in right of Ontario =

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

Deduction is the lesser of:

1. Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario	<input type="text" value="20,937,978"/> V
2. Lesser of:		
2a. Ontario Net Income for the taxation year <input type="text" value="20,974,079"/> W	
2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation <input type="text" value="X"/> X	
The lesser of W and X	<input type="text"/> Y
Maximum deduction allowable the lesser of V and Y	<input type="text"/> Z

Transfer to of the CT23

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

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

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
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Part 6 – Gifts of certified cultural property

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

Part 7 – Gifts of certified ecologically sensitive land

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

Part 8 – Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					
2001-09-30					
2000-09-30					
Totals					

Non-Capital Loss Continuity Workchart – Ontario

Non-capital losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003		N/A		N/A		
2002	17,082,635	N/A		N/A	17,082,635	
2001		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		*
Total	17,082,635				17,082,635	

Farm losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003		N/A		N/A		
2002		N/A		N/A		
2001		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		
1997		N/A		N/A		
1996		N/A		N/A		*
Total						

Restricted farm losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003		N/A		N/A		
2002		N/A		N/A		
2001		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		
1997		N/A		N/A		
1996		N/A		N/A		*
Total						

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



Ontario

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

Ontario Capital Cost Allowance Schedule 8

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Is the corporation electing under regulation 1101(5q)? 1 ☐ Yes 2 ☒ No

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	286,954,529	16,927,836		0	303,882,365	8,463,918	295,418,447	4	0	0	11,816,738	292,065,627
2	107,283,008			0	107,283,008		107,283,008	6	0	0	6,436,980	100,846,028
3	16,156,982			0	16,156,982		16,156,982	5	0	0	807,849	15,349,133
8	4,784,717	2,918,464		59,389	7,643,792	1,429,538	6,214,254	20	0	0	1,242,851	6,400,941
10	5,052,989	2,209,685		28,403	7,234,271	1,090,641	6,143,630	30	0	0	1,843,089	5,391,182
12	12,155,057	1,952,126		0	14,107,183	976,063	13,131,120	100	0	0	13,131,120	976,063
42	1,166,195			0	1,166,195		1,166,195	12	0	0	139,943	1,026,252
45	938,507	360,808		93	1,299,222	180,358	1,118,864	45	0	0	503,489	795,733
47		34,575,757		0	34,575,757	17,287,879	17,287,878	8	0	0	1,383,030	33,192,727
Totals	434,491,984	58,944,676		87,885	493,348,775	29,428,397	463,920,378				37,305,089	456,043,686

Enter in boxes 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.



Ontario

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Ontario Cumulative Eligible Capital Deduction
Schedule 10

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

- 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) 1,410,042 **A**

Add: Cost of eligible capital property acquired during the taxation year ... + 17,460 **B**
Amount transferred on amalgamation or wind-up of subsidiary ... + **C**
Other adjustments + **D**

Total of B + C + D = 17,460 x 3 / 4 = 13,095 **E**

Subtotal A + E = 1,423,137 **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 + **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) + **H**

Other adjustments + **I**

Total of G + H + I = x 3 / 4 = **J**

Ontario cumulative eligible capital balance F - J = 1,423,137 **K**

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

Current year deduction 1,423,137 **K** x 7 % * = 99,620 **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) = 1,323,517 **M**

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

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

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

Amount from line K above show as a positive amount **N**

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

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

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

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

Line 3 deduct line 4 **5**

Total lines 1 + 2 + 5 **6**

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 **7**

Deduct line 7 from line 6 **O**

N - O (cannot be negative) **P**

Amount on line 5 x 1 / 2 **Q**

P - Q **R**

Amount on line R x 2 / 3 **S**

Lesser of line N or line O **T**

Amount to be included in income S + T **S + T**

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



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Ontario Continuity of Reserves Schedule 13

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

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

Part 1 – Capital gains reserves

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

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

Part 2 – Other reserves

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

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

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

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Net regulatory liability	4,154,356		5,536,044			9,690,400
Reserves from Part 2						
Totals	4,154,356		5,536,044			9,690,400

Enter in box **653** of the CT23

Enter in box **606** of the CT23

CT23 SCHEDULE 591

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

The following associated group of corporations includes all the corporations in this associated group (excluding financial institutions and corporations exempt from capital tax) having a permanent establishment in Canada and are hereby making an election under subsection 69(2.1) of the *Corporation Tax Act* to allocate the tax effect of the group's taxable capital deduction (TCD) as calculated in section B on page 10 of the CT23 for all taxation years which end in the 2005 calendar year, based on each corporation's total assets and Ontario allocation factor from each corporation's last taxation year ending in the 2004 calendar year.

Applies to taxation years ending in the 2005 calendar year.

Corporation having a permanent establishment in Canada	Last taxation year ending in 2004 calendar year	Ontario Allocation A	Total Assets T	Net Deduction A x [TE x (T÷X)] ND	Allocation of Net Deduction AND
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
1800113	2004-12-31	100.0000	530,277,440	22,500	22,500
Corporation Name					
Hydro Ottawa Limited					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503 7,500,000 x 0.3 % = TE 22,500					
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
1800112	2004-12-31				
Corporation Name					
Hydro Ottawa Holding Inc.					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503 7,500,000 x 0.3 % = TE 22,500					
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
1800073	2004-12-31				
Corporation Name					
Energy Ottawa Inc.					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503 7,500,000 x 0.3 % = TE 22,500					
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
1800376	2004-12-31				
Corporation Name					
Telecom Ottawa Limited					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503 7,500,000 x 0.3 % = TE 22,500					
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
See Schedule					
Corporation Name					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503 x 0.3 % = TE					

If insufficient space, attach list.

Total Assets of Associated Group having permanent establishments in Canada **X** 530,277,440 959

Total Net Deductions of Associated Group having permanent establishments in Canada . . . **TND** 22,500 994

Total Allocated Net Deductions of Associated Group having permanent establishments in Canada **TAND** 22,500

2005

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

CT23 SCHEDULE 591

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
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Corporation having a permanent establishment in Canada	Last taxation year ending in 2004 calendar year	Ontario Allocation A	Total Assets T	Net Deduction $A \times [TE \times (T \div X)]$ ND	Allocation of Net Deduction AND
Corporation Tax Account Number (if applicable) 1800371	YEAR MONTH DAY 2004-12-31				995
Corporation Name Telecom Ottawa Holding Inc.					
Tax Effect (TE) of Taxable Capital Deduction TCD From CT23, Page 10, Section B 503 7,500,000 \times 0.3 % = TE 22,500					
Corporation Tax Account Number (if applicable) 9540755	YEAR MONTH DAY 2004-12-31				995
Corporation Name Telecom Ottawa Regional Limited					
Tax Effect (TE) of Taxable Capital Deduction TCD From CT23, Page 10, Section B 503 7,500,000 \times 0.3 % = TE 22,500					
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY 2004-12-31				995
Corporation Name 2038455 Ontario Inc.					
Tax Effect (TE) of Taxable Capital Deduction TCD From CT23, Page 10, Section B 503 7,500,000 \times 0.3 % = TE 22,500					

Total Assets of Associated Group having permanent establishments in Canada **X** 959

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

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

Corporate Taxpayer Summary

Corporate information

Corporation's name: Hydro Ottawa Limited

Taxation Year: 2005-01-01 to 2005-12-31

Jurisdiction: Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Corporation is associated: Y Number of associated corporations: 7

Corporation is related: Y Type of corporation: Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial*: -334,876

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensitive help.

Summary of federal information

Net income: 20,974,079 Calculation of income from an active business carried on in Canada: 20,974,079

Taxable income: 3,855,343 Dividends paid: _____

Donations: 36,101 Balance of the low income rate pool at the end of the year: _____

Balance of the general rate income pool at the end of the year: _____

Credits against part I tax

Small business deduction _____
M&P deduction _____
Foreign tax credit _____
Political contributions .. _____
Investment tax credits .. _____
Abatement/Other* 655,408

Federal taxes

Part I 809,622
Surtax 43,180
Part I.3 646,332
Part IV _____
Part I & Surtax ... 852,802
Other* _____

Refunds/credits

ITC refund _____
Dividends refund .. _____
Instalments 1,499,134
Surtax credit 43,180
Other* _____

Balance due/refund (–) _____

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryback amounts

Investment tax credits	_____	Restricted farm loss	_____
Non-capital loss	_____	Surtax credit	_____
Capital loss	_____	Part I tax credit (Schedule 42)	_____
Farm loss	_____	Federal foreign non-business income tax credit	_____

Carryforward balances

RDTOH	_____	Foreign business tax credit	_____
Charitable donations	_____	Unused surtax credit (Schedule 37)	_____
Gifts to Canada, a province or a territory	_____	Capital dividend amount	<u>192,935</u>
Gifts of certified cultural property	_____	Part I tax credit (Schedule 42)	_____
Gifts of certified ecologically sensitive land	_____	Cumulative eligible capital	<u>1,323,517</u>
Investment tax credits	_____	Capital gains reserves	_____
Non-capital losses	_____	Financial statement reserve	<u>9,690,400</u>
Capital/L.P.P. losses	_____	Other reserves	_____
Farm losses	_____	Balance of patronage dividends	_____
Restricted farm losses	_____	Continuity of exemption of accumulated income	_____

Summary of provincial information – provincial income tax payable

	Ontario (CT-23)	Québec (CO-17)	Alberta (AT1)
% Allocation	100.00		
Attributed taxable income	3,855,343		
Surtax	34,000	N.A.	N.A.
Tax payable before deduction*	539,748		
Deductions and credits	34,000		
Net tax payable	539,748		
Attributed taxable capital	427,128,476		N.A.
Capital tax payable**	1,258,885		N.A.
Total tax payable***	2,059,283		
Instalments and refundable credits	2,394,159		
Balance due/Refund (-)	-334,876		

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes corporate minimum tax and premium tax.

	British Columbia	Saskatchewan	Manitoba	
% Allocation				
Attributed taxable income				
Tax payable before deduction				
Deductions and credits				
Tax payable or refundable credit				
Attributed taxable capital				
Capital tax payable				
Instalments and refundable credits				
Balance due/Refund (-)				
	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick
% Allocation				
Attributed taxable income				
Tax payable before deduction				
Deductions and credits				
Tax payable or refundable credit				
Attributed taxable capital				
Capital tax payable				
Instalments and refundable credits				
Balance due/Refund (-)*				

* Only applies in the case of bank, a loan corporation or a trust corporation.

	Yukon	Northwest Territories	Nunavut
% Allocation			
Attributed taxable income			
Tax payable before deduction			
Deductions and credits			
Tax payable or refundable credit			

Summary of provincial carryforward amounts

	Ontario	Québec	Alberta
Non-capital losses			
Net capital/L.P.P. losses			
Farm losses			
Restricted farm losses			
Donations			
Capital gains reserves			
Financial statement reserves	9,690,400	9,690,400	9,690,400
Other reserves			
Eligible capital	1,323,517	1,323,517	1,323,517

Other carryforward amounts:

Scientific research and experimental development – Sch. 425	
Manufacturing and processing – Sch. 426	
Research and development – Sch. 380	
Manufacturing investment – Sch. 381	
Co-operative education – Sch. 384	
Odour control – Sch. 385	
Manufacturing and processing investment – Sch. 402	
Research and development – Sch. 403	
Direct equity tax – Sch. 303	
Investment – Sch. 321	
Energy efficiency tax credit – Sch. 342	
Manufacturing and processing investment – Sch. 344	
Research and development – Sch. 360	
Investment – Sch. 480	
Foreign non-business income tax credits – CO-17S.39	
Development work expenses – FM220.3	
Excess development work expenses – FM220.3	
Continuity of other eligible CMT losses – Filling Corporation – OCMT101	
Predecessor corporations only – Amalgamation – OCMT101	
Predecessor corporations only – Wind-up – OCMT101	
CMT credit carryovers workchart - Filling Corporation – OCMT101	
CMT credit carryovers workchart - Predecessor corporations only – Amalgamation	
CMT credit carryovers workchart - Wind-up – OCMT101	
Continuity Schedule for Federal ITC relating to SR&ED Expenditures for the Preceding Taxation Year - O161	
Continuity Schedule for the Amount of Federal ITC from SR&ED Expenditures relating to QORD for the Preceding Taxation Year - O161	

Five Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Federal information					
Taxation year end	2005-12-31	2004-12-31	2003-12-31	2002-12-31	2001-12-31
Net income	20,974,079	9,622,357	30,970	-21,447,427	-9,925,268
Taxable income	3,855,343				
Active business income	20,974,079	9,588,638			
Dividends paid				2,207,000	
LRIP					
GRIP					
Donations	36,101				
Balance due/refund (-)				-136,657	2,931

Federal taxes					
Part I	809,622				
Surtax	43,180				
Part I.3	646,332	760,999	883,988	863,343	219,573
Part IV					
Part I & Surtax	852,802				
Other*					
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.					

Credits against part I tax					
Small business deduction					
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit					
Abatement/other*	655,408				
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.					

Refunds/credits					
ITC refund					
Dividend refund					
Instalments	1,499,134	760,999	883,988	1,000,000	216,642
Surtax credit	43,180				
Other*					
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.					

Ontario

Taxable income	3,855,343				
Surtax	34,000				
Income tax payable before deduction	539,748				
Income tax deductions /credits	34,000				
Net income tax payable .	539,748				
Taxable capital	427,128,476	428,881,175	488,871,993	478,005,923	488,017,296
Capital tax payable	1,258,885	1,271,644	1,452,879	1,420,115	365,515
Total tax payable*	2,059,283	1,271,644	1,452,879	1,420,115	365,515
Instalments and refundable credits	2,394,159				
Balance due/refund	-334,876	-241,966	51,083	392,115	77,449

* This includes corporate minimum tax and premium tax.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended: 2006-12-31

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Revenue Canada. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Receiver General. Payment may be made either to an authorized financial institution or filed with form T9 (instalment form) and addressed to the appropriate Revenue Canada Taxation Centre.

Date	Instalments required	Instalments paid	Cumulative difference	Instalments payable
2006-01-31	137,030			137,030
2006-02-28	137,030			137,030
2006-03-31	137,030			137,030
2006-04-30	137,030			137,030
2006-05-31	137,030			137,030
2006-06-30	137,030			137,030
2006-07-31	137,030			137,030
2006-08-31	137,030			137,030
2006-09-30	137,030			137,030
2006-10-31	137,030			137,030
2006-11-30	137,030			137,030
2006-12-31	137,022			137,022
Total	1,644,352			1,644,352

Indicate instalment method chosen [1-3]: 1

1st Instalment base method

If instalments are starting late, indicate the MONTH in which you want them to start (1=January, 2=February, etc.) 1

1 – 1st Instalment base method

1st Instalment base amount (amount I below)	<u>1,644,352</u> ÷ 12 =	<u>137,030</u>
Monthly instalments required		<u>137,030</u>

2 – Combined 1st and 2nd instalment base method

2nd Instalment base amount:

Indicate:	Part I tax			
	Part I.3, VI & VI.I tax	+	<u>760,999</u>	
	Provincial tax	+		
	Total		<u>760,999</u> ÷ 12 =	<u>63,417</u> A
1/12 of estimated current year credits (H below /12)			-	
Each of the first two instalment payments			=	<u>63,417</u> B
Total tax from I below			<u>1,644,352</u>	
Amount B above x 2	-		<u>126,834</u>	
		=	<u>1,517,518</u> ÷ 10 =	<u>151,752</u>
Each of the remaining ten instalment payments			=	<u>151,752</u>

3 – Estimated tax method

Instalment base amount (amount I below)		÷ 12 =	
Monthly instalments required			

Instalment base calculation

	1st instalment base method	Estimated tax method	
Taxable income	4,546,858		
Calculation of tax payable			
Federal part I tax	1,727,806		
Federal surtax	+ 50,925	+	
Refundable tax on a CCPC's investment income	+	+	
Subtotal	1,778,731		A
Small business deduction			
Investment corporation deduction	+	+	
Federal tax abatement	+ 454,686	+	
Manufacturing and processing profits deduction	+	+	
Non-business foreign tax credit	+	+	
Business foreign tax credit	+	+	
Tax reduction, general and accelerated	+ 318,280	+	
Logging tax credit	+	+	
Federal political contribution tax credit	+	+	
Investment tax credit per Schedule 31 and resource deduction	+	+	
Qualifying environmental trust tax credit	+	+	
Subtotal	772,966		B
Total part I tax payable (A - B)	1,005,765		C
Part I.3 tax	+ 638,587	+	D
Part VI tax	+	+	D.1
Part VI.I tax	+	+	D.2
Provincial/territorial tax	+	+	E
Total			
Parts I, I.3, VI, VI.I and provincial/territorial tax	1,644,352		F
Adjustment for short taxation years:			
x 365 ÷ number of days in year if less than 365	365 ÷ 365	365 ÷ 365	
	1,644,352		G
Estimated current year credits:			
Investment tax credit refund			
Dividend refund	+	+	
Federal capital gains refund	+	+	
Provincial and territorial capital gains refund	+	+	
NRO allowable refund per Schedule 26	+	+	
Tax withheld at source	+	+	
Other estimated credits	+	+	
Total estimated current year credits			H
Instalment base amount (G - H)	1,644,352		I

Ontario Tax Instalments

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Ontario tax instalments

For the taxation year ended: 2006-12-31

The following is a list of Ontario instalments payable for the current taxation year. The last column indicates the instalments payable to the Ontario Ministry of Revenue. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. A cheque or money order should be made payable to the Minister of Finance. Payment may be made either to a chartered bank in Ontario or filed with an instalment form and addressed to:

Ministry of Revenue (Ontario)
Corporation Tax Branch
P.O. Box 620
33 King Street West
Oshawa, Ontario
L1H 8E9

Quarterly instalment

Date	Instalments required	Instalments paid	Cumulative difference	Instalments payable
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total	_____	_____	_____	_____

Date	Instalments required	Instalments paid	Cumulative difference	Instalments payable
2006-01-31	171,780	_____	_____	171,780
2006-02-28	171,780	_____	_____	171,780
2006-03-31	171,780	_____	_____	171,780
2006-04-30	171,780	_____	_____	171,780
2006-05-31	171,780	_____	_____	171,780
2006-06-30	171,780	_____	_____	171,780
2006-07-31	171,780	_____	_____	171,780
2006-08-31	171,780	_____	_____	171,780
2006-09-30	171,780	_____	_____	171,780
2006-10-31	171,780	_____	_____	171,780
2006-11-30	171,780	_____	_____	171,780
2006-12-31	171,776	_____	_____	171,776
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total	<u>2,061,356</u>	_____	_____	<u>2,061,356</u>

Indicate instalment method chosen [1-3]: 1

1st Instalment base method

Do not use the quarterly payment even if applicable "X" to continue montly payments

If instalments are starting late, indicate the MONTH in which you want them to start (1=January, 2=February, etc.) 1

1 – 1st Instalment base method

1st instalment base amount (amount I below)	<u>2,061,356</u> ÷ 12 =	<u>171,780</u>
Monthly instalments required		<u>171,780</u>
Quarterly instalments required		_____

2 – Combined 1st and 2nd instalment method			
2nd instalment base amount:			
Indicate:	Income tax, C.M.T		
	Capital tax, prem. tax	+	1,271,644
	Total	=	1,271,644 ÷ 12 = 105,971 A
Each of the first two instalment payments			105,971 B
Total tax from I below			2,061,356
Amount A above x 2		–	211,942
		=	1,849,414 ÷ 10 = 184,942
Each of the remaining ten instalment payments			184,942
Quarterly instalments required			

3 – Estimated tax method

Instalment base amount (amount I below) _____ ÷ 12 = _____

Monthly instalments required _____

Quarterly instalments required _____

	1st instalment base method	Estimated tax method
Ontario taxable income	4,546,858	
Calculation of tax payable		
Gross Ontario tax	636,560	A
Incentive deduction for an S.B.C., net of surtax		
Manufacturing and processing profits credit	+	+
Additional deduction for credit unions	+	+
Credit for foreign taxes paid	+	+
Credit for investment in S.B.D.C.	+	+
Specified credits applied against income tax	+	+
Total deduction and credits	=	= B
Income tax (A - B)	636,560	C
Capital tax	+ 1,260,958	+ D
Corporate minimum tax paid (credited)	+ 163,838	+ E
Premium tax	+	+ F
Total income tax and other taxes (C + D + E + F)	= 2,061,356	= G
Adjustment for short taxation years		
x 365 ÷ number of days in year if less than 365	365 ÷ 365	365 ÷ 365
	2,061,356	H
Total estimated current year credits	-	-
	2,061,356	I

Canada Revenue Agency
Agence du revenu
du Canada**T2 CORPORATION INCOME TAX RETURN****200****PIL FILING**

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

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. For more information on how to complete the return, see 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 tax year. For more information on when and how to file T2 returns, refer to the Guide under the heading "Before you start."

055 Do not use this area**Identification****Business Number (BN)** **001** 86339 1363 RC0001**Corporation's name****002** Hydro Ottawa LimitedHas 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 this address changed since the last time we were notified? **010** 1 Yes ☐ 2 No ☒
(If Yes, complete lines 011 to 018)**011** 3025 Albion Road North**012** P.O. 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 this address changed since the last time we were notified? **020** 1 Yes ☐ 2 No ☒
(If Yes, complete lines 021 to 028)**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**Has the location of books and records changed since the last time we were notified? **030** 1 Yes ☐ 2 No ☒
(If Yes, complete lines 031 to 038)**031** 3025 Albion Road North**032** P.O. 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 tax year, provide the effective date of the change **043**

YYYY MM DD

To which tax year does this return apply?

Tax year start	Tax year end
060 2005-01-01 061 2005-12-31	
YYYY MM DD	YYYY MM DD

Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? **063** 1 Yes ☐ 2 No ☒If Yes, provide the date control was acquired **065** YYYY MM 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 lines 030 to 038 and attach Schedule 24.

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

If Yes, complete and attach Schedule 24.

Is this the final tax year before amalgamation? **076** 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? **078** 1 Yes ☐ 2 No ☒Is the corporation a resident of Canada? **080** 1 Yes ☒ 2 No ☐ If No, give the country of residence on line 081 and complete and attach Schedule 97.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 (l) |
| 2 <input type="checkbox"/> | Exempt under paragraph 149(1)(j) |
| 3 <input type="checkbox"/> | Exempt under paragraph 149(1)(t) |
| 4 <input type="checkbox"/> | Exempt under other paragraphs of section 149 |

Do not use this area

091	092	093	094	095	096
100					

Attachments

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

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated Canadian-controlled private corporation?	160	X	23
Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	X	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; or gifts of cultural or ecological property?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming reserves of any kind?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Was the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226		26*
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	233	X	33/34/35
Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236	X	36
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax?	255		92 *

* We do not print this schedule.

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	<input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	258	<input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	260	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	<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?	264	<input type="checkbox"/>	T1174

Additional information

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

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

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

If the major business activity involves the resale of goods, show 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	100.000 %
286		287	%
288		289	%

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL. 300 21,665,594 A

Deduct:

Charitable donations from Schedule 2	311	36,101
Gifts to Canada, a province, or a territory from Schedule 2	312	
Cultural gifts from Schedule 2	313	
Ecological gifts from Schedule 2	314	
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	
Part VI.1 tax deduction from Schedule 43 *	325	
Non-capital losses of preceding tax years from Schedule 4	331	17,082,635
Net capital losses of preceding tax years from Schedule 4	332	
Restricted farm losses of preceding tax years from Schedule 4	333	
Farm losses of preceding tax years from Schedule 4	334	
Limited partnership losses of preceding tax years from Schedule 4	335	
Taxable capital gains or taxable dividends allocated from a central credit union	340	
Prospector's and grubstaker's shares	350	
Subtotal		17,118,736

Subtotal (amount A minus amount B) (if negative, enter "0") 4,546,858 C

Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions 355 D

Taxable income (amount C plus amount D) 360 4,546,858

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

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) 4,546,858 Z

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

Small business deduction

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

Income from active business carried on in Canada from Schedule 7	400	21,665,594	A
Taxable income from line 360, minus 10/3 of the amount on line 632*, minus 3 times the amount on line 636**, and minus any amount that, because of federal law, is exempt from Part I tax	405	4,546,858	B

Calculation of the business limit:

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

250,000	x	Number of days in the tax year in 2004	=	1
		Number of days in the tax year	365	
300,000	x	Number of days in the tax year in 2005 and in 2006	365	= 300,000 2
		Number of days in the tax year	365	
400,000	x	Number of days in the tax year after 2006	=	3
		Number of days in the tax year	365	
Add amounts at lines 1, 2, and 3				300,000 4

Business limit (see notes 1 and 2 below)	410	300,000	C
--	-----	---------	---

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

Business limit reduction:

Amount C	300,000	x	415 ***	946,124	D	=	25,229,973	E
				11,250				

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

Small business deduction

Whichever amount is the least A, B, C or F										G1
Amount G1	x	Number of days in the tax year before 2008	365	x	16.00 %	=				G2
		Number of days in the tax year	365							
Amount G1	x	Number of days in the tax year in 2008		x	16.50 %	=				G3
		Number of days in the tax year	365							
Amount G1	x	Number of days in the tax year after 2008		x	17.00 %	=				G4
		Number of days in the tax year	365							

Small business deduction – total of amounts G2, G3, and G4	430	G
(enter amount G on line 9)		

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

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

*** Large corporations

- The amount to be entered at line 415 is the total taxable capital employed in Canada **minus** \$10,000,000 x 0.225%, calculated on Schedule 33, *Part I.3 Tax On Large Corporations*, Schedule 34, *Part I.3 Tax On Financial Institutions* or Schedule 35, *Part I.3 Tax On Large Insurance Companies*.
- If the corporation is not associated with any corporations in both the current and the preceding tax years, use the applicable schedule for the **prior** year. (Amount **P** in Part 6 of Schedule 33; Amount **O** in Part 6 of Schedule 34; Amount **DD** in Part 6 of Schedule 35)
- If the corporation is not associated with any corporations in the current tax year, but was associated in the preceding tax year, use the applicable schedule for the **current** year.
- For corporations associated in the current tax 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)	.....	x	$\frac{300,000}{\text{line 4 above}}$	=	.....	A
Net active business income (amount from line 400) *	.....				21,665,594	B
Taxable income from line 360 minus 3 times the amount at line 636** on, and minus any amount that, because of federal law, is exempt from Part I Tax	.....		4,546,858			C
Deduct:						
Aggregate investment income (amount from line 440)	.....					D
Amount C minus amount D (if negative, enter "0")	.....		4,546,858	▶	4,546,858	E
Amount A, B, or E above, whichever is less	.....					F
Amount Z from Part 9 of Schedule 27	.....	x	100 / 7	=		G
Amount QQ from Part 13 of Schedule 27	.....					H
Taxable resource income (amount from line 435)	.....					I
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	.....					J
Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less	.....					K
Total of amounts G, H, I, J, and K	.....			▶		L
Amount F minus amount L (if negative, enter "0")	.....					M
Accelerated tax reduction – 7.00 % of amount M (enter amount N on line 637)	.....					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 125.11(1)]	.....				435	A
Amount A	.....	x	Number of days in the tax year in 2004	x	2 % =	B
			Number of days in the tax year	365		
Amount A	.....	x	Number of days in the tax year in 2005	x	3 % =	C
			Number of days in the tax year	365		
Amount A	.....	x	Number of days in the tax year in 2006	x	5 % =	D
			Number of days in the tax year	365		
Amount A	.....	x	Number of days in the tax year after 2006	x	7 % =	E
			Number of days in the tax year	365		
Resource deduction – total of amounts B, C, D, and E (enter amount F on line 10)	.....				438	F

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360	.....				4,546,858	A
Amount Z1 from Part 9 of Schedule 27	.....					B
Amount QQ from Part 13 of Schedule 27	.....					C
Taxable resource income from line 435 above	.....					D
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)	.....					E
Amount on line 400, 405, 410, or 425, whichever is the least	.....					F
Aggregate investment income from line 440	.....					G
Amount used to calculate the accelerated tax reduction (amount M)	.....					H
Total of amounts B, C, D, E, F, G, and H	.....			▶		I
Amount A minus amount I (if negative, enter "0")	.....				4,546,858	J
Amount J	4,546,858	x	Number of days in the tax year before 2008	x	7 % =	K1
			Number of days in the tax year	365		
Amount J	4,546,858	x	Number of days in the tax year in 2008	x	7.5 % =	K2
			Number of days in the tax year	365		
Amount J	4,546,858	x	Number of days in the tax year in 2009	x	8 % =	K3
			Number of days in the tax year	365		
Amount J	4,546,858	x	Number of days in the tax year after 2009	x	9 % =	K4
			Number of days in the tax year	365		
General tax reduction for Canadian-controlled private corporations – total of amounts K1, K2, K3, and K4 (enter amount K on line 638)	.....				318,280	K

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, or a mutual fund corporation; and for tax years starting after May 1, 2006, any corporation with taxable income that is not subject to the full tax rate of 38% (eg. deposit insurance company).

Taxable income from line 360										_____	L	
Amount Z1 from Part 9 of Schedule 27										_____	M	
Amount QQ from Part 13 of Schedule 27										_____	N	
Taxable resource income from line 435 above										_____	O	
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)										_____	P	
Total of amounts M, N, O, and P										=====	▶ _____	Q
Amount L minus amount Q (if negative, enter "0")										=====	_____	R
Amount R	_____	x	Number of days in the tax year before 2008	_____	365	x	7 %	=	_____	S1		
			Number of days in the tax year		365							
Amount R	_____	x	Number of days in the tax year in 2008	_____		x	7.5 %	=	_____	S2		
			Number of days in the tax year		365							
Amount R	_____	x	Number of days in the tax year in 2009	_____		x	8 %	=	_____	S3		
			Number of days in the tax year		365							
Amount R	_____	x	Number of days in the tax year after 2009	_____		x	9 %	=	_____	S4		
			Number of days in the tax year		365							
General tax reduction – total of amounts S1, S2, S3, and S4 (enter amount S on line 639)										_____	S	

- **Refundable portion of Part I tax**

Canadian-controlled private corporations throughout the tax year

Aggregate investment income	440	x	26 2 / 3 %	=		A
(amount O from Part 1 of Schedule 7)						
Foreign non-business income tax credit from line 632						
Deduct:						
Foreign investment income	445	x	9 1 / 3 %	=		
(amount L from Part 2 of Schedule 7)						B
(if negative, enter "0")						B
Amount A minus amount B (if negative, enter "0")						C
Taxable income from line 360						4,546,858
Deduct:						
Amount on line 400, 405, 410, or 425, whichever is the least						
Foreign non-business income tax credit from line 632						
						x 25 / 9 =
Foreign business income tax credit from line 636						x 3 =
						4,546,858
						x 26 2 / 3 % =
						1,212,495
Part I tax payable minus investment tax credit refund (line 700 minus line 780)						1,005,765
Deduct: Corporate surtax from line 600						50,925
Net amount						954,840
Refundable portion of Part I tax – Amount C, D, or E, whichever is the least						450

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding tax year	460		
Deduct: Dividend refund for the previous tax year	465		
		▶	G
Add the total of:			
Refundable portion of Part I tax from line 450 above			
Total Part IV tax payable from line 360 of Schedule 3			
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480		
		▶	H
Refundable dividend tax on hand at the end of the tax year – Amount G plus amount H		485	

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the tax year			
Taxable dividends paid in the tax year from line 460 of Schedule 3		x 1 / 3	I
Refundable dividend tax on hand at the end of the tax year from line 485 above			J
Dividend refund – Amount I or J, whichever is less (enter this amount on line 784)			

Part I tax**Base amount of Part I tax** – 38.00 % of taxable income (line 360 or amount Z, whichever applies) **550** 1,727,806 **A****Corporate surtax calculation**Base amount from line A above 1,727,806 **1****Deduct:**10 % of taxable income (line 360 or amount Z, whichever applies) 454,686 **2**Investment corporation deduction from line 620 below **3**Federal logging tax credit from line 640 below **4**Federal qualifying environmental trust tax credit from line 648 below **5**

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

28.00 % of taxable income from line 360 **a**28.00 % of taxed capital gains **b** **6**Part I tax otherwise payable **c**(line A **plus** lines C and D **minus** line F)Total of lines 2 to 6 454,686 **7**Net amount (line 1 **minus** line 7) 1,273,120 **8****Corporate surtax**line 8 1,273,120 x 4 % x $\frac{\text{Number of days in the tax year before 2008}}{\text{Number of days in the tax year}} \frac{365}{365} = \mathbf{600}$ 50,925 **B**Recapture of investment tax credit from line OO in Part 17 of Schedule 31 **602** **C****Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income**
(if it was a CCPC throughout the tax year)Aggregate investment income from line 440 **i**

Taxable income from line 360 4,546,858

Deduct:Amount on line 400, 405, 410, or 425,
whichever is the leastNet amount 4,546,858 **4,546,858 ii****Refundable tax on CCPC's investment income** – 6 2 / 3 % of whichever is less: amount i or ii **604** **D**Subtotal (add lines A, B, C, and D) 1,778,731 **E****Deduct:**Small business deduction from line 430 **9**Federal tax abatement **608** 454,686Manufacturing and processing profits deduction from amount BB
or amount RR of Schedule 27 **616**Investment corporation deduction **620**
(taxed capital gains **624**)Additional deduction – credit unions from Schedule 17 **628**Federal foreign non-business income tax credit from Schedule 21 **632**Federal foreign business income tax credit from Schedule 21 **636**Accelerated tax reduction from amount N **637**Resource deduction from line 438 **10**General tax reduction for CCPCs from amount K **638** 318,280General tax reduction from amount S **639**Federal logging tax credit from Schedule 21 **640**Federal political contribution tax credit **644**Federal political contributions **646**Federal qualifying environmental trust tax credit **648**Investment tax credit from Schedule 31 **652**Subtotal 772,966 **772,966 F****Part I tax payable** – Line E **minus** line F (enter amount G on line 700) 1,005,765 **G**

Summary of tax and credits

Federal tax

Part I tax payable	700	1,005,765
Part I.3 tax payable from Schedule 33, 34, or 35	704	638,587
Part II surtax payable from Schedule 46	708	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		1,644,352

Add provincial or territorial tax:

Provincial or territorial jurisdiction	750	Ontario
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)		
Net provincial or territorial tax payable (except Québec, Ontario, and Alberta)	760	
Provincial tax on large corporations (New Brunswick and Nova Scotia)	765	
Total tax payable	770	1,644,352 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Allowable refund for non-resident-owned investment corporations from Schedule 26	804	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	1,644,352
Total credits	890	1,644,352
Balance (line A minus line B)		1,644,352 B

Refund code 894 Overpayment

Direct deposit request

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

☐ Start ☐ Change information 910 Branch number
914 Institution number 918 Account number

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

Balance unpaid
Enclosed payment 898

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No ☒

Certification

I, 950 Grue	951 Mike	954 Treasurer
Last name	First name	Position, office, or rank
I am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.		
955 2007-11-26	Signature of the authorized signing officer of the corporation	956 (613) 738-5499
Date (yyyy/mm/dd)		Telephone number
Is the contact person the same as the authorized signing officer? If No, complete the information below		957 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
958	Name	959 Telephone number

Language of correspondence – Langue de correspondance

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

1 English / Anglais ☒ 2 Français / French ☐

Schedule of Instalment Remittances

Name of corporation contact: Mike Grue

Telephone number: (613) 738-5499

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	Instalment Remittances	1,644,352
Total amount of instalments claimed (carry the result to line 840 of the T2 Return)		1,644,352 A
Total instalments credited to the taxation year per T9		1,644,352 B

Transfer

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



GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

Balance sheet information

Account	Description	GIFI	Amount	Prior year
Assets				
	Total current assets	1599 +	153,868,192	141,255,284
	Total tangible capital assets	2008 +	410,388,854	383,162,690
	Total accumulated amortization of tangible capital assets	2009 –		
	Total intangible capital assets	2178 +		
	Total accumulated amortization of intangible capital assets	2179 –		
	Total long-term assets	2589 +	6,999,809	5,859,466
	* Assets held in trust	2590 +		
	Total assets (mandatory field)	2599 =	571,256,855	530,277,440

Liabilities				
	Total current liabilities	3139 +	133,299,663	356,218,096
	Total long-term liabilities	3450 +	258,339,372	15,183,166
	* Subordinated debt	3460 +		
	* Amounts held in trust	3470 +		
	Total liabilities (mandatory field)	3499 =	391,639,035	371,401,262

Shareholder equity				
	Total shareholder equity (mandatory field)	3620 +	179,617,820	158,876,178

	Total liabilities and shareholder equity	3640 =	571,256,855	530,277,440
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Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849 =	12,537,004	-8,204,822

* Generic item

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

Income statement information

Description	GIFI	
Operating name	0001	Hydro Ottawa Limited
Description of the operation . .	0002	Hydro distribution
Sequence Number	0003	01

Account	Description	GIFI	Amount	Prior year
Income statement information				
	Total sales of goods and services	8089 +	693,897,820	605,213,934
	Cost of sales	8518 -	592,231,027	507,837,542
	Gross profit/loss	8519 =	101,666,793	97,376,392
	Cost of sales	8518 +	592,231,027	507,837,542
	Total operating expenses	9367 +	78,498,095	79,999,416
	Total expenses (mandatory field)	9368 =	670,729,122	587,836,958
	Total revenue (mandatory field)	8299 +	693,897,820	605,213,934
	Total expenses (mandatory field)	9368 -	670,729,122	587,836,958
	Net non-farming income	9369 =	23,168,698	17,376,976

Farming income statement information				
	Total farm revenue (mandatory field)	9659 +		
	Total farm expenses (mandatory field)	9898 -		
	Net farm income	9899 =		

	Net income/loss before taxes and extraordinary items	9970 =	23,168,698	17,376,976
--	---	---------------	------------	------------

Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975 -		
	Legal settlements	9976 -		
	Unrealized gains/losses	9980 +		
	Unusual items	9985 -		
	Current income taxes	9990 -	2,426,873	761,192
	Deferred income tax provision	9995 -		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999 =	20,741,825	16,615,784

Attached Schedule with Total

Amount – Sales from resource properties

Title _____

NOTES CHECKLIST

Corporation's name	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- This schedule should be completed from the perspective of the person who prepared or reported on the **financial statements**. This person is referred to as the "accounting practitioner", in this schedule.
- For more information, see RC4088, *Guide to the General Index of Financial Information (GIFI) for Corporations* and T4012, *T2 Corporation – Income Tax Guide*.
- Attach a copy of this schedule, along with any Notes to the financial statements, to the GIFI.

Part 1 – Accounting practitioner information

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

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

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

Note

If the accounting practitioner does not have a professional designation **or** is connected with the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4.

Part 2 – Type of involvement

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

Completed an auditor's report 1 ☒

Completed a review engagement report 2 ☐

Conducted a compilation engagement 3 ☐

Part 3 – Reservations

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

Has the accounting practitioner expressed a reservation? **099** 1 Yes ☐ 2 No ☒

Part 4 – Other information

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

If Yes, complete lines 102 to 107 below:

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

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

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

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

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

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

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

If Yes, complete line 109 below:

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

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Corporation's name	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

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

Net income (loss) after taxes and extraordinary items per financial statements 20,741,825 A

Add:

Provision for income taxes – current	101	2,426,873	
Amortization of tangible assets	104	29,674,251	
Charitable donations from Schedule 2	112	36,101	
Non-deductible meals and entertainment expenses	121	83,724	
Reserves from financial statements – balance at the end of the year	126	9,690,400	
Subtotal of additions		41,911,349	▶ 41,911,349

Other additions:

Miscellaneous other additions:

600 Employee future benefit per Financial Statements	290	584,689	
601 Accrued penalty for occupational health & safety act	291	120,000	
Subtotal of other additions	199	704,689	▶ 704,689
Total additions	500	42,616,038	▶ 42,616,038

Deduct:

Gain on disposal of assets per financial statements	401	29,705	
Capital cost allowance from Schedule 8	403	36,613,574	
Cumulative eligible capital deduction from Schedule 10	405	99,620	
Reserves from financial statements – balance at the beginning of the year	414	4,154,356	
Subtotal of deductions		40,897,255	▶ 40,897,255

Other deductions:

Miscellaneous other deductions:

700 Actual employee benefits paid	390	328,171	
701 AFUDC	391	466,843	
Subtotal of other deductions	499	795,014	▶ 795,014
Total deductions	510	41,692,269	▶ 41,692,269

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 21,665,594



CHARITABLE DONATIONS AND GIFTS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- For use by corporations to claim any of the following:
 - charitable donations;
 - gifts to Canada, a province, or a territory;
 - gifts of certified cultural property;
 - gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five-year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the windup of a subsidiary as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*.
- For donations and gifts made after March 22, 2004, proposed subsection 110.1(1.2) of the *Income Tax Act* provides as follows:
 - where a particular corporation has undergone a change of control, for taxation years that end on or after the change of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the change of control.
 - if a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the change of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation – Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount (\$100 or more only)		
United Way			36,101
		Subtotal	36,101
	Add: Total donations of less than \$100 each		
	Total donations in current taxation year		36,101
	Federal	Quebec	Alberta
Charitable donations at the end of the preceding taxation year			
Deduct: Charitable donations expired after five taxation years	239		
Charitable donations at the beginning of the taxation year	240		
Add:			
Charitable donations transferred on an amalgamation or the windup of a subsidiary	250		
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1)	210	36,101	
Subtotal (line 250 plus line 210)	36,101	36,101	36,101
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255		
Total charitable donations available	36,101	36,101	36,101
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	260	36,101	36,101
Charitable donations closing balance	280		

Amounts carried forward – Charitable donations

Year of origin:		Federal	Quebec	Alberta
1 st prior year	2004			
2 nd prior year	2003			
3 rd prior year	2002			
4 th prior year	2001			
5 th prior year	2001			
6 th prior year *	2000			
Total (to line A)				

* These donations expired in the current year.

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

Net income for tax purposes * multiplied by 75 %	16,249,196	B
Taxable capital gains arising in respect of gifts of capital property		
– lines 895 and 896 of Schedule 6, multiplied by the inclusion rate		
– other		
Total	225	C
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01)	227	D
The amount of the recapture of capital cost allowance in respect of charitable gifts	230	
Proceeds of disposition, less outlays and expenses	E	
Capital cost	F	
Amount E or F, whichever is less	235	
Amount on line 230 or 235, whichever is less		G
Subtotal (add amounts C, D, and G)		H
Amount H multiplied by 25 %		I
Subtotal (amount B plus amount I)	16,249,196	J
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)	36,101	K

* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

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

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

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If the taxation year straddles February 18, 1997, and gifts were made after this date, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

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

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Quebec	Alberta
1 st prior year	2004			
2 nd prior year	2003			
3 rd prior year	2002			
4 th prior year	2001			
5 th prior year	2001			
6 th prior year *	2000			
Total				

* These donations expired in the current year.

Part 5 – Gifts of certified ecologically sensitive land

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

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:		Federal	Quebec	Alberta
1 st prior year	2004			
2 nd prior year	2003			
3 rd prior year	2002			
4 th prior year	2001			
5 th prior year	2001			
6 th prior year *	2000			
Total				

* These donations expired in the current year.



CORPORATION LOSS CONTINUITY AND APPLICATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- 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 previous years.
- The corporation can choose whether or not to deduct an available loss from income in a tax year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- In accordance with subsection 111(4) of the Income Tax Act, when control has been acquired no amount of capital loss incurred for a tax year ending (TYE) before that time is deductible in computing taxable income in a TYE after that time AND no amount of capital loss incurred in a TYE after that time is deductible in computing taxable income of a TYE before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) & (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send 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	21,665,594
Deduct: (increase a loss)	
Net capital losses deducted in the year (enter as a positive amount)	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	
Amount of Part VI.1 tax deductible	
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)	
Deduct: (increase a loss)	
Subtotal (if positive, enter "0")	
Section 110.5 and/or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions	
Add: (decrease a loss)	
Subtotal	
Current-year farm loss	
Current-year non-capital loss (if positive, enter "0")	

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of preceding tax year	17,082,635
Deduct: Non-capital loss expired *	100
Non-capital losses at beginning of tax year	102 17,082,635
Add: Non-capital losses transferred on an amalgamation or the windup of a subsidiary corporation	105
Current-year non-capital loss (from calculation above)	110 17,082,635
Deduct:	
Other adjustments (includes adjustments for an acquisition of control)	150
Section 80 – Adjustments for forgiven amounts	140
Subsection 111(10) – Adjustments for fuel tax rebate	
Deduct:	
Amount applied against taxable income (enter on line 331 of the T2 return)	130 17,082,635
Amount applied against taxable dividends subject to Part IV tax	135 17,082,635
Deduct – Request to carry back non-capital loss to:	
Subtotal	
First preceding tax year to reduce taxable income	901
Second preceding tax year to reduce taxable income	902
Third preceding tax year to reduce taxable income	903
First preceding tax year to reduce taxable dividends subject to Part IV tax	911
Second preceding tax year to reduce taxable dividends subject to Part IV tax	912
Third preceding tax year to reduce taxable dividends subject to Part IV tax	913
Non-capital losses – Closing balance	180

* A non-capital loss expires as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004 and ending before 2006; or
- After 20 tax years if it arose in a tax year ending in 2006 and later.

Election under paragraph 88(1.1)(f)

Paragraph 88(1.1)(f) election indicator	190	Yes	<input type="checkbox"/>
Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding tax year.			

Part 2 - Capital losses

Continuity of capital losses and request for a carryback

Capital losses at end of preceding tax year	200	
Capital losses transferred on an amalgamation or the windup of a subsidiary corporation	205	
Deduct:		
Other adjustments (includes adjustments for an acquisition of control)	250	
Section 80 – Adjustments for forgiven amounts	240	
Add:		Subtotal
Current-year capital loss (from Schedule 6 calculation)		210
Non capital losses from a preceding tax year* that expired this year		A
Allowable business investment losses (ABIL) incurred in the same preceding tax year* referred to at line A		B
Enter amount from line A or B, whichever is less	215	
Allowable business investment loss expired as non-capital loss:		
line 215 divided by inclusion rate** 75.0000 %		220
		Subtotal
Note: If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the allowable business investment loss expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total at line 220 above.		
Deduct: Amount applied against current-year capital gain (see Note 1)		225
		Subtotal
Deduct – Request to carry back capital loss to: (see Note 2)		
	Capital gain (100%)	Amount carried back (100%)
First preceding tax year	67,437	951
Second preceding tax year	318,432	952
Third preceding tax year		953
Capital losses – Closing balance		280

Note 1
On line 332 of the T2 return, enter the amount from line 225 multiplied by 50%.

Note 2
Enter on lines 225, 951, 952, or 953, whichever applies, 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.

* Losses from a preceding tax year to be entered at line A and line B are the following:

- If the loss was incurred in a tax year ending before March 23, 2004, enter the loss from the 8th preceding tax year, which has expired this year;
- If the loss was incurred in a tax year ending after March 22, 2004 and before 2006, enter the loss from the 11th preceding tax year, which has expired this year.
- If the loss was incurred in a tax year ending in 2006 and later, enter the loss from the 21th preceding tax year, which has expired this year.

** The inclusion rate is the one that you used to calculate your ABIL referred to at line B. Therefore, use one of the following inclusion rates, whichever applies:

- For ABILs incurred in 1999 and preceding tax years, use 0.75.
- For ABILs incurred in 2000 and 2001 tax years, the inclusion rate is equal to amount M on Schedule 6 - version T2SCH6(01).
- For ABILs incurred in 2002 and later tax years, use 0.5.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at end of preceding tax year		
Deduct: Farm loss expired after 10 tax years	300	
Farm losses at beginning of tax year	302	
Add: Farm losses transferred on an amalgamation or the windup of a subsidiary corporation	305	
Current-year farm loss	310	
Deduct:		
Other adjustments (includes adjustments for an acquisition of control)	350	
Section 80 – Adjustments for forgiven amounts	340	
Amount applied against taxable income (enter on line 334 of the T2 return)	330	
Amount applied against taxable dividends subject to Part IV tax	335	
		Subtotal
Deduct – Request to carry back farm loss to:		
First preceding tax year to reduce taxable income	921	
Second preceding tax year to reduce taxable income	922	
Third preceding tax year to reduce taxable income	923	
First preceding tax year to reduce taxable dividends subject to Part IV tax	931	
Second preceding tax year to reduce taxable dividends subject to Part IV tax	932	
Third preceding tax year to reduce taxable dividends subject to Part IV tax	933	
Farm losses – Closing balance	380	

Part 4 – Restricted farm losses

Current-year restricted farm loss

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

Continuity of restricted farm losses and request for a carryback

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

Note

The total losses for the year from all farming businesses are calculated without including 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 tax year		
Deduct: Listed personal property loss expired after seven tax years	500	
Listed personal property losses at beginning of tax year	502	
Add: Current-year listed personal property loss (from Schedule 6)	510	
	Subtotal	
Deduct:		
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530	
Other adjustments	550	
	Subtotal	
Deduct – Request to carry back listed personal property loss to:		
First preceding tax year to reduce listed personal property gains	961	
Second preceding tax year to reduce listed personal property gains	962	
Third preceding tax year to reduce listed personal property gains	963	
Listed personal property losses – Closing balance	580	

Part 7 – Limited partnership losses

Current-year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 minus column 5 If negative, enter "0".	Current-year limited partnership losses Column 3 - 6
600	602	604	606	608		620

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from prior tax years that may be applied in the current year						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at end of preceding tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 minus column 5 If negative, enter "0".	Limited partnership losses that may be applied in the year. The lesser of columns 3 and 6
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future tax years					
Partnership identifier	Limited partnership losses at end of preceding tax year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from column 620)	Limited partnership losses applied (cannot exceed column 650)	Limited partnership losses closing balance (662 + 664 + 670 - 675)
660	662	664	670	675	680

Total (enter this amount on line 335 of the T2 return)

Non-Capital Loss Continuity Workchart

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	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A		
2004		N/A		N/A			
2003		N/A		N/A			
2002	17,082,635	N/A		N/A	17,082,635		
2001		N/A		N/A			
2001		N/A		N/A			
2000		N/A		N/A			
1999		N/A		N/A			*
Total	17,082,635				17,082,635		

Farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A		
2004		N/A		N/A			
2003		N/A		N/A			
2002		N/A		N/A			
2001		N/A		N/A			
2001		N/A		N/A			
2000		N/A		N/A			
1999		N/A		N/A			
1998		N/A		N/A			
1997		N/A		N/A			
1996		N/A		N/A			*
Total							

Restricted farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A	N/A	
2004		N/A		N/A		N/A	
2003		N/A		N/A		N/A	
2002		N/A		N/A		N/A	
2001		N/A		N/A		N/A	
2001		N/A		N/A		N/A	
2000		N/A		N/A		N/A	
1999		N/A		N/A		N/A	
1998		N/A		N/A		N/A	
1997		N/A		N/A		N/A	
1996		N/A		N/A		N/A	*
Total						N/A	

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

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end YearMonthDay
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☒

1 Class number	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (column 7 multiplied by column 8; or a lower amount) (line 403 of Schedule 1)****	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200		201	203	205	207	211		212	213	215	217	220
1	1	286,954,529	51,503,593		0	25,751,797	312,706,325	4	0	0	12,508,253	325,949,869
2	2	Dist equip pre 88	107,283,008		0		107,283,008	6	0	0	6,436,980	100,846,028
3	3	buildings pre 88	16,156,982		0		16,156,982	5	0	0	807,849	15,349,133
4	8		4,784,717	2,918,464	59,389	1,429,538	6,214,254	20	0	0	1,242,851	6,400,941
5	10		5,052,989	2,209,685	28,403	1,090,641	6,143,630	30	0	0	1,843,089	5,391,182
6	12		12,155,057	1,952,126	0	976,063	13,131,120	100	0	0	13,131,120	976,063
7	42		1,166,195		0		1,166,195	12	0	0	139,943	1,026,252
8	45		938,507	360,808	93	180,358	1,118,864	45	0	0	503,489	795,733
Total		434,491,984	58,944,676		87,885	29,428,397	463,920,378				36,613,574	456,735,201

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

** Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) plus or minus certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return

Tax return			
Additions for tax purposes – Schedule 8 regular classes		58,944,676	
Additions for tax purposes – Schedule 8 leasehold improvements	+		
Operating leases capitalized for book purposes	+		
Capital gain deferred	+		
Recapture deferred	+		
Deductible expenses capitalized for book purposes – Schedule 1	+		
capitalized interest	+	320,749	
Total additions per books	=	59,265,425	59,265,425
Proceeds up to original cost – Schedule 8 regular classes		87,885	
Proceeds up to original cost – Schedule 8 leasehold improvements	+		
Proceeds in excess of original cost – capital gain	+		
Recapture deferred – as above	+		
Capital gain deferred – as above	+		
Pre V-day appreciation	+		
CIP	+	2,324,284	
Total proceeds per books	=	2,412,169	2,412,169
Depreciation and amortization per accounts – Schedule 1			– 29,674,251
Loss on disposal of fixed assets per accounts			–
Gain on disposal of fixed assets per accounts			+ 29,705
Net change per tax return			= 27,208,710

Financial statements			
Fixed assets (excluding land) per financial statements			
Closing net book value			410,388,854
Opening net book value	–		383,162,690
Net change per financial statements	=		27,226,164
If the amounts from the tax return and the financial statements differ, explain why below			
difference is ECE addition of land rights of \$17460			

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

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

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

	Name 100	Country of residence (if other than Canada) 200	Business Number (Canadian corporation only) (see note 1) 300	Relation-ship code (see note 2) 400	Number of common shares owned 500	% of common shares owned 550	Number of preferred shares owned 600	% of preferred shares owned 650	Book value of capital stock 700
1.	Hydro Ottawa Holding Inc.		89411 0816 RC0001	1					
2.	Energy Ottawa Inc.		86338 9961 RC0001	3					
3.	Telecom Ottawa Limited		86244 6531 RC0002	3					
4.	Telecom Ottawa Holding Inc.		86202 9337 RC0001	3					
5.	Telecom Ottawa Regional Limited		88790 3326 RC0002	3					
6.	2038455 Ontario Inc.			3					
7.	Powertrail Inc.			3					

Note 1: Enter "NR" if a corporation is not registered.

Note 2: Enter the code number of the relationship that applies from the following order: 1 – Parent 2 – Subsidiary 3 – Associated 4 – Related, but not associated.



CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")		200	1,410,042	A
Add:	Cost of eligible capital property acquired during the taxation year	222	17,460	
	Other adjustments	226		
	Subtotal (line 222 plus line 226)		17,460	
			$\times 3 / 4 =$	13,095
	Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228	$\times 1 / 2 =$	C
	amount B minus amount C (if negative, enter "0")		13,095	D
	Amount transferred on amalgamation or wind-up of subsidiary	224		E
	Subtotal (add amounts A, D, and E)	230	1,423,137	F
Deduct:	Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242		G
	The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244		H
	Other adjustments	246		I
	(add amounts G, H, and I)		$\times 3 / 4 =$	248
	Cumulative eligible capital balance (amount F minus amount J)		1,423,137	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)				
	Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
	amount K		1,423,137	
	less amount from line 249			
	Current year deduction		1,423,137	
		$\times 7.00 \% =$	250	99,620
	(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		99,620	L
	Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")		300	1,323,517
			M	

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

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

Amount from line K (show as positive amount)		N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400	1
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401	2
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402	3
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408	4
Line 3 minus line 4 (if negative, enter "0")		5
Total of lines 1, 2 and 5		6
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400		7
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000		8
Subtotal (line 7 plus line 8)	409	9
Line 6 minus line 9 (if negative, enter "0")		O
Line N minus line O (if negative, enter "0")		P
Line 5 _____ x 1 / 2 =		Q
Line P minus line Q (if negative, enter "0")		R
Amount R _____ x 2 / 3 =		S
Amount N or amount O, whichever is less		T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410	

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)						
	Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
1	Net regulatory liability	4,154,356		5,536,044		9,690,400
2						
	Reserves from Part 2 of Schedule 13					
Totals		4,154,356		5,536,044		9,690,400

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

DEFERRED INCOME PLANS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

Type of plan (see note 1)	Amount of contribution \$ (see note 2)	Registration number (RPP, RSUBP, and DPSP only)	Name of EPSP trust	Address of EPSP trust	T4PS slip(s) filed by: (see note 3) (EPSP only)
100	200	300	400	500	600
1 1	2,257,000				

Note 1: Enter the applicable code number:
1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP

Note 2: You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:
Total of all amounts indicated in column 200 of this schedule 2,257,000 **A**
Less:
Total of all amounts for deferred income plans deducted in your financial statements 2,257,000 **B**
Deductible amount for contributions to deferred income plans
(amount A **minus** amount B) (if negative, enter "0") **C**
Enter amount C on line 417 of Schedule 1
Note 3: T4PS slip(s) filed by: 1 – Trustee
2 – Employer



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

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.

- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

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

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

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

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

Column 4: Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

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

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2004	\$225,001 to \$250,000
2005	\$250,001 to \$300,000
2006	maximum \$300,000
2007	\$300,001 to \$400,000

If the calendar year to which this agreement applies is after 2007, ensure that the total at line A does not exceed \$400,000.

Allocating the business limit

Date filed (do not use this area) **025** Year Month Day

Enter the calendar year to which the agreement applies **050** Year
2005

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? **075** 1 Yes ☐ 2 No ☒

	1 Names of associated corporations	2 Business Number of associated corporations	3 Asso- ciation code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
1	Hydro Ottawa Limited	86339 1363 RC0001	1	300,000	100.0000	300,000
2	Hydro Ottawa Holding Inc.	89411 0816 RC0001	1	300,000		
3	Energy Ottawa Inc.	86338 9961 RC0001	1	300,000		
4	Telecom Ottawa Limited	86244 6531 RC0002	1	300,000		
5	Telecom Ottawa Holding Inc.	86202 9337 RC0001	1	300,000		
6	Telecom Ottawa Regional Limited	88790 3326 RC0002	1	300,000		
7	2038455 Ontario Inc.		1	300,000		

	1 Names of associated corporations	2 Business Number of associated corporations	3 Asso- ciation code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
8	Powertrail Inc.		1	300,000		
	Total				100.0000	300,000

A

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 factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to $0.225\% \times (A - \$10,000,000)$ where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

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

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

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

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



PART I.3 TAX ON LARGE CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

- 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 of 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) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 2) 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);
 - 3) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 4) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 5) 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	9,877,000
Capital stock (or members' contributions if incorporated without share capital)	103	167,080,816
Retained earnings	104	12,537,004
Contributed surplus	105	
Any other surpluses	106	
Deferred unrealized foreign exchange gains	107	
All loans and advances to the corporation	108	254,512,159
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	
Any dividends declared but not paid by the corporation before the end of the year	110	
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	

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

Subtotal	444,006,979	▶	444,006,979	A
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Deduct the following amounts:

Deferred tax debit balance at the end of the year	121	
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	
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	
The amount of deferred unrealized foreign exchange losses at the end of the year	124	

Subtotal	▶	B
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Capital for the year (amount A minus amount B) (if negative, enter "0")	190	444,006,979
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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
A loan or advance to another corporation (other than a financial institution)	402
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403
Long-term debt of a financial institution	404
A dividend receivable on a share of the capital stock of another corporation	405
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
An interest in a partnership (see note 1 below)	407
Investment allowance for the year	490

Notes:

- Where the corporation has an interest in a partnership or in 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.
- 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)].
- 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)	444,006,979	C
Deduct: Investment allowance for the year (line 490)		D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500 444,006,979	

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)	444,006,979	x	Taxable income earned in Canada	610	4,546,858	=	Taxable capital employed in Canada	690	444,006,979
			Taxable income		4,546,858				

- Notes:**
- Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - 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.
 - In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was 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
--	-----

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
---	-----

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
--	-----

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

Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0")	790
--	------------

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)	444,006,979	
Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)	801 50,000,000	
Excess of taxable capital employed in Canada over capital deduction	811 394,006,979	
Line 811 $\frac{394,006,979}{365} \times \frac{\text{Number of days in the taxation year in 2004}}{365} \times 0.00200000 =$		F
Line 811 $\frac{394,006,979}{365} \times \frac{\text{Number of days in the taxation year in 2005}}{365} \times 0.00175000 =$		G 689,512
Note: The Part 1.3 tax rate is reduced to 0% for the days in the taxation year that are after 2005.		
Subtotal (add amounts F and G)	689,512	H
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax as follows:		
Amount H $\frac{689,512}{365} \times \frac{\text{Number of days in the year (365)}}{365} =$		I
Gross Part 1.3 tax (amount H or I, whichever applies)	820 689,512	

Part 6 – Calculation of gross Part 1.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)	444,006,979	J
Deduct: Line 801 above $\frac{50,000,000}{1/5} =$	10,000,000	K
Excess (amount J minus amount K) (if negative, enter "0")	434,006,979	L
Amount L $\frac{434,006,979}{365} \times 0.00225 =$	976,516	M
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax for purposes of the unused surtax credit as follows:		
Amount M $\frac{976,516}{365} \times \frac{\text{Number of days in the year (365)}}{365} =$		N
Gross Part 1.3 tax for purposes of the unused surtax credit (amount M or N, whichever applies)	821 976,516	

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 O, whichever is less:

a) line 600 from the T2 return **a**
b) line 700 from the T2 return **b** O

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

c) line 600 from the T2 return $\frac{50,925}{\text{line 690 of this schedule}} \times \frac{444,006,979}{\text{line 500 of this schedule}} = 50,925$ **c**
d) line 700 from the T2 return 1,005,765 **d** 50,925 P

Current-year surtax credit available (amount O or P, whichever applies) **830** 50,925

Part 8 – Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830) 50,925
Less: Gross Part I.3 tax for purposes of the unused surtax credit (line 821) 976,516

Current-year unused surtax credit (if negative, enter "0") **850**

Enter this amount at line 600 on Schedule 37.

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

Gross Part I.3 tax (line 820) 689,512 Q

Deduct:

Current-year surtax credit applied (line 820 or 830, whichever is less) **861** 50,925
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37) **862**
Subtotal (cannot be more than amount on line 820) 50,925 ► 50,925 R

Net Part I.3 tax payable (amount Q minus amount R) **870** 638,587

Enter this amount at line 704 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Sch.33 Line 108

Description	Amount	
Notes payable	232,185,000	00
Customer deposits	20,327,159	00
Owed to Related Parties	2,000,000	00
Total	254,512,159	00



AGREEMENT AMONG RELATED CORPORATIONS – PART 1.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$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 1.3 tax.**
- 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.

Agreement

Date filed (do not use this area)	.....	010	Year Month Day
Is this an amended agreement?	.....	020	1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
Calendar year to which the agreement applies	.....	030	Year 2005

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 1.3 tax under subsection 181.1(3) does not have to be included.

	Names of all corporations which are members of the related group 200	Business Number (if a corporation is not registered, enter "NR") 300	Allocation of capital deduction for the year \$ 400	Taxation year end to which this agreement applies* (YYYY/MM/DD) 500
	Hydro Ottawa Limited	86339 1363 RC0001	50,000,000	
1	Hydro Ottawa Holding Inc.	89411 0816 RC0001		
2	Energy Ottawa Inc.	86338 9961 RC0001		
3	Telecom Ottawa Limited	86244 6531 RC0002		
4	Telecom Ottawa Holding Inc.	86202 9337 RC0001		
5	Telecom Ottawa Regional Limited	88790 3326 RC0002		
6	2038455 Ontario Inc.			
7	Powertrail Inc.			

Total (cannot be more than \$50,000,000) **50,000,000**

* 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.

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2005-12-31

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

		Provide only one number per shareholder				
Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)		Business Number	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100		200	300	350	400	500
1	Hydro Ottawa Holding Inc.	89411 0816 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						



Ontario

Ministry of Finance

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

2006

CT23 Corporations Tax and Annual Return

For taxation years commencing after December 31, 2003

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

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

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

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

Corporation's Legal Name (including punctuation) Hydro Ottawa Limited			Ontario Corporations Tax Account No. (MOF) 1800113														
Mailing Address 3025 Albion Road North P.O. Box 8700 Ottawa ON CA K1G 3S4			This Return covers the Taxation Year Start <table><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2005</td><td>01</td><td>01</td></tr></table> End <table><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2005</td><td>12</td><td>31</td></tr></table>			year	month	day	2005	01	01	year	month	day	2005	12	31
year	month	day															
2005	01	01															
year	month	day															
2005	12	31															
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes Date of Change <table><tr><td>year</td><td>month</td><td>day</td></tr></table>			year	month	day	Date of Incorporation or Amalgamation <table><tr><td>year</td><td>month</td><td>day</td></tr><tr><td>2000</td><td>10</td><td>03</td></tr></table>			year	month	day	2000	10	03			
year	month	day															
year	month	day															
2000	10	03															
Registered/Head Office Address 3025 Albion Road North P.O. Box 8700 Ottawa ON CA K1G 3S4			Ontario Corporation No. (MGS) 1427586														
Location of Books and Records 3025 Albion Road North P.O. Box 8700 Ottawa ON CA K1G 3S4			Canada Revenue Agency Business No. If applicable, enter 86339 1363 RC0001														
Name of person to contact regarding this CT23 Return Mike Grue		Telephone No. (613) 738-5499	Fax No. (613) 738-6402														
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MGS) Ontario Canada			Jurisdiction Incorporated Ontario														
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MGS)			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased: Commenced <table><tr><td>year</td><td>month</td><td>day</td></tr></table> Ceased <table><tr><td>year</td><td>month</td><td>day</td></tr></table> <input checked="" type="checkbox"/> Not Applicable			year	month	day	year	month	day						
year	month	day															
year	month	day															
Information on Directors/Officers/Administrators must be completed on MGS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MGS). No. of Schedule(s) <table><tr><td></td></tr></table>				Preferred Language / Langue de préférence <input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français													
If there is no change to the Directors'/Officers'/Administrators' information previously submitted to MGS, please check (X) this box. Schedule(s) A and K are not required (MGS). <input checked="" type="checkbox"/> No Change			Ministry Use 														

Certification (MGS)

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

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

Mike Grue

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

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

Hydro Ottawa Limited

1800113

2005-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

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

Type of corporation

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

2 ☐ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify) ▼

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100 %

2 1 ☐ Family Farm corporation s.1(2)

2 ☐ Family Fishing corporation s.1(2)

3 ☐ Mortgage Investment corporation s.47

4 ☐ Credit Union s.51

5 ☐ Bank Mortgage subsidiary s.61(4)

6 ☐ Bank s.1(2)

7 ☐ Loan and Trust corporation s.61(4)

8 ☐ Non-resident corporation s.2(2)(a) or (b)

9 ☐ Non-resident corporation s.2(2)(c)

10 ☐ Mutual Fund corporation s.48

11 ☐ Non-resident owned Investment corporation s.49

12 ☐ Non-resident ship or aircraft under reciprocal agreement with Canada s.28(b)

14 ☐ Bare Trustee corporation

15 ☐ Branch of Non-resident s.63(1)

16 ☐ Financial institution prescribed by Regulation only

17 ☐ Investment Dealer

18 ☐ Generator of electrical energy for sale or producer of steam for use in the generation of electrical energy for sale

19 ☒ Hydro successor, municipal electrical utility or subsidiary of either

20 ☐ Producer and seller of steam for uses other than for the generation of electricity

21 ☐ Insurance Exchange s.74.4

22 ☐ Farm Feeder Finance Co-operative corporation

23 ☐ Professional corporation (incorporated professionals only)

☐ This is the first year filing after incorporation or an amalgamation (If checked, attach Ontario Schedule 24.)

☐ Amended Return

☐ Taxation year end change – Canada Revenue Agency approval required

☐ Final taxation year up to dissolution (Note: for discontinued businesses, see guide.)

☐ Final taxation year before amalgamation

☐ The corporation has a floating fiscal year end

☐ There has been a transfer or receipt of asset(s) involving a corporation having a Canadian permanent establishment outside Ontario

☐ There was an acquisition of control to which subsection 249(4) of the federal *Income Tax Act* (ITA) applies since the previous taxation year

If checked, date control was acquired

year month day

☐ The corporation was involved in a transaction where all or substantially all (90% or more) of the assets of a non-arm's length corporation were received in the taxation year and subsection 85(1) or 85(2) of the federal ITA applied to the transaction (If checked, attach Ontario Schedule 44.)

☐ First year filing of a parent corporation after winding-up a subsidiary corporation(s) under section 88 of the federal ITA during the taxation year. (If checked, attach Ontario Schedule 24.)

☐ Section 83.1 of the CTA applies (redirection of payments for certain electricity corporations)

Yes No

☐ ☒ Was the corporation inactive throughout the taxation year?

☒ ☐ Has the corporation's Federal T2 Return been filed with the Canada Revenue Agency?

Are you requesting a refund due to:

☐ ☒ the Carry-back of a Loss?

☒ ☐ an Overpayment?

☐ ☒ a Specified Refundable Tax Credit?

☐ ☒ Are you a member of a Partnership or Joint Venture?

Complete if applicable

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

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

82097143

111195452

Specify major business activity

DISTRIBUTION OF ELE

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	21,665,594 ●
Subtract: Charitable donations	- - - - -	-		1	36,101 ●
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	- - - - -	-		2	●
Subtract: Taxable dividends deductible, per federal Schedule 3	- - - - -	-		3	●
Subtract: Ontario political contributions (Attach Schedule 2A) (Int.B. 3002R)	- - - - -	-		4	●
Subtract: Federal Part VI.1 tax	● x 3 - - - - -	-		5	●
Subtract: Prior years' losses applied – Non-capital losses	- - - - -	-	From	704	17,082,635 ●
	From 715				
Net capital losses (page 16)	● x inclusion rate 50.000000% =	-		714	●
Farm losses	- - - - -	-	From	724	●
Restricted farm losses	- - - - -	-	From	734	●
Limited partnership losses	- - - - -	-	From	754	●
Taxable Income (Non-capital loss)	- - - - -	=		10	4,546,858 ●

Addition to taxable income for unused foreign tax deduction for federal purposes - - - - - + 11 ●

Adjusted Taxable Income 10 + 11 (if 10 is negative, enter 11) - - - - - = 20 4,546,858 ●

Taxable Income

From 10 (or 20 if applicable)	4,546,858 ● x 30	100.0000 %	x 12.5 %	x 33	÷ 73	365	= + 29	●
		Ontario Allocation						
From 10 (or 20 if applicable)	4,546,858 ● x 30	100.0000 %	x 14 %	x 34	365 ÷ 73	365	= + 32	636,560 ●
		Ontario Allocation						
Income Tax Payable (before deduction of tax credits)	29 + 32	- - - - -					= 40	636,560 ●

Number of Days in Taxation Year

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

Total Days

Days after Dec. 31, 2003

Total Days

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

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

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year? (X)

☒ Yes ☐ No

* Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))	- - - -	50	21,665,594 ●
Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))	+ 51	4,546,858 ●	
Add: Losses of other years deducted for federal purposes (fed.s.111)	+ 52	17,082,635 ●	
Subtract: Losses of other years deducted for Ontario purposes (s.34)	- 53	17,082,635 ●	
	=	4,546,858 ●	54 4,546,858 ●
Federal Business limit (line 410 of the T2 Return) for the year before the application of fed.s.125(5.1)	- - - - -	55	300,000 ●

Ontario Business Limit Calculation

320,000 x	31	÷	365	= + 46	●
	Days after Dec. 31, 2002 and before Jan. 1, 2004		**		
400,000 x	34	365 ÷	365	= + 47	400,000 ●
	Days after Dec. 31, 2003		**		
Business Limit for Ontario purposes	46 + 47	= 44	400,000 ● x	48	100.0000 % = 45 400,000 ●
				Percentage of Federal Business limit (from T2 Schedule 23). Enter 100% if not associated.	
Income eligible for the IDSBC	- - - - -	From 30	100.0000 %	x 56	400,000 ● = 60 400,000 ●
			***Ontario Allocation	Least of 50 , 54 or 45	

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

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

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

continued on Page 5

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

110

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

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

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

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

Eligible Canadian Profits

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

Add: Adjustment for Surtax on Canadian-controlled private corporations

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

*Ontario Allocation

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

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

Taxable Income - - - - - + From 10 4,546,858

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

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

Subtract: Taxable Income 10 4,546,858 X Allocation % to jurisdictions outside Canada % - - - 140

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

10 - 56 + 122 - 140 - 141 - - - - - = 142 4,546,858

Claim**Number of Days in Taxation Year**

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

$$143 \times \text{From } 30 \div 100.0000\% \times 1.5\% \times \frac{33}{73} \div 365 = 154$$

Lesser of 130 or 142 Ontario Allocation

$$143 \times \text{From } 30 \div 100.0000\% \times 2\% \times \frac{34}{73} \div 365 = 156$$

Lesser of 130 or 142 Ontario Allocation

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

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

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

= 161

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

= 162

Credit for Foreign Taxes Paid (s.40)

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

170

Credit for Investment in Small Business Development Corporations (SBDC)

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

Eligible Credit 175

Credit Claimed 180

Subtotal of Income Tax

40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 - - - - - = 190 636,560

continued on Page 7

Income Tax *continued from Page 6***Specified Tax Credits** *(Refer to Guide)***Ontario Innovation Tax Credit (OITC) (s.43.3)** *Applies* to scientific research and experimental development in Ontario.Eligible Credit From OITC Claim Form *(Attach original Claim Form)* - - - - - + **Co-operative Education Tax Credit (CETC) (s.43.4)** *Applies* to employment of eligible students.Eligible Credit From CT23 Schedule 113 *(Attach Schedule 113)* - - - - - + **Ontario Film & Television Tax Credit (OFTTC) (s.43.5)***Applies* to qualifying Ontario labour expenditures for eligible Canadian content film and television productions. Name of Production Eligible Credit From of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **Graduate Transitions Tax Credit (GTTC) (s.43.6)***Applies* to employment of eligible unemployed post secondary graduates, for employment commencing prior to July 6, 2004 and expenditures incurred prior to January 1, 2005. No. of Graduates From Eligible Credit From CT23 Schedule 115 *(Attach Schedule 115)* - - - - - + **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 OBPTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - - + **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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **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 OBRITC Claim Form *(Attach original Claim Form)* - - - - - + **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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **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 of the Certificate of Eligibility issued by the Ontario Media Development Corporation (OMDC) *(Attach the original Certificate of Eligibility)* - - - - - + **Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)***Applies* to qualifying expenditures in respect of eligible Canadian sound recordings.Eligible Credit From OSRTC Claim Form *(Attach both the original Claim Form and the Certificate of Eligibility)* - - + **Apprenticeship Training Tax Credit (ATTC) (s.43.13)***Applies* to employment of eligible apprentices. No. of Apprentices From Eligible Credit From CT23 Schedule 114 *(Attach Schedule 114)* - - - - - + Other (specify) _____ - - - - - + **Total Specified Tax Credits** + + + + + + + + + + + = **Specified Tax Credits** *Applied to reduce Income Tax* - - - - - = **Income Tax** - **OR Enter NIL if reporting Non-Capital Loss** *(amount cannot be negative)* - - - - = 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 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**.

DOLLARS ONLY

Total Assets of the corporation	- - - - -	+ [240]	571,256,855 ●	
Total Revenue of the corporation	- - - - -	+ [241]	693,897,820 ●	

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

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

Name of associated corporation (Canadian & foreign) (if insufficient space attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Total Assets	Total Revenue
See schedule			+ [243] 588,623,739 ●	+ [244] 28,635,380 ●
			+ [245] ●	+ [246] ●
			+ [247] ●	+ [248] ●
Aggregate Total Assets	[240] + [243] + [245] + [247], etc.	- - - - -	= [249] 1,159,880,594 ●	
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.	- - - - -		= [250] 722,533,200 ●

Determination of Applicability

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

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

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

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

Calculation: CMT (Attach Schedule 101.)

Gross CMT Payable	- - CMT Base	From Schedule 101 [2136] 20,009,960 ●	X From [30] 100.0000 % X 4 %	= [276] 800,398 ●
		If negative, enter zero	Ontario Allocation	
Subtract: Foreign Tax Credit for CMT purposes (Attach Schedule)	- - - - -		-	[277] ●
Subtract: Income Tax	- - - - -		- From [190]	636,560 ●
Net CMT Payable (If negative, enter Nil on Page 17.)	- - - - -		=	[280] 163,838 ●

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

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

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

CMT Credit Carryover available	From Schedule 101	- - - - -	From [2333]	163,838 ●
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Application of CMT Credit Carryovers

A.	Income Tax (before deduction of specified credits)	- - - - -	+ From [190]	636,560 ●
	Gross CMT Payable	- - - - -	+ From [276]	800,398 ●
	Subtract: Foreign Tax Credit for CMT purposes	- - - - -	- From [277]	●
	If [276] - [277] is negative, enter NIL in [290]	=	800,398 ●	- [290] 800,398 ●
	Income Tax eligible for CMT Credit	- - - - -	=	[300] ●
B.	Income Tax (after deduction of specified credits)	- - - - -	+ From [230]	636,560 ●
	Subtract: CMT credit used to reduce income taxes	- - - - -	- [310]	●
	Income Tax	- - - - -	=	[320] 636,560 ●

Transfer to page 17

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

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

Hydro Ottawa Limited

1800113

2005-12-31

DOLLARS ONLY

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

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

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

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

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

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

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

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

Paid-up Capital

Paid-up capital stock (Int.B. 3012R and 3015R)	- - - - -	+	350	167,080,816
Retained earnings (if deficit, deduct) (Int.B. 3012R)	- - - - -	±	351	12,537,004
Capital and other surpluses, excluding appraisal surplus (Int.B.3012R)	- - - - -	+	352	
Loans and advances (Attach schedule) (Int.B. 3013R)	- - - - -	+	353	254,512,159
Bank loans (Int.B. 3013R)	- - - - -	+	354	
Bankers acceptances (Int.B. 3013R)	- - - - -	+	355	
Bonds and debentures payable (Int.B. 3013R)	- - - - -	+	356	
Mortgages payable (Int.B. 3013R)	- - - - -	+	357	
Lien notes payable (Int.B. 3013R)	- - - - -	+	358	

Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013R)	- - - - -	+	359	9,877,000
Contingent, investment, inventory and similar reserves (Int.B. 3012R)	- - - - -	+	360	
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012R)	- - - - -	+	361	
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017R)	- - - - -	+	362	
Subtotal	- - - - -	=	370	444,006,979

Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012R)	- - - - -	-	371	14,357,258
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Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015R)	- - - - -	-	372	
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Total Paid-up Capital	- - - - -	=	380	429,649,721
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Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015R)	- - - - -	-	381	
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Electrical Generating Corporations Only – All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation

	- - - - -	-	382	
Net Paid-up Capital	- - - - -	=	390	429,649,721

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

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

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	- - - - -	+	402	
Mortgages due from other corporations	- - - - -	+	403	
Shares in other corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	404	
Loans and advances to unrelated corporations	- - - - -	+	405	720,574
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	- - - - -	+	406	1,651,943
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	- - - - -	+	407	

Total Eligible Investments	- - - - -	=	410	2,372,517
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continued on Page 10

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

Total Assets per balance sheet		+	420	571,256,855
Mortgages or other liabilities deducted from assets		+	421	
Share of partnership(s)/joint venture(s) total assets <i>(Attach schedule)</i>		+	422	
Subtract: Investment in partnership(s)/joint venture(s)		-	423	
Total Assets as adjusted		=	430	571,256,855
Amounts in 360 and 361 (if deducted from assets)		+	440	
Subtract: Amounts in 371, 372 and 381		-	441	14,357,258
Subtract: Appraisal surplus if booked		-	442	
Add or Subtract: Other adjustments (specify on an attached schedule)		±	443	
Total Assets		=	450	556,899,597

Investment Allowance (÷) x - - - - - **Not to exceed** = 1,830,404.

Taxable Capital	390	-	460	- - - - -	=	470	427,819,317.
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Gross Revenue (as adjusted to include the share of any partnership(s)/joint venture(s) Gross Revenue)	- - -	480	693,897,820
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Total Assets	(as adjusted)	- - - - -	From	430	571,256,855 ●
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Calculation of Capital Tax for all Corporations except Financial Institutions

Note: This version (2006) of the CT23 may only be used for a taxation year that commenced after December 31, 2003.

Financial Institutions use calculations on page 13.

Important:

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

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

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

SECTION A

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

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

SECTION B

Calculation of Taxable Capital Deduction (TCD)

		Number of Days in Taxation Year			
		Days before Jan. 1, 2005	Total Days		
5,000,000	X	<input type="text" value="35"/>	<input type="text" value="365"/>	= +	<input type="text" value="500"/>
		Days after Dec. 31, 2004 and before Jan. 1, 2006		Total Days	
7,500,000	X	<input type="text" value="36"/>	<input type="text" value="365"/>	÷	<input type="text" value="73"/>
					<input type="text" value="365"/>
				= +	<input type="text" value="501"/>
					<input type="text" value="7,500,000"/>
		Days after Dec. 31, 2005 and before Jan. 1, 2007		Total Days	
10,000,000	X	<input type="text" value="37"/>	<input type="text" value="365"/>	÷	<input type="text" value="73"/>
					<input type="text" value="365"/>
				= +	<input type="text" value="502"/>
					<input type="text" value="7,500,000"/>
Capital Deduction (TCD)		<input type="text" value="500"/>	+	<input type="text" value="501"/>	+
		<input type="text" value="502"/>	=	<input type="text" value="503"/>	<input type="text" value="7,500,000"/>

SECTION C

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

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

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

C3. If Taxable Capital in **470** **exceeds the TCD** in **503**, complete the following calculation and transfer the amount from **523** to **543** on page 12, and complete the return from that point.

[illegible]

continued on Page 11

Capital Tax Calculation continued from Page 10

SECTION D

This section applies ONLY to a corporation that is a member of an associated group (excluding Financial Institutions and corporations exempt from Capital Tax) and/or partnership. You must check either 509 or 524 and complete this section before you can calculate your Capital Tax Calculation under either Section E or Section F.

D1. ☐ 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 equal to or less than the TCD 503 on page 10, enter NIL in 550 on page 12 and complete the return from that point.

If Taxable Capital 470 on page 10 exceeds the TCD 503 on page 10, proceed to **Section E**, enter the TCD amount in 542 in Section E, and complete Section E and the return from that point.

D2. ☒ 524 (X if applicable)

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

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

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

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

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

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

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

Names of associated corporations (excluding Financial Institutions and corporations exempt from Capital Tax) having a permanent establishment in Canada (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	Taxable Capital
			+ 531
			+ 532
			+ 533
Aggregate Taxable Capital	470 + 531 + 532 + 533 , etc.	- - - - -	= 540

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

Enter NIL in 523 in section E on page 12, as applicable.

If 540 above is greater than the TCD 503 on page 10, the corporation must compute its share of the TCD below in order to calculate its Capital Tax for the taxation year under Section E on page 12.

From 470 • ÷ From 540 • X From 503 • = 541 •

Transfer to 542 in Section E on page 12

Ss.69(2.1) Election Filed

☒ 591 (X if applicable)

Election filed. Attach a copy of Schedule 591 with this CT23 Return. Proceed to **Section F** on page 12.

continued on Page 12

Capital Tax continued from Page 12

Calculation of Capital Tax for Financial Institutions

1.1 Credit Unions only

For taxation years commencing after May 4, 1999 enter NIL in 550 on page 12, and complete the return from that point.

1.2 Other than Credit Unions

(Retain details of calculations for amounts in boxes 565 and 570. Do not submit with this tax return.)

565

Lesser of adjusted Taxable Paid Up Capital and Basic Capital Amount in accordance with Division B.1

x

0.6 %

x

From 30

100.0000 %

x

Days in taxation year
555 365 ÷ * 365 (366 if leap year)

=

+

569

Ontario Allocation

570

Adjusted Taxable Paid Up Capital in accordance with Division B.1 in excess of Basic Capital Amount

x

571

x

From 30

100.0000 %

x

Days in taxation year
555 365 ÷ * 365 (366 if leap year)

=

+

574

Capital Tax Rate
(Refer to Guide)

Ontario Allocation

Capital Tax for Financial Institutions – other than Credit Unions (before Section 2)

569 + 574 - - = 575

* If floating taxation year, refer to Guide.

2. Small Business Investment Tax Credit

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

Allowable Credit for Eligible Investments - - - - - 585

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

Capital Tax - Financial Institutions 575 - 585 - - - - - = 586

Transfer to 543 on Page 12

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

(1) Uninsured Benefits Arrangements - - - - - 587 x 2 % - - = 588

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.

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) - - - - - 589

Premium Tax 588 - 589 - - - - - = 590

Transfer to page 17

DOLLARS ONLY

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

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

- - - - - ± 600 21,665,594 ●
Transfer to Page 15

Add:

Federal capital cost allowance	- - - - -	+	601	36,613,574 ●
Federal cumulative eligible capital deduction	- - - - -	+	602	99,620 ●
Ontario taxable capital gain	- - - - -	+	603	●
Federal non-allowable reserves. Balance beginning of year	- - - - -	+	604	4,154,356 ●
Federal allowable reserves. Balance end of year	- - - - -	+	605	●
Ontario non-allowable reserves. Balance end of year	- - - - -	+	606	9,690,400 ●
Ontario allowable reserves. Balance beginning of year	- - - - -	+	607	●
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	- - - - -	+	608	●
Federal resource allowance (Refer to Guide)	- - - - -	+	609	●
Federal depletion allowance	- - - - -	+	610	●
Federal foreign exploration and development expenses	- - - - -	+	611	●
All Crown charges, royalties, rentals, etc. deducted for Federal purposes (Refer to Guide)	- - - - -	+	617	●
Management fees, rents, royalties and similar payments to non-arm's length non-residents ▼				

Number of Days in Taxation Year

$$612 \times 5 / 12.5 \times \left(\frac{\text{Days after Dec. 31, 2002 and before Jan. 1, 2004}}{33} \div \frac{\text{Total Days}}{73} \times 365 \right) = + 633 \cdot$$

$$612 \times 5 / 14 \times \left(\frac{\text{Days after Dec. 31, 2003}}{34} \div \frac{\text{Total Days}}{73} \times 365 \right) = + 634 \cdot$$

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

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

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

Federal allowable business investment loss - - - - - + 620 ●

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

Total of Additions 601 to 611 + 617 + 613 + 615 + 616 + 620 + 614 - - - = 50,557,950 ● 640 50,557,950 ●
Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	- - - - -	+	650	36,613,574 ●
Ontario cumulative eligible capital deduction	- - - - -	+	651	99,620 ●
Federal taxable capital gain	- - - - -	+	652	●
Ontario non-allowable reserves. Balance beginning of year	- - - - -	+	653	4,154,356 ●
Ontario allowable reserves. Balance end of year	- - - - -	+	654	●
Federal non-allowable reserves. Balance end of year	- - - - -	+	655	9,690,400 ●
Federal allowable reserves. Balance beginning of year	- - - - -	+	656	●
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	- - - - -	+	657	●
Ontario depletion allowance	- - - - -	+	658	●
Ontario resource allowance (Refer to Guide)	- - - - -	+	659	●
Ontario current cost adjustment (Attach schedule)	- - - - -	+	661	●
CCA on assets used to generate electricity from natural gas, alternative or renewable resources.	- - - - -	+	675	●

Subtotal of deductions for this page 650 to 659 + 661 + 675 - - - - - 681 50,557,950 ●
Transfer to Page 15

continued on Page 15

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

Net Income (loss) for federal income tax purposes, per federal Schedule 1	- - - - -	From ±	600	21,665,594 ●
Total of Additions on page 14	- - - - -	From =	640	50,557,950 ●
Sub Total of deductions on page 14	- - - - -	From =	681	50,557,950 ●

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up

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

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

- - - 662 ●

ONTTI Gross-up deduction calculation:

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

Workplace Child Care Tax Incentive (WCCT)

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

$$\text{Qualifying expenditures: } 665 \text{ } \bullet \times 30 \% \times \frac{100}{\text{From } 30 \text{ } 100.0000} = 666 \text{ } \bullet$$

Ontario allocation

Workplace Accessibility Tax Incentive (WATI)

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

$$\text{Qualifying expenditures: } 667 \text{ } \bullet \times 100 \% \times \frac{100}{\text{From } 30 \text{ } 100.0000} = 668 \text{ } \bullet$$

Ontario allocation

Number of Employees accommodated 669

Ontario School Bus Safety Tax Incentive (OSBSTI)

(Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

$$\text{Qualifying expenditures: } 670 \text{ } \bullet \times 30 \% \times \frac{100}{\text{From } 30 \text{ } 100.0000} = 671 \text{ } \bullet$$

Ontario allocation

Educational Technology Tax Incentive (ETTI)

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

$$\text{Qualifying expenditures: } 672 \text{ } \bullet \times 15 \% \times \frac{100}{\text{From } 30 \text{ } 100.0000} = 673 \text{ } \bullet$$

Ontario allocation

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

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

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

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

Total of Deductions 681 + 663 + 666 + 668 + 671 + 673 + 678 + 679 + 677 + 664 = 50,557,950 ● ▶ 680 50,557,950 ●

Net income (loss) for Ontario Purposes 600 + 640 - 680 - - - - - = 690 21,665,594 ●

Transfer to Page 4

DOLLARS ONLY

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2) 17,082,635	710 (2)	720 (2)	730	740	750
Add:						
Current year's losses (7)	701	711	721	731	741	751
Losses from predecessor corporations (3)	702	712	722	732		752
Subtotal	703	713	723	733	743	753
Subtract:						
Utilized during the year to reduce taxable income	704 (2) 17,082,635	715 (2) (4)	724 (2)	734 (2) (4)	744 (4)	754 (4)
Expired during the year	705		725	735	745	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17	716 (2) to Page 17	726 (2) to Page 17	736 (2) to Page 17	746	
Subtotal	707 17,082,635	717	727	737	747	757
Balance at End of Year	709 (8)	719	729	739	749	759

Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 1997-09-30	817 (9)	860 (9)		850	870
801 8th preceding taxation year 1998-09-30	818 (9)	861 (9)		851	871
802 7th preceding taxation year 1999-09-30	819 (9)	862 (9)		852	872
803 6th preceding taxation year 2000-09-30	820	830	840	853	873
804 5th preceding taxation year 2001-09-30	821	831	841	854	874
805 4th preceding taxation year 2001-12-31	822	832	842	855	875
806 3rd preceding taxation year 2002-12-31	823	833	843	856	876
807 2nd preceding taxation year 2003-12-31	824	834	844	857	877
808 1st preceding taxation year 2004-12-31	825	835	845	858	878
809 Current taxation year 2005-12-31	826	836	846	859	879
Total	829	839	849	869	889

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11)) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.

- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Include non-capital losses incurred in taxation years ending after March 22, 2004.

Hydro Ottawa Limited

1800113

2005-12-31

DOLLARS ONLY

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

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

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

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

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910	920	930	940
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)	901	911	921	931
Taxation Year Ending year month day	2002-12-31	912	922	932
i) 3 rd preceding	902	913	923	933
ii) 2 nd preceding	903	914	924	934
iii) 1 st preceding		915	925	935
Total loss to be carried back	From 706	From 716	From 726	From 736
Balance of loss available for carry-forward	919	929	939	949

Summary

Income Tax	- - - - - +	From 230 or 320	636,560 ●
Corporate Minimum Tax	- - - - - +	From 280	163,838 ●
Capital Tax	- - - - - +	From 550	1,260,958 ●
Premium Tax	- - - - - +	From 590	●
Total Tax Payable	- - - - - =	950	2,061,356 ●
Subtract: Payments	- - - - - -	960	2,248,941 ●
Capital Gains Refund (s.48)	- - - - - -	965	●
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- - - - - -	985	●
Specified Tax Credits (Refer to Guide)	- - - - - -	955	●
Other, specify	- - - - - -		●
Balance	- - - - - =	970	-187,585 ●
If payment due	- - - - - Enclosed *	990	●
If overpayment: Refund (Refer to Guide)	- - - - - =	975	187,585 ●
Apply to	year month day	980	●
(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

2007-11-26

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

Attached Schedule with Total

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

Title	Deferred Credits	
Description	Amount	
Deferred Revenue	5,956,000	00
Employee Future Benefits	3,921,000	00
Total	9,877,000	00

Attached Schedule with Total

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

Title	Line 371	
Description	Amount	
Cumulative CCA	133,056,237	00
Cumulative Depreciation	-109,468,389	00
Net Regulatory Assets/Liabilities	-9,690,400	00
Cumulative CEC amount	459,810	00
	Total	14,357,258 00

Corporate Minimum Tax (CMT)
CT23 Schedule 101

Page 1 of 3

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Part 1: Calculation of CMT Base

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

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

Net Income/Loss (unconsolidated, determined in accordance with GAAP) ± 2100 20,741,825.

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

Provision for recovery of income taxes / benefit of current income taxes + 2101 .
Provision for deferred income taxes (credits) / benefit of future income taxes + 2102 .
Equity income from corporations + 2103 .
Share of partnership(s)/joint venture(s) income + 2104 .
Dividends received/receivable deductible under fed.s.112 + 2105 .
Dividends received/receivable deductible under fed.s.113 + 2106 .
Dividends received/receivable deductible under fed.s.83(2) + 2107 .
Dividends received/receivable deductible under fed.s.138(6) + 2108 .
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1) x 3 + 2109 .

Subtotal = - 2110 .

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

Provision for current taxes / cost of current income taxes + 2111 2,426,873 .
Provision for deferred income taxes (debits) / cost of future income taxes + 2112 .
Equity losses from corporations + 2113 .
Share of partnership(s)/joint venture(s) losses + 2114 .
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1)) ... + 2115 .

Subtotal = 2,426,873 . + 2116 2,426,873 .

Add/Subtract:

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

** Fed.s.85 + 2117 . or - 2118 .
** Fed.s.85.1 + 2119 . or - 2120 .
** Fed.s.97 + 2121 . or - 2122 .
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years + 2123 . or - 2124 .
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years + 2125 . or - 2126 .
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years ... + 2127 . or - 2128 .

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

Subtotal (Additions) = + 2129 .

Subtotal (Subtractions) = - 2130 .

** Other adjustments ± 2131 .

Subtotal ± 2100 - 2110 + 2116 + 2129 - 2130 ± 2131 = 2132 23,168,698 .

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

Adjusted net income (loss) (if loss, transfer to 2202 in **Part 2: Continuity of CMT Losses Carried Forward.**) = 2134 23,168,698 .

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

* CMT losses: other eligible losses + 2211 3,158,738 .

= 3,158,738 . - 2135 3,158,738 .

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

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

CMT Base = 2136 20,009,960 .

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

CT23 Schedule 101

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
--	---	---------------------------------

Part 2: Continuity of CMT Losses Carried Forward

Balance at Beginning of year NOTES (1), (2)	.....	+	2201	3,158,738
Add: Current year's losses	.....	+	2202	
Losses from predecessor corporations on amalgamation NOTE (3)	.....	+	2203	
Losses from predecessor corporations on wind-up NOTE (3)	.....	+	2204	
Amalgamation (X) 2205 <input type="checkbox"/> Yes Wind-up (X) 2206 <input type="checkbox"/> Yes				
Subtotal	=		2207	
Adjustments (attach schedule)	.....	±	2208	
CMT losses available	2201 + 2207 ± 2208	=	2209	3,158,738
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	2210	
Other eligible losses utilized during the year to reduce adjusted net income NOTE (4)	.....	+	2211	3,158,738
Losses expired during the year	.....	+	2212	
Subtotal	=		2213	3,158,738
Balances at End of Year NOTE (5)	2209 - 2213	=	2214	

Notes:

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

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

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

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 1997-09-30	2260	2280
2241	8th preceding taxation year 1998-09-30	2261	2281
2242	7th preceding taxation year 1999-09-30	2262	2282
2243	6th preceding taxation year 2000-09-30	2263	2283
2244	5th preceding taxation year 2001-09-30	2264	2284
2245	4th preceding taxation year 2001-12-31	2265	2285
2246	3rd preceding taxation year 2002-12-31	2266	2286
2247	2nd preceding taxation year 2003-12-31	2267	2287
2248	1st preceding taxation year 2004-12-31	2268	2288
2249	Current taxation year 2005-12-31	2269	2289
Totals		2270	2290

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

Corporate Minimum Tax (CMT) CT23 Schedule 101

Page 3 of 3

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
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Part 4: Continuity of CMT Credit Carryovers

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

Add: Current year's CMT Credit ([280] on page 8 of the CT23
or [347] on page 6 of the CT8. If negative, enter NIL) + From [280] or [347] [] 163,838

Gross Special Additional Tax NOTE (2) [312] on page 5 of CT8.
(Life Insurance corporations only.
Others enter NIL.) + From [312] []

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

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

Current year's CMT credit (If negative, enter NIL) [280] or [347] - [2305] ... = [] 163,838 + [2310] [] 163,838

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

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

Subtotal [2301] + [2310] + [2325] = [2330] [] 163,838

Adjustments (Attach schedule) ± [2332] []

CMT Credit Carryover available [2330] ± [2332] = [2333] [] 163,838

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

Subtract: CMT Credit utilized during the year to reduce income tax
([310] on page 8 of the CT23 or [351] on page 6 of the CT8.) + From [310] or [351] []

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

Subtotal = [] - [2335] []

Balances at End of Year NOTE (4) [2333] - [2335] = [2336] [] 163,838

Notes:

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

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

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
[2340]	9th preceding taxation year 1997-09-30	[2360]	[2380]
[2341]	8th preceding taxation year 1998-09-30	[2361]	[2381]
[2342]	7th preceding taxation year 1999-09-30	[2362]	[2382]
[2343]	6th preceding taxation year 2000-09-30	[2363]	[2383]
[2344]	5th preceding taxation year 2001-09-30	[2364]	[2384]
[2345]	4th preceding taxation year 2001-12-31	[2365]	[2385]
[2346]	3rd preceding taxation year 2002-12-31	[2366]	[2386]
[2347]	2nd preceding taxation year 2003-12-31	[2367]	[2387]
[2348]	1st preceding taxation year 2004-12-31	[2368]	[2388]
[2349]	Current taxation year 2005-12-31	[2369] 163,838	[2389]
Totals		[2370] 163,838	[2390]

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

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

CMT Losses Carried Forward Workchart

(i) Continuity of Pre-1994 CMT Losses

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

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

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1996-09-30					
9th Prior Year	1997-09-30					
8th Prior Year	1998-09-30					
7th Prior Year	1999-09-30					
6th Prior Year	2000-09-30					
5th Prior Year	2001-09-30					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31	3,158,738		3,158,738		
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
Total		3,158,738		3,158,738		

Predecessor Corporations Only – Amalgamation

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

CMT Losses Carried Forward Workchart (continued)

Predecessor Corporations Only – Wind-Up

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
Total						

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

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

CMT Credit Carryovers Workchart

Filing Corporation

	Year of Origin YYYY/MM/DD	Opening Balance	Adjustment	Deduction	Expired	Closing Balance
10th Prior Year	1996-09-30					
9th Prior Year	1997-09-30					
8th Prior Year	1998-09-30					
7th Prior Year	1999-09-30					
6th Prior Year	2000-09-30					
5th Prior Year	2001-09-30					
4th Prior Year	2001-12-31					
3rd Prior Year	2002-12-31					
2nd Prior Year	2003-12-31					
1st Prior Year	2004-12-31					
	Total					

Predecessor Corporations Only – Amalgamation

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
	Total					

Predecessor Corporations Only – Wind-Up

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

Year of Origin YYYY/MM/DD	Opening Balance	Add	Adjustment	Deduction	Expired	Closing Balance
1996-09-30						
1997-09-30						
1998-09-30						
1999-09-30						
2000-09-30						
2001-09-30						
2001-12-31						
2002-12-31						
2003-12-31						
2004-12-31						
	Total					



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

Surtax on Canadian-Controlled Private Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Name of Associated Corporation (Canadian and Foreign)	Corporations Tax Number	Taxation Year End	Taxation Income (if loss, enter nil)
Hydro Ottawa Holding Inc.	1800112	2005-12-31	+
Energy Ottawa Inc.	1800073	2005-12-31	+
Telecom Ottawa Limited	1800376	2005-12-31	+
Telecom Ottawa Holding Inc.	1800371	2005-12-31	+
Telecom Ottawa Regional Limited	9540755	2005-12-31	+
2038455 Ontario Inc.		2005-12-31	+
Powertrail Inc.		2005-12-31	+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
			+
Total			=



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

Corporate Minimum Tax - Associated Corporations

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

[illegible]

Transfer to 249 of the CT23 Transfer to 250 of the CT23



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

Paid-Up Capital: Loans and Advances

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Loans or Advances Credited or Advanced to Corporation

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

Due to Related Parties	+	2,000,000
Customer Deposits	+	20,327,159
Notes Payable	+	232,185,000
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
	+	
Total	=	254,512,159



Ontario

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

Ontario Charitable Donations and Gifts Schedule 2

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

■ For use by a corporation to claim any of the following:

- Charitable donations;
- Gifts to Her Majesty in right of Ontario, to Ontario crown agencies, or to Ontario Crown foundations;
- Gifts to Canada or a province;
- Gifts of certified cultural property; or
- Gifts of certified ecologically sensitive land.

■ The donations and gifts are eligible for a five year carry-forward.

■ Use this schedule to show a credit transfer following an amalgamation or wind-up of subsidiary as described under subsection 87(1) and 88(1) of the federal *Income Tax Act* (Canada).

■ For donations and gifts made after March 22, 2004, subsection 34(1.1) of the *Corporations Tax Act* parallels subsection 110.1(1.2) of the *Income Tax Act* and provides as follows:

- where a particular corporation has undergone a change of control, for taxation years that end on or after the change of control, no corporation can claim a deduction for a gift made by a particular corporation to a qualified donee before the change of control;
- if a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the change of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.

■ File one completed copy of this schedule with your CT23.

Part 1 – Charitable Donations

Charitable Donations at end of preceding taxation year	.....	+		A
Deduct: Donations expired after 5 taxation years	.....	–		B
Charitable donations at beginning of taxation year	.....	=		C
Add: Donations transferred on amalgamation or wind-up of subsidiary	.....	+		D
Total current year charitable donations made	.....	+	36,101	E
Subtotal D + E	.....	=	36,101	
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	.....	–		G
Total donations available C + F – G	.....	=	36,101	H
Deduct: Amount applied against taxable income (amount U, Part 2)	.....	–	36,101	U
Charitable donations closing balance	.....	=		I

Part 2 – Maximum Deduction Calculation for Donations

Ontario net income for tax purposes multiplied by 75%	=	16,249,196	J
---	-------	---	------------	---

Note: For credit unions the Ontario net income for tax purposes is the amount before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Ontario taxable capital gains arising in respect of gifts of capital property	+		K
---	-------	---	--	---

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

Add the lesser of:

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

2. **The lesser of:**

- Proceeds of dispositions less outlays and expenses N

- The capital cost O

- The lesser of N and O P

The lesser of M and P	+		Q
-----------------------	-------	---	--	---

Subtotal K + L + Q	=		R
---------------------------	-------	---	--	---

25% X				S
-------	--	--	--	---

Maximum deduction allowable J + S	=	16,249,196	T
--	-------	---	------------	---

Claim for charitable donations (not exceeding the lesser of H from Part 1, T and net income for tax purposes)	=	36,101	U
--	-------	---	--------	---

Enter in 1 of the CT23

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
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Part 3 – Gifts to Her Majesty in right of Ontario

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

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

Foundation Name	Date of Donation	Amount \$

Total gifts to Her Majesty in right of Ontario =

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

Deduction is the lesser of:

1. Ontario Net Income before deductions of gifts after deducting charitable donations and gifts to Her Majesty in right of Canada or a province other than Ontario	<input type="text" value="21,629,493"/> V
2. Lesser of:		
2a. Ontario Net Income for the taxation year <input type="text" value="21,665,594"/> W	
2b. Gifts made in the taxation year or any of the five preceding taxation years to Her Majesty in Right of Ontario, an Ontario Crown Agency or an Ontario Crown Foundation <input type="text" value="X"/> X	
The lesser of W and X	<input type="text"/> Y
Maximum deduction allowable the lesser of V and Y	<input type="text"/> Z

Transfer to of the CT23

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

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

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
--	---	---------------------------------

Part 6 – Gifts of certified cultural property

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

Part 7 – Gifts of certified ecologically sensitive land

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

Part 8 – Analysis of balance by year of origin

Year of origin	Charitable donations	Gifts to Her Majesty in right of Ontario	Gifts to Canada or a province other than Ontario	Gifts of certified cultural property	Gifts of certified ecologically sensitive land
2004-12-31					
2003-12-31					
2002-12-31					
2001-12-31					
2001-09-30					
2000-09-30					
Totals					

Non-Capital Loss Continuity Workchart – Ontario

Non-capital losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003		N/A		N/A		
2002	17,082,635	N/A		N/A	17,082,635	
2001		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		*
Total	17,082,635				17,082,635	

Farm losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003		N/A		N/A		
2002		N/A		N/A		
2001		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		
1997		N/A		N/A		
1996		N/A		N/A		*
Total						

Restricted farm losses

Year	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce taxable income	Balance at end of year
Current	N/A				N/A	
2004		N/A		N/A		
2003		N/A		N/A		
2002		N/A		N/A		
2001		N/A		N/A		
2001		N/A		N/A		
2000		N/A		N/A		
1999		N/A		N/A		
1998		N/A		N/A		
1997		N/A		N/A		
1996		N/A		N/A		*
Total						

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



Ontario

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33 King Street West
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Ontario Capital Cost Allowance Schedule 8

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

Is the corporation electing under regulation 1101(5q)? 1 ☐ Yes 2 ☒ No

1 Class number	2 Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	3 Cost of acquisitions during the year (new property must be available for use) See note 1 below	4 Net adjustments (show negative amounts in brackets)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) See note 2 below	8 Reduced undepreciated capital cost (column 6 minus column 7)	9 CCA rate %	10 Recapture of capital cost allowance	11 Terminal loss	12 Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	13 Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)
1	286,954,529	51,503,593		0	338,458,122	25,751,797	312,706,325	4	0	0	12,508,253	325,949,869
2	107,283,008			0	107,283,008		107,283,008	6	0	0	6,436,980	100,846,028
3	16,156,982			0	16,156,982		16,156,982	5	0	0	807,849	15,349,133
8	4,784,717	2,918,464		59,389	7,643,792	1,429,538	6,214,254	20	0	0	1,242,851	6,400,941
10	5,052,989	2,209,685		28,403	7,234,271	1,090,641	6,143,630	30	0	0	1,843,089	5,391,182
12	12,155,057	1,952,126		0	14,107,183	976,063	13,131,120	100	0	0	13,131,120	976,063
42	1,166,195			0	1,166,195		1,166,195	12	0	0	139,943	1,026,252
45	938,507	360,808		93	1,299,222	180,358	1,118,864	45	0	0	503,489	795,733
Totals	434,491,984	58,944,676		87,885	493,348,775	29,428,397	463,920,378				36,613,574	456,735,201

Enter in boxes 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.



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Ontario Cumulative Eligible Capital Deduction
Schedule 10

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

- 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) 1,410,042 **A**

Add: Cost of eligible capital property acquired during the taxation year ... + 17,460 **B**
Amount transferred on amalgamation or wind-up of subsidiary + **C**
Other adjustments + **D**

Total of B + C + D = 17,460 x 3 / 4 = 13,095 **E**

Subtotal A + E = 1,423,137 **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 + **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) + **H**

Other adjustments + **I**

Total of G + H + I = x 3 / 4 = **J**

Ontario cumulative eligible capital balance F - J = 1,423,137 **K**

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

Current year deduction 1,423,137 **K** x 7 % * = 99,620 **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) = 1,323,517 **M**

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

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

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

Amount from line K above show as a positive amount **N**

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

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

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

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

Line 3 deduct line 4 5

Total lines 1 + 2 + 5 6

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 7

Deduct line 7 from line 6 **O**

N - O (cannot be negative) **P**

Amount on line 5 x 1 / 2 **Q**

P - Q **R**

Amount on line R x 2 / 3 **S**

Lesser of line N or line O **T**

Amount to be included in income S + T **S + T**

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



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Ontario Continuity of Reserves Schedule 13

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

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

Part 1 – Capital gains reserves

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

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

Part 2 – Other reserves

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

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

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

Part 3 – Continuity of non-deductible reserves

Reserve	Ontario opening balance	Transfers	Ontario additions	Ontario deductions	Other adjustments	Ontario closing balance
Net regulatory liability	4,154,356		5,536,044			9,690,400
Reserves from Part 2						
Totals	4,154,356		5,536,044			9,690,400

Enter in box **653** of the CT23

Enter in box **606** of the CT23



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2005

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

CT23 SCHEDULE 591

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro Ottawa Limited	1800113	2005-12-31

The following associated group of corporations includes all the corporations in this associated group (excluding financial institutions and corporations exempt from capital tax) having a permanent establishment in Canada and are hereby making an election under subsection 69(2.1) of the *Corporation Tax Act* to allocate the tax effect of the group's taxable capital deduction (TCD) as calculated in section B on page 10 of the CT23 for all taxation years which end in the 2005 calendar year, based on each corporation's total assets and Ontario allocation factor from each corporation's last taxation year ending in the 2004 calendar year.

Applies to taxation years ending in the 2005 calendar year.

Corporation having a permanent establishment in Canada	Last taxation year ending in 2004 calendar year	Ontario Allocation A	Total Assets T	Net Deduction A x [TE x (T÷X)] ND	Allocation of Net Deduction AND
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
1800113	2004-12-31	100.0000	530,277,440	22,500	22,500
Corporation Name					
Hydro Ottawa Limited					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503	7,500,000	x	0.3 %	= TE	22,500
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
1800112	2004-12-31				
Corporation Name					
Hydro Ottawa Holding Inc.					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503	7,500,000	x	0.3 %	= TE	22,500
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
1800073	2004-12-31				
Corporation Name					
Energy Ottawa Inc.					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503	7,500,000	x	0.3 %	= TE	22,500
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
1800376	2004-12-31				
Corporation Name					
Telecom Ottawa Limited					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503	7,500,000	x	0.3 %	= TE	22,500
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY				995
See Schedule					
Corporation Name					
Tax Effect (TE) of Taxable Capital Deduction					
TCD From CT23, Page 10, Section B 503		x	0.3 %	= TE	

If insufficient space, attach list.

Total Assets of Associated Group having permanent establishments in Canada **X** 530,277,440 959

Total Net Deductions of Associated Group having permanent establishments in Canada . . . **TND** 22,500 994

Total Allocated Net Deductions of Associated Group having permanent establishments in Canada **TAND** 22,500

2005

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

CT23 SCHEDULE 591

Corporation's Legal Name Hydro Ottawa Limited	Ontario Corporations Tax Account No. (MOF) 1800113	Taxation Year End 2005-12-31
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Corporation having a permanent establishment in Canada	Last taxation year ending in 2004 calendar year	Ontario Allocation A	Total Assets T	Net Deduction $A \times [TE \times (T \div X)]$ ND	Allocation of Net Deduction AND
Corporation Tax Account Number (if applicable) 1800371	YEAR MONTH DAY 2004-12-31				995
Corporation Name Telecom Ottawa Holding Inc.					
Tax Effect (TE) of Taxable Capital Deduction TCD From CT23, Page 10, Section B 503 7,500,000 \times 0.3 % = TE 22,500					
Corporation Tax Account Number (if applicable) 9540755	YEAR MONTH DAY 2004-12-31				995
Corporation Name Telecom Ottawa Regional Limited					
Tax Effect (TE) of Taxable Capital Deduction TCD From CT23, Page 10, Section B 503 7,500,000 \times 0.3 % = TE 22,500					
Corporation Tax Account Number (if applicable)	YEAR MONTH DAY 2004-12-31				995
Corporation Name 2038455 Ontario Inc.					
Tax Effect (TE) of Taxable Capital Deduction TCD From CT23, Page 10, Section B 503 7,500,000 \times 0.3 % = TE 22,500					

Total Assets of Associated Group having permanent establishments in Canada **X** 959

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

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

Corporate Taxpayer Summary

Corporate information

Corporation's name: Hydro Ottawa Limited

Taxation Year: 2005-01-01 to 2005-12-31

Jurisdiction: Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Corporation is associated: Y Number of associated corporations: 7

Corporation is related: Y Type of corporation: Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial*: -187,585

* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensitive help.

Summary of federal information

Net income: 21,665,594 Calculation of income from an active business carried on in Canada: 21,665,594

Taxable income: 4,546,858 Dividends paid: _____

Donations: 36,101 Balance of the low income rate pool at the end of the year: _____

Balance of the general rate income pool at the end of the year: _____

Credits against part I tax

Small business deduction _____
M&P deduction _____
Foreign tax credit _____
Political contributions .. _____
Investment tax credits .. _____
Abatement/Other* 772,966

Federal taxes

Part I 954,840
Surtax 50,925
Part I.3 638,587
Part IV _____
Part I & Surtax ... 1,005,765
Other* _____

Refunds/credits

ITC refund _____
Dividends refund .. _____
Instalments 1,644,352
Surtax credit 50,925
Other* _____

Balance due/refund (–) _____

* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryback amounts

Investment tax credits	_____	Restricted farm loss	_____
Non-capital loss	_____	Surtax credit	_____
Capital loss	_____	Part I tax credit (Schedule 42)	_____
Farm loss	_____	Federal foreign non-business income tax credit	_____

Carryforward balances

RDTOH	_____	Foreign business tax credit	_____
Charitable donations	_____	Unused surtax credit (Schedule 37)	_____
Gifts to Canada, a province or a territory	_____	Capital dividend amount	<u>192,935</u>
Gifts of certified cultural property	_____	Part I tax credit (Schedule 42)	_____
Gifts of certified ecologically sensitive land	_____	Cumulative eligible capital	<u>1,323,517</u>
Investment tax credits	_____	Capital gains reserves	_____
Non-capital losses	_____	Financial statement reserve	<u>9,690,400</u>
Capital/L.P.P. losses	_____	Other reserves	_____
Farm losses	_____	Balance of patronage dividends	_____
Restricted farm losses	_____	Continuity of exemption of accumulated income	_____

Summary of provincial information – provincial income tax payable

	Ontario (CT-23)	Québec (CO-17)	Alberta (AT1)
% Allocation	100.00		
Attributed taxable income	4,546,858		
Surtax	34,000	N.A.	N.A.
Tax payable before deduction*	636,560		
Deductions and credits	34,000		
Net tax payable	636,560		
Attributed taxable capital	427,819,317		N.A.
Capital tax payable**	1,260,958		N.A.
Total tax payable***	2,061,356		
Instalments and refundable credits	2,248,941		
Balance due/Refund (-)	-187,585		

* For Québec, this includes special taxes.

** For Québec, this includes compensation tax and registration fee.

*** For Ontario, this includes corporate minimum tax and premium tax.

	British Columbia	Saskatchewan	Manitoba
% Allocation			
Attributed taxable income			
Tax payable before deduction			
Deductions and credits			
Tax payable or refundable credit			
Attributed taxable capital			
Capital tax payable			
Instalments and refundable credits			
Balance due/Refund (-)			

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick
% Allocation				
Attributed taxable income				
Tax payable before deduction				
Deductions and credits				
Tax payable or refundable credit				
Attributed taxable capital				
Capital tax payable				
Instalments and refundable credits				
Balance due/Refund (-)*				

* Only applies in the case of bank, a loan corporation or a trust corporation.

	Yukon	Northwest Territories	Nunavut
% Allocation			
Attributed taxable income			
Tax payable before deduction			
Deductions and credits			
Tax payable or refundable credit			

Summary of provincial carryforward amounts

	Ontario	Québec	Alberta
Non-capital losses			
Net capital/L.P.P. losses			
Farm losses			
Restricted farm losses			
Donations			
Capital gains reserves			
Financial statement reserves	9,690,400	9,690,400	9,690,400
Other reserves			
Eligible capital	1,323,517	1,323,517	1,323,517

Other carryforward amounts:

Scientific research and experimental development – Sch. 425	
Manufacturing and processing – Sch. 426	
Research and development – Sch. 380	
Manufacturing investment – Sch. 381	
Co-operative education – Sch. 384	
Odour control – Sch. 385	
Manufacturing and processing investment – Sch. 402	
Research and development – Sch. 403	
Direct equity tax – Sch. 303	
Investment – Sch. 321	
Energy efficiency tax credit – Sch. 342	
Manufacturing and processing investment – Sch. 344	
Research and development – Sch. 360	
Investment – Sch. 480	
Foreign non-business income tax credits – CO-17S.39	
Development work expenses – FM220.3	
Excess development work expenses – FM220.3	
Continuity of other eligible CMT losses – Filling Corporation – OCMT101	
Predecessor corporations only – Amalgamation – OCMT101	
Predecessor corporations only – Wind-up – OCMT101	
CMT credit carryovers workchart - Filling Corporation – OCMT101	
CMT credit carryovers workchart - Predecessor corporations only – Amalgamation	
CMT credit carryovers workchart - Wind-up – OCMT101	
Continuity Schedule for Federal ITC relating to SR&ED Expenditures for the Preceding Taxation Year - O161	
Continuity Schedule for the Amount of Federal ITC from SR&ED Expenditures relating to QORD for the Preceding Taxation Year - O161	

Five Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
Federal information					
Taxation year end	2005-12-31	2004-12-31	2003-12-31	2002-12-31	2001-12-31
Net income	21,665,594	9,622,357	30,970	-21,447,427	-9,925,268
Taxable income	4,546,858				
Active business income	21,665,594	9,588,638			
Dividends paid				2,207,000	
LRIP					
GRIP					
Donations	36,101				
Balance due/refund (-)				-136,657	2,931

Federal taxes					
Part I	954,840				
Surtax	50,925				
Part I.3	638,587	760,999	883,988	863,343	219,573
Part IV					
Part I & Surtax	1,005,765				
Other*					
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.					

Credits against part I tax					
Small business deduction					
M&P deduction					
Foreign tax credit					
Political contribution					
Investment tax credit					
Abatement/other*	772,966				
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.					

Refunds/credits					
ITC refund					
Dividend refund					
Instalments	1,644,352	760,999	883,988	1,000,000	216,642
Surtax credit	50,925				
Other*					
* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.					

Ontario

Taxable income	4,546,858				
Surtax	34,000				
Income tax payable before deduction	636,560				
Income tax deductions /credits	34,000				
Net income tax payable .	636,560				
Taxable capital	427,819,317	428,881,175	488,871,993	478,005,923	488,017,296
Capital tax payable	1,260,958	1,271,644	1,452,879	1,420,115	365,515
Total tax payable*	2,061,356	1,271,644	1,452,879	1,420,115	365,515
Instalments and refundable credits	2,248,941				
Balance due/refund	-187,585	-241,966	51,083	392,115	77,449

* This includes corporate minimum tax and premium tax.

Hydro Ottawa Limited



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



Deloitte and Touche LLP
100 Queen Street
Suite 800
Ottawa, Ontario
K1P 5T8

Tel: (613) 236-2442
Fax: (613) 236-2195
www.deloitte.ca

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

	<u>PAGE</u>
Statement of Operations and Deficit	1
Balance Sheet	2
Statement of Cash Flows	3
Notes to the Financial Statements	4 - 23

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
year ended December 31, 2003
(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

(tabular amounts are in thousands of dollars)

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

year ended December 31, 2003

(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

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

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

year ended December 31, 2003

(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
year ended December 31, 2003
(tabular amounts are in thousands of dollars)

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

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

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

year ended December 31, 2003

(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

HYDRO OTTAWA LIMITED

Notes to the Financial Statements

year ended December 31, 2003

(tabular amounts are in thousands of dollars)

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.