INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 1:

Reference(s): Exhibit C1, Tab 2, Schedule 2, page 1

a) Please provide the forecast amount included in the test year revenue requirement for cost paid by THESL to THC for Board of Director costs.

b) If the above figure includes costs related to the THESL Board of Directors, please indicate the amount of these costs included in the above amount. If the above figure does not include the costs related to the THESL Board of Directors, please provide the cost included in the revenue requirement related to the THESL Board of Directors.

RESPONSE:

a) The forecast amount included in the test year revenue requirements for cost paid by THESL to THC for Board of Directors costs is $106,667.

b) The above figure is the total of the costs related to the THESL Board of Directors. THESL does not pay any of the costs of the THC Board.

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INTERROGATORY 2:

Reference(s): Exhibit C1, Tab 4, Schedule 1, Appendix B

a) Is the CPI forecast for 2011 of 2.5% shown on page 5 the forecast for the Canadian CPI or the Ontario CPI?

b) Please provide the date of the Conference Board of Canada forecast used for the CPI forecast.

c) What is the corresponding CPI forecast based on the latest available Conference Board of Canada forecast?

d) Please provide a table that shows the average Ontario CPI forecast for 2011 from the publically available forecasts from the major Canadian banks.

e) What is the impact on the test year revenue requirement of a 50 basis point change in the CPI forecast (for example from 2.50% to 2.00%)?

f) What are the total IFRS related costs included in the 2011 revenue requirement? Please provide a breakdown of these costs.

g) Is the 2011 rates filing based on IFRS or CGAAP?

RESPONSE:

a) The forecast is for Toronto CPI inflation.

b) The forecast of 2.5% inflation is from the Conference Board of Canada's Winter 2010 report, issued in December 2009.

c) The latest Conference Board of Canada forecast (issued in September 2010) shows Toronto CPI inflation of 2.8%.

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d) Forecasts for Toronto CPI are not publically available from Canadian Banks. The following table shows the 2011 forecast for Canadian inflation from the major banks

Bank	2011 Canadian CPI inflation	Forecast Date
Bank of Montreal	1.9%	Nov 2010
CIBC	2.0%	Oct 2010
National Bank	2.1%	Nov 2010
Royal Bank of Canada	2.1%	Nov 2010
Toronto Dominion	1.8%	Nov 2010
Scotiabank	1.8%	Nov 2010

e) The forecast CPI is used as a general guide of anticipated inflation. The specific escalation factors used by individual business units depend on the particular mix of good and services that they require. Thus it is not possible to determine the revenue requirement impact of the suggested change in CPI.

f) The total IFRS related costs included in the 2011 revenue requirement amount to $3.1 million. Please see the additional breakdown of these costs in Appendix A to VECC Interrogatory 19 part (d) at Exhibit R1, Tab 11, Schedule 19. For a discussion of the proposed disposition of this balance, see the response to Board Interrogatory 84 at Exhibit R1, Tab 1, Schedule 84.

g) The 2011 rates filing is based on CGAAP.

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INTERROGATORY 3:

Reference(s): **Exhibit C1, Tab 4, Schedule 1, Appendix C**

a) Please update Tables 1 & 2 to reflect the most recent forecast available from the Conference Board of Canada.

b) Please provide the current figure for 2010 FTEs that is comparable to the figure of 1773 shown in Table 4.

c) With respect to Table 6, what is the impact on 2011 rate base of using the OEB prescribed rates of 4.66% for Q3 2010 and 4.01% for Q4 2010? Please indicate the change in AFUDC.

d) With respect to Table 6, what is the impact on 2011 rate base of using the OEB prescribed rate of 4.01% for Q4 2010 as the applicable rate for the 2011 test year. Please indicate the change in AFUDC.

e) Please explain how "mid-year" as used in Table 7 is defined. For example, is it the average of the number customers at the beginning and end of the month or the average number of customers on a month by month basis?

f) Please provide the actual number of customers in the same level of detail as shown in Table 7 for the most recent month available for the 2010 bridge year. Please also provide the actual number of customers for the same month in 2009.

g) Is the reduction in GS < 50 kW customers forecast for 2010 and 2011 related to customers migrating to the GS 50 kW to 999 kW class? If not, what is driving the decrease in the GS < 50 kW forecast?

h) Please update Table 8 to reflect the OEB prescribed rates for Q3 and Q4 of 2010.

i) What is the basis for the forecasted rates in Table 8 for 2011? Please update this forecast to reflect the most recent information available.

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RESPONSE:

a) The following table updates Tables 1 and 2 with the latest forecasts from the Conference Board of Canada. Note that the headings for the Bond Yield forecast were incorrect in the originally filed tables, and have been corrected in this updated table.

Table 1: Interest and Bond Rates (%)

	2009 Historical	2010 Bridge	2011 Test
90-Day Commercial Paper	0.65	0.77	2.22
Prime Rate	2.40	2.47	3.79
5-Year Government of Canada Bonds	2.41	2.43	2.62
10 Year Government of Canada Bonds	3.29	3.17	3.15
Long-Term Government of Canada Bonds	3.90	3.73	3.60

Source: Conference Board of Canada. Forecast Date: Sept 21, 2010.

Table 2: Other

	2009 Historical	2010 Bridge	2011 Test
CPI	0.5%	3.1%	2.8%
Cdn$/US$ Exchange Rate	1.14	1.04	1.01

Source: Conference Board of Canada. Forecast Date: Sept 21, 2010.

b) 1684 is the figure for 2010 FTEs.

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c) The 2011 rate base impact resulting from using the OEB prescribed rates of 4.66% for Q3 2010 and 4.01% for Q4 2010 is a decrease of $0.2M. The change in AFUDC for the 2010 Bridge year is a decrease of $0.2M.

d) The 2011 rate base impact resulting from using the OEB prescribed rates of 4.01% for Q4 2010 as the applicable rate for the 2011 test year is a decrease of $0.5M. The change in AFUDC for the 2011 Test year is a decrease of $0.9M.

e) The "mid-year" number of customers is defined as the number of customers on the last day of June.

f)

Table 7: Customer numbers by Class, October 2010 vs October 2009

	October 2009 Historic	October 2010 Historic
Residential	610,419	618,263
General Service <50kW	65,873	66,040
General Service 50kW -999kW (non – interval)	12,316	12,980
General Service 1000kW - 4999kW	506	505
Large Users	47	46
Unmetered Scattered Load	1,102	1,125
Total	**690,263**	**698,959**

g) The number of customers forecasts for GS<50kW and GS 50 to 999 kW were developed independently based on the trends reflected in the historic customer numbers for each class. For a more detailed explanation on how the customer

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number forecasts were developed, please refer to response to VECC Interrogatory 13 b) at Exhibit R1, Tab 11, Schedule 13.

h) and i) The forecasted rates are based on 90 day commercial paper rates from the Conference Board of Canada as shown in Exhibit J1, Tab 2, Schedule 7. They are updated to reflect the most current information.

Table 8: Carrying Charges (%)

	2009 Historical	2010 Bridge	2011 Test
Q1	2.45	0.55	1.41
Q2	1	0.55	1.95
Q3	0.55	0.89	2.49
Q4	0.55	1.20	3.02

Source: Conference Board of Canada. Forecast Date: Sept 21, 2010.

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INTERROGATORY 4:

Reference(s): Exhibit C1, Tab 4, Schedule 2

a) Please update Table 1 to reflect the most recent Conference Board of Canada's Metropolitan Outlook.

b) Please provide the most recent Metropolitan Outlook in Appendix A.

RESPONSE:

a)

Table 1: Toronto Economic Indicators

	GDP Growth (%)	Consumer Price Index Growth (%)	Population Growth (%)	Employment Growth (%)	Unemployment Rate (%)	Retail Sales Growth (%)	Housing Starts (000s)
2007	3.0	1.9	1.8	2.3	6.8	5.4	33.3
2008	0.3	2.4	1.8	1.9	6.8	5.0	42.2
2009	-2.3	0.5	1.7	-1.0	9.5	-3.2	25.9
2010f	4.7	3.1	1.7	2.0	9.0	5.3	30.8
2011f	3.6	2.8	1.8	3.2	8.2	5.8	36.1

Source: Conference Board of Canada, Metropolitan Outlook, Autumn 2010. Toronto Economic Indicators

b) Please see response to Board Staff Interrogatory 4.

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INTERROGATORY 5:

Reference(s): **Exhibit C2, Tab 1, Schedule 5**

Please explain the difference in the number of trades apprentices and technical apprentice staff shown in Tables 2 and 3 with the figures shown in Table 4 for the total headcount at year end.

RESPONSE:

Table 2 and Table 3 contain the total number of hires for all trades and technical apprentices.

Table 4 contains the headcount and costs for trades apprentices currently completing their 4.5 year apprenticeship program.

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INTERROGATORY 6:

Reference(s): **Exhibit D1, Tab 2, Schedule 1**

There appear to be significant differences in the gross fixed asset calculations for the 2010 bridge year as compared to that approved by the Board for the 2010 test year (tables 3 and 4).

a) Please explain the reduction in the 2009 closing balance from $3,969.3 million used as the opening balance for the 2010 test year approved calculation and the $3,905.5 million shown as the actual closing balance for 2009.

b) Please provide the 2009 capital additions as approved in EB-2007-0680, the bridge year 2009 additions as used in EB-2009-0139 and the actual capital additions for 2009.

c) Capital additions for 2010 have declined by $10.4 million between the EB-2009-0139 Board-approved level and the current bridge year forecast. There are also significant changes in the mix of capital additions between the current bridge year forecast and the EB-2009-0139 Board-approved forecast. Please explain the significant change in the amount and mix of the capital additions for 2010.

d) If not contained in the response to part (c) above, please explain the increase in capital contributions from $8.3 million in the EB-2009-0139 Board-approved figures to $28.7 million in the current bridge year forecast for 2010.

e) Please explain and justify the significant reduction in the forecast level of contributions and grants from the levels shown for 2008, 2009 and 2010. In particular, which category or categories shown in the tables are related to the contributions and grants received?

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f) Do the 2010 and 2011 figures shown in Tables 4 and 5 reflect the elimination of the PST effective July 1, 2010? If not, why not? If yes, please quantify the reduction in each of 2010 and 2011 related to the removal of the PST.

g) Please provide the amount of PST included in the cost of capital additions for 2008, 2009 and 2010.

h) Please provide two additional tables, similar to Table 4, that shows the Board approved figures for the 2008 and 2009 test years from EB-2007-0680.

RESPONSE:

a) The reduction in the 2009 closing gross fixed assets balance from $3,969.3 million used in the opening 2010 test year approved calculation and the $3,905.5 million shown as the actual closing balance for 2009, is explained by the following major changes:

   (i) The 2009 actual closing balance includes gross fixed asset cost reductions of $44.9 million, whereas the opening 2010 test year approved amount only showed a reduction of $0.1 million. The difference in the reductions to gross fixed asset cost relates to:

      a. Removal of fully depreciated assets from gross fixed assets ($41.0 million). The related accumulated amortization for the same amount was also removed from the ledger; and

      b. Removal of disposals for transportation asset cost ($3.8 million). The related accumulated amortization was also removed from the ledger.

   (ii) 2009 actual additions to gross capital assets were approximately $23.2 million lower than the opening 2010 test year approved amount. The majority of this difference relates to the delayed in-service dates for IT

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assets in the amount of $20.4 million. This is primarily due to delay in implementing the Customer Information System.

b) 2009 Approved additions as presented in EB-2009-0139 (Exhibit D1, Tab 2, Schedule 1, Table 3)

Table 1: Year Ending December 2009 – Approved ($ millions)

	Opening Balance	Additions	Reductions	Transfers	Closing Balance	Average Balance
Land and Buildings	67.7	1.6	-	-	69.3	68.5
TS Primary Above 50	11.9	5.5	-	-	17.4	14.7
Distribution System	168.8	14.7	-	-	183.5	176.2
Poles and Wires	2,309.0	110.6	-	-	2,419.6	2,364.3
Line Transformers	636.0	42.7	-	-	678.7	657.4
Services and Meters	274.4	24.3	-	-	298.7	286.6
General Plant	102.9	5.9	-	-	108.8	105.9
Equipment	161.6	9.4	-	-	171.0	166.3
IT Assets	190.2	35.0	-	-	225.2	207.7
Other Distribution Assets	65.4	1.8	-	-	67.2	66.3
Contributions and Grants	(232.9)	(20.0)	-	-	(252.9)	(242.9)
Total In-Service Assets	**3,755.0**	**231.5**	-	-	**3,986.5**	**3,870.8**

Note: Variances due to rounding may exist

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2009 Bridge additions as presented in EB-2009-0139

Table 2: Year Ending December 2009 – Bridge ($ millions)

	Opening Balance	Additions	Reductions	Transfers	Closing Balance	Average Balance
Land and Buildings	49.7	2.4	(0.1)	(1.7)	50.3	50.0
TS Primary Above 50	11.9	-	-	-	11.9	11.9
Distribution System	181.4	12.8	-	-	194.2	187.8
Poles and Wires	2,356.6	122.8	-	-	2,479.4	2,418.0
Line Transformers	608.1	31.4	-	-	639.5	623.8
Services and Meters	251.7	38.8	-	(23.8)	266.7	259.2
General Plant	120.3	3.8	-	-	124.1	122.2
Equipment	153.1	13.7	-	-	166.8	160.0
IT Assets	192.2	34.6	-	(8.0)	218.8	205.5
Other Distribution Assets	67.2	2.3	-	-	69.5	68.4
Contributions and Grants	(224.2)	(27.8)	-	-	(252.0)	(238.1)
Total In-Service Assets	**3,768.0**	**234.8**	**(0.1)**	**(33.5)**	**3,969.2**	**3,868.7**

Note: Variances due to rounding may exist

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2009 Historical additions as presented in EB-2010-0142

Table 3: Year Ending December 2009 – Historical ($ millions)

	Opening Balance	Additions	Reductions	Transfers	Closing Balance	Average Balance
Land and Buildings	49.7	0.0	(0.1)	(1.7)	47.9	48.8
TS Primary above 50	11.9	0.0	0.0	0.0	11.9	11.9
Distribution System	181.5	15.6	0.0	4.8	201.8	191.6
Poles and Wires	2,356.6	114.7	0.0	(2.2)	2,469.1	2,412.9
Line Transformers	608.0	31.0	0.0	0.0	639.0	623.5
Services and Meters	251.8	36.0	0.0	(22.9)	264.8	258.3
General Plant	120.3	1.1	0.0	0.0	121.4	120.8
Equipment	153.1	15.8	(23.7)	(0.2)	145.0	149.0
IT Assets	192.2	14.2	(21.0)	(7.2)	178.2	185.2
Other Distribution Assets	67.3	1.9	(0.1)	0.0	69.1	68.2
Contributions and Grants	(224.2)	(18.5)	0.0	0.0	(242.7)	(233.5)
Total In-Service Assets	**3,768.1**	**211.6**	**(44.9)**	**(29.4)**	**3,905.4**	**3,836.8**

Note: Variances due to rounding may exist

c) In accepting the proposed settlement in EB-2009-0139, the Board did not approve or disapprove any specific line item within the tables contained in the referenced schedule. As such, at this level of detail the requested comparisons cannot be made.

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d) Please see response to part (c) above.

e) Between 2008 and 2010 there has been an increase in the forecast level of contributions and grants. Realized capital contributions are based on the amount of energized assets in each year. The increase in contributions and grants is correlated to the increased investment in the distribution assets. The following categories of assets (as shown in the tables in the referenced schedules) are related to the contributions and grants received: Poles and Wires; Line Transformers; and Services and Meters.

f) The 2010 figures shown in Table 4 do not reflect the elimination of the PST effective July 1, 2010 as the information required to correctly estimate the impact on capital expenditures was not available during the 2011 EDR Application development process. The 2011 capital additions figures shown in Table 5 do not include PST nor HST and therefore an elimination amount is not applicable.

g) The amount of PST included in the cost of capital additions for 2008 and 2009 is $8.0 million and $7.0 million, respectively. The estimated amount included in the cost of capital additions for the last six months of 2010 is $6.0 million. The 2010 PST amount is relatively higher than the prior years because the PST amount varies as the amount and mix of PST eligible expenditures change.

h) 2008 additions as presented in EB-2009-0139

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Table 4: Year Ending December 2008 – Approved ($ millions)

	Opening Balance	Additions	Reductions	Transfers	Closing Balance	Average Balance
Land and Buildings	63.8	4.9	(1.0)	-	67.7	65.8
TS Primary Above 50	11.9	0.0	-	-	11.9	11.9
Distribution System	150.6	18.2	-	-	168.8	159.7
Poles and Wires	2,201.0	108.0	-	-	2,309.0	2,255.0
Line Transformers	587.4	48.6	-	-	636.0	611.7
Services and Meters	255.1	19.3	-	-	274.4	264.8
General Plant	106.9	5.9	(9.9)	-	102.9	104.9
Equipment	151.8	9.8	-	-	161.6	156.7
IT Assets	173.7	16.5	-	-	190.2	182.0
Other Distribution Assets	62.5	2.9	-	-	65.4	64.0
Contributions and Grants	(204.0)	(28.9)	-	-	(232.9)	(218.5)
Total In-Service Assets	**3,560.7**	**205.2**	**(10.9)**	**-**	**3,755.0**	**3,657.9**

Note: Variances due to rounding may exist

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2009 additions as presented in EB-2009-0139

Table 5: Year Ending December 2009 – Approved ($ millions)

	Opening Balance	Additions	Reductions	Transfers	Closing Balance	Average Balance
Land and Buildings	67.7	1.6	-	-	69.3	68.5
TS Primary Above 50	11.9	5.5	-	-	17.4	14.7
Distribution System	168.8	14.7	-	-	183.5	176.2
Poles and Wires	2,309.0	110.6	-	-	2,419.6	2,364.3
Line Transformers	636.0	42.7	-	-	678.7	657.4
Services and Meters	274.4	24.3	-	-	298.7	286.6
General Plant	102.9	5.9	-	-	108.8	105.9
Equipment	161.6	9.4	-	-	171.0	166.3
IT Assets	190.2	35.0	-	-	225.2	207.7
Other Distribution Assets	65.4	1.8	-	-	67.2	66.3
Contributions and Grants	(232.9)	(20.0)	-	-	(252.9)	(242.9)
Total In-Service Assets	**3,755.0**	**231.5**	**-**	**-**	**3,986.5**	**3,870.8**

Note: Variances due to rounding may exist

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INTERROGATORY 7:

Reference(s): Exhibit D1, Tab 3, Schedule 1

a) With respect to Table 3, has the elimination of the provincial sales tax half way through the 2010 bridge year been reflected in the figures? If not, why not? If yes, please quantify the reduction in the 2010 bridge year related to the elimination of the PST on July 1, 2010.

b) Has the elimination of the PST been reflected in the 2011 test year figures provided in Table 4? If not, why not? If yes, please quantify the reduction in the 2011 test year related to the elimination of the PST in 2010.

c) Please provide an estimate of the PST cost included in OM&A costs for 2008, 2009 and 2010.

RESPONSE:

a) The elimination of the provincial sales tax half way through the 2010 bridge year has not been reflected in the figures as the information required to correctly estimate the impact on OM&A costs was not available during the 2011 EDR Application development process.

b) PST and HST have not been included in the 2011 test figures and therefore an elimination amount is not applicable.

c) The estimated PST cost included in OM&A costs for 2008 and 2009 is $2.0 million and $2.0 million, respectively. The estimated amount for the last six months of 2010 is $1.0 million.

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INTERROGATORY 8:

Reference(s): Exhibit D1, Tab 3, Schedule 2

a) Please provide a table in the same level of detail (or in total if Board approved figures are not available for the level of detail shown) as shown in Table 2 that provides a comparison between the EB-2007-0680 Board-approved figures for 2009, the 2009 bridge year forecast filed in EB-2009-0139 and the actual levels recorded for 2009.

b) Please provide a table in the same level of detail (or in total if Board approved figures are not available for the level of detail shown) as shown in Table 3 that provides a comparison between the RB-2009-0139 Board-approved figures for 2010 and the current bridge year forecast for 2010.

RESPONSE:

a) See the enclosed tables for the information requested. Note that the Board does not approve amounts at the level of detail shown in Exhibit D1, Tab 3, Schedule 2 therefore related amounts are provided in total.

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Table 1: Years Ending December 31 – Average 2009 Historical versus 2009 Approved ($ millions)

	2009 Approved	2009 Historical	Variance ($)	Variance (%)
Land and Buildings	-	48.8	-	-
TS Primary above 50	-	11.9	-	-
Distribution System	-	191.6	-	-
Poles and Wires	-	2,412.9	-	-
Transformers	-	623.5	-	-
Service and Meters	-	258.3	-	-
General Plant	-	120.8	-	-
Equipment	-	149.0	-	-
Information Technology	-	185.2	-	-
Other Distribution Assets	-	68.2	-	-
Contributions and Grants	-	(233.5)	-	-
Gross Assets	**-**	**3,836.8**	-	-
Accumulated Depreciation	-	(2,069.5)	-	-
Net Assets	**1,775.7**	**1,767.3**	**(8.4)**	**(0.5)**

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Table 2: Years Ending December 31 – Average 2009 Historical versus 2009 Bridge ($ millions)

	2009 Bridge	2009 Historical	Variance ($)	Variance (%)
Land and Buildings	50.0	48.8	(1.2)	(2.5)
TS Primary above 50	11.9	11.9	0.0	0.1
Distribution System	187.9	191.6	3.7	2.0
Poles and Wires	2,418.0	2,412.9	(5.1)	(0.2)
Transformers	623.8	623.5	(0.3)	(0.0)
Service and Meters	259.2	258.3	(0.9)	(0.4)
General Plant	122.2	120.8	(1.4)	(1.1)
Equipment	160.0	149.0	(11.0)	(6.9)
Information Technology	205.5	185.2	(20.3)	(9.9)
Other Distribution Assets	68.4	68.2	(0.2)	(0.4)
Contributions and Grants	(238.1)	(233.5)	4.6	(1.9)
Gross Assets	**3,868.7**	**3,836.8**	**(31.9)**	**(0.8)**
Accumulated Depreciation	(2,093.3)	(2,069.5)	23.8	(1.1)
Net Assets	**1,775.3**	**1,767.3**	**(8.0)**	**(0.5)**

b) See the following tables for the information requested. Note that the Board does not approve amounts at the level of detail shown in Exhibit D1, Tab 3, Schedule 2 therefore related amounts are provided in total.

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Table 3: Years Ending December 31 - 2010 Bridge versus 2010 Approved
($ millions)

	2010 Approved	2010 Bridge	Variance ($)	Variance (%)
Land and Buildings	-	53.8	-	-
TS Primary above 50	-	16.0	-	-
Distribution System	-	200.8	-	-
Poles and Wires	-	2,547.3	-	-
Transformers	-	665.3	-	-
Service and Meters	-	281.8	-	-
General Plant	-	128.3	-	-
Equipment	-	152.7	-	-
Information Technology	-	197.2	-	-
Other Distribution Assets	-	69.6	-	-
Contributions and Grants	-	(257.1)	-	-
Gross Assets	**-**	**4,055.5**	-	-
Accumulated Depreciation	-	(2,205.2)	-	-
Net Assets	**1,867.1**	**1,850.3**	**(16.8)**	**(0.9)**

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INTERROGATORY 9:

Reference(s): Exhibit D1, Tab 7, Schedule 1

a) Please provide the estimated savings in the 2011 test year associated with the reductions in fuel consumption and changes in fuel type noted on page 6.

b) Please provide a version of Table 2 that shows the 2008 and 2009 Board approved figures from EB-2007-0680 and the 2010 Board approved figures from EB-2009-0139.

RESPONSE:

a) The annual estimated reduction in fuel consumption is 36,429 litres representing approximately $34,670 annually.

b) Board-approved figures are not available to populate a revised version of Table 2 because the Board has historically only approved overall total amounts for capital expenditures. These are $230.1M for 2008 and $240.1M for 2009. The settlement proposal approved by the Board for 2010 includes capital expenditures of $350M plus a deferral account for an additional $27.8M in capital spending for Transit City.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 10:

Reference(s): Exhibit D1, Tab 8, Schedule 1

a) Please provide the most recent year-to-date sustaining capital expenditures for 2010 in the same level of detail as shown in Table 1.

b) Please indicate if the forecast for the remainder of 2010, in conjunction with the actual expenditures referred to in part (a) above is different that the forecast for 2010 shown in Table 1. Please also provide an explanation for the change.

c) Does THESL have reliability performance indicators for the downtown core area? If yes, please provide a version of Table 2 that is for the downtown core area.

d) Please provide the reliability statistics for the eight cities noted on page 4.

RESPONSE:

a) Please see Appendix A of this Schedule.

b) Please see Appendix A of this Schedule.

c) THESL does not have separate reliability indicators for the downtown core.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

d)

City	**SAIDI (Minutes)**	**SAIFI**
Toronto	74.5	1.76
Hong Kong	5.37	0.093
New York	16.6	0.139
Paris	17	0.3
London	34.44	0.32
Tokyo	2	0.05
Miami	67.8	No Data
Vancouver	102.6	0.54
Montreal	147.14	2.44

Appendix A

Summary of Capital Budget ($ millions)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
		2010 YTD Actual (Sep. 30, 2010)	2010 Forecast	2010 Bridge	Variance ($)
1	OPERATIONAL INVESTMENTS				
2	Sustaining Capital				
3	Underground Direct Buried	32.5	55.5	65.2	9.7
4	Underground Rehabilitation	37.1	51.8	32.1	(19.7)
5	Overhead	16.7	22.3	22.0	(0.4)
6	Network	5.5	9.8	5.5	(4.3)
7	Transformer Station	9.9	11.2	11.9	0.7
8	Municipal Substation Investment	2.4	6.5	6.8	0.3
9	**Total Sustaining Capital**	**104.1**	**157.2**	**143.6**	**(13.6)**
10	Reactive Capital				
11	Underground	8.3	10.7	12.9	2.2
12	Overhead	9.1	10.9	6.3	(4.6)
13	Stations	0.4	0.5	0.2	(0.3)
14	**Total Reactive Capital**	**17.8**	**22.1**	**19.4**	**(2.7)**
15	Customer Connections	28.0	36.6	32.4	(4.2)
16	Customer Capital Contribution	(13.0)	(17.3)	(15.4)	1.9
17	Capital Contributions to HONI	0.2	0.7	2.8	2.1
18	Engineering Capital	25.6	34.8	30.9	(3.9)
19	AFUDC	2.4	3.5	4.8	1.3
20	Other (1)	8.5	0.0	-	(0.0)
21	**Total**	**51.7**	**58.2**	**55.5**	**(2.8)**
22	**Total Operations**	**173.7**	**237.5**	**218.4**	**(19.1)**
23	GENERAL PLANT				
24	Fleet & Equipment Services	3.0	7.1	9.9	2.8
25	Facilities and Other (2)	8.0	13.2	15.0	1.8
26	**Total GENERAL PLANT**	**11.0**	**20.3**	**24.8**	**4.6**
27	CUSTOMER SERVICES				
28	Wholesale Metering	0.1	1.0	6.9	6.0
29	Smart Metering	0.0	0.0	-	(0.0)
30	Suite Metering	3.8	4.6	2.4	(2.2)
31	Other (3)	(0.3)	(0.3)	0.6	0.9
32	**Total CUSTOMER SERVICES**	**3.6**	**5.3**	**9.9**	**4.6**
33					
34		2010 YTD Actual (Sep. 30, 2010)	2010 Forecast	2010 Bridge	Variance ($)
35	Corporate Applications	3.1	3.5	6.2	2.6
36	Customer Operations	6.3	3.5	3.5	0.0
37	Distribution Operations	2.7	4.6	3.6	(1.0)
38	IT Infrastructure	3.3	5.9	7.2	1.3
39	Security	2.6	2.0	2.4	0.4
40	Smart Grid	1.7	5.0	6.0	1.0
41	**Total INFORMATION TECHNOLOGY**	**19.7**	**24.5**	**28.8**	**4.3**
42	**Total OPERATIONAL INVESTMENTS**	**208.0**	**287.5**	**281.9**	**(5.6)**
43					
44	EMERGING REQUIREMENTS				-
45	Standardization	17.0	28.6	25.9	(2.7)
46	Downtown Contingency	0.6	5.3	13.1	7.8
47	FESI 7 / WPF	9.4	16.6	5.5	(11.2)
48	Smart Grid	4.4	6.9	3.0	(3.9)
49	Externally Initiated Plant Relocations	0.0	-	-	-
50	Stations System Enhancements	-	5.0	15.2	10.2
51	Secondary Upgrade	2.3	2.5	6.5	4.0
52	Energy Storage Project	-	-	-	-
53					
54	**Total EMERGING REQUIREMENTS**	**33.6**	**64.9**	**69.2**	**4.3**
55	**TOTAL CAPITAL**	**241.6**	**352.4**	**351.1**	**(1.3)**

Notes:
(1) Includes change in capitalised inventory from prior year end
(2) Includes major tools
(3) The 2010 amounts relate to adjustments/credits to metering capital expenditures

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INTERROGATORY 11:

Reference(s): Exhibit D1, Tab 8, Schedule 2

a) Please provide the most recent year-to-date reactive capital expenditures for 2010 in the same level of detail as shown in Table 1.

b) Please indicate if the forecast for the remainder of 2010, in conjunction with the actual expenditures referred to in part (a) above is different that the forecast for 2010 shown in Table 1. Please also provide an explanation for the change.

RESPONSE:

a) Please see Appendix A to Exhibit R1, Tab 3, Schedule 10.

b) The 2010 reactive capital expenditure forecast is $2.7M greater than Bridge year due to higher unplanned activities caused by unexpected events such as unfavourable weather.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 12:

Reference(s): **Exhibit D1, Tab 8, Schedule 3-2**
Exhibit D1, Tab 7, Schedule 1

a) Please provide the most recent year-to-date customer connection capital expenditures for 2010.

b) Please indicate if the forecast for the remainder of 2010, in conjunction with the actual expenditures referred to in part (a) above is different that the forecast for 2010 shown in Table 1. Please also provide an explanation for the change.

c) Please provide the number of customer connections associated with the capital expenditures for each of 2008 through 2011. Please also provide the actual number of customer connections for the most recent year-to-date period available in 2010.

d) Please provide the most recent year-to-date customer capital contribution for 2010 (as shown in Table 2 of Exhibit D1, Tab 7, Schedule 1).

RESPONSE:

a) Please see Appendix A to Exhibit R1, Tab 3, Schedule 10.

b) The 2010 customer connections forecast is $4.2M higher than the Bridge year primarily due to greater than expected customer demand.

c) The number of customer connections associated with the capital expenditures for years 2008 to 2011 and year-to-date September 2010 are as follows:

2008 Actual	2009 Actual	2010 YTD Sep	2010 Bridge	2011 Test
9,503	8,698	6,135	8,838	8,857

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

d) The customer capital contribution for year-to-date 2010 September is $13M.

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INTERROGATORY 13:

Reference(s): Exhibit D1, Tab 8, Schedule 4

Please confirm that the asset management figure of $2.8 million shown for the 2010 bridge year has either been paid or is still expected to be paid by the end of 2010. If this cannot be confirmed, please provide the projected figure for 2010 based on costs to date

RESPONSE:

The asset management figure of $2.8 million for 2010 Bridge consists of capital contributions to be paid to HONI.

That capital contribution amount of $2.8 million has not been paid as at September 2010. Additional contributions will be made in the fourth quarter of 2010 although, management expects to spend less than the $208 amount in the Bridge year.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 14:

Reference(s): Exhibit D1, Tab 8, Schedule 5

a) Please provide the most recent year-to-date engineering capital expenditures for 2010.

b) Please indicate if the forecast for the remainder of 2010, in conjunction with the actual expenditures referred to in part (a) above is different that the forecast for 2010 shown in Table 1. Please also provide an explanation for the change.

RESPONSE:

a) Please see Appendix A of Exhibit R1, Tab 3, Schedule 10.

b) The 2010 engineering capital expenditures forecast is $3.9 million higher than 2010 Bridge primarily due to higher than expected distribution system capital expenditures.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 15:

Reference(s): Exhibit D1, Tab 8, Schedule 6-1

a) Please provide the most recent year-to-date fleet and equipment services capital expenditures for 2010.

b) Please indicate if the forecast for the remainder of 2010, in conjunction with the actual expenditures referred to in part (a) above is different that the forecast for 2010 shown in Table 1. Please also provide an explanation for the change.

RESPONSE:

a) Please see Appendix A to Exhibit R1, Tab 3, Schedule 10.

b) The 2010 fleet and equipment services expenditures forecast are lower than the Bridge year forecast primarily due to supplier delays for the delivery of vehicles and related equipment.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 16:

Reference(s): Exhibit D1, Tab 8, Schedule 6-2

a) Please provide the most recent year-to-date general plant - facilities and asset management capital expenditures for 2010.

b) Please indicate if the forecast for the remainder of 2010, in conjunction with the actual expenditures referred to in part (a) above is different that the forecast for 2010 shown in Table 1. Please also provide an explanation for the change.

RESPONSE:

a) Please see Appendix A to Exhibit R1, Tab 3, Schedule 10.

b) The 2010 facilities asset management expenditures forecast is lower than Bridge year primarily due to timing difference in the delivery of facilities projects.

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INTERROGATORY 17:

Reference(s): Exhibit D1, Tab 8, Schedule 7

a) Please indicate if there is any significant deviation in the current projection for 2010, based on the most recent year-to-date actual expenditures, from the $9.9 million shown in Table 1. If yes, please explain the change.

b) The evidence indicates at page 2 that fewer than 10,000 of the residential customers will still require a smart meter installation in 2011, while Table 1 shows a figure of 22,400 for the residential and GS < 50 kW class. Please confirm that this implies that more than 12,000 GS < 50 kW customers require a smart meter installation in 2011. If this cannot be confirmed, please reconcile the figures noted. What percentage of GS < 50 kW customers still require the installation of a smart meter?

c) What is the average length of the lag referred to in the footnote to Table 2?

RESPONSE:

a) The 2010 customer operations expenditures forecast to year end is $5.3 million or $4.6 million lower than Bridge. This is primarily due to delays in the wholesale metering program resulting from changes in the Hydro One's schedule for the installation of large wholesale meters.

b) Confirmed. As of October 31, 2010, approximately 33 percent of GS < 50kW customers still require the installation of a smart meter.

c) The lag varies from project to project, but on average, it is about two months for retrofits and over six months for new construction.

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INTERROGATORY 18:

Reference(s): Exhibit D1, Tab 8, Schedule 8-1

a) Please provide the most recent year-to-date IT-Enabled Portfolios capital expenditures for 2010 in the same level of detail as shown in Table 1.

b) Please indicate if the forecast for the remainder of 2010, in conjunction with the actual expenditures referred to in part (a) above is different that the forecast for 2010 shown in Table 1. Please also provide an explanation for the change.

RESPONSE:

a) Please see Appendix A to Exhibit R1, Tab 3, Schedule 10.

b) The 2010 technology related capital expenditures forecast is $4.3M lower than the bridge primarily due to lower expenditures for application and IT infrastructure. These reductions followed an in-depth review of IT activities performed in the third quarter of 2010. The review required some delay in the delivery of the planned projects.

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INTERROGATORY 19:

Reference(s): **Exhibit D1, Tab 8, Schedule 9-1**

a) For each project shown in Table 1, please show whether the project is forecast to be in service and included in rate base by the end of 2011.

b) For each project identified in part (a) above that was forecast to be in service and included in rate base by the end of 2011, please confirm that based on the most recent information for each project that this is still the case. If this cannot be confirmed, please indicate which of these projects is now not forecast to be in service by the end of 2011.

RESPONSE:

a) It is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio level.

The test year portfolio energization rates are based on a historical energization profile.

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INTERROGATORY 20:

Reference(s): Exhibit D1, Tab 8, Schedule 9-2

a) For each project shown in Table 2, please show whether the project is forecast to be in service and included in rate base by the end of 2011.

b) For each project identified in part (a) above that was forecast to be in service and included in rate base by the end of 2011, please confirm that based on the most recent information for each project that this is still the case. If this cannot be confirmed, please indicate which of these projects is now not forecast to be in service by the end of 2011.

RESPONSE:

a) It is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio level.

The test year portfolio energization rates are based on a historical energization profile.

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INTERROGATORY 21:

Reference(s): **Exhibit D1, Tab 8, Schedule 9-3**

a) For each project shown in Table 1, please show whether the project is forecast to be in service and included in rate base by the end of 2011.

b) For each project identified in part (a) above that was forecast to be in service and included in rate base by the end of 2011, please confirm that based on the most recent information for each project that this is still the case. If this cannot be confirmed, please indicate which of these projects is now not forecast to be in service by the end of 2011.

RESPONSE:

a) It is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio level.

The test year portfolio energization rates are based on a historical energization profile.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 22:

Reference(s): Exhibit D1, Tab 8, Schedule 9-4

a) For each project shown in Table 4, please show whether the project is forecast to be in service and included in rate base by the end of 2011.

b) For each project identified in part (a) above that was forecast to be in service and included in rate base by the end of 2011, please confirm that based on the most recent information for each project that this is still the case. If this cannot be confirmed, please indicate which of these projects is now not forecast to be in service by the end of 2011.

RESPONSE:

a) It is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio level.

The test year portfolio energization rates are based on a historical energization profile.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 23:

Reference(s): **Exhibit D1, Tab 8, Schedule 9-5**

a) For each project shown in Table 5, please show whether the project is forecast to be in service and included in rate base by the end of 2011.

b) For each project identified in part (a) above that was forecast to be in service and included in rate base by the end of 2011, please confirm that based on the most recent information for each project that this is still the case. If this cannot be confirmed, please indicate which of these projects is now not forecast to be in service by the end of 2011.

RESPONSE:

a) It is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio level.

The test year portfolio energization rates are based on a historical energization profile.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 24:

Reference(s): Exhibit D1, Tab 8, Schedule 9-6

a) For each project shown in Table 6, please show whether the project is forecast to be in service and included in rate base by the end of 2011.

b) For each project identified in part (a) above that was forecast to be in service and included in rate base by the end of 2011, please confirm that based on the most recent information for each project that this is still the case. If this cannot be confirmed, please indicate which of these projects is now not forecast to be in service by the end of 2011.

RESPONSE:

a) It is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio level.

The test year portfolio energization rates are based on a historical energization profile.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 25:

Reference(s): **Exhibit D1, Tab 8, Schedule 9-7**

a) For each project shown in Table 1, please show whether the project is forecast to be in service and included in rate base by the end of 2011.

b) For each project identified in part (a) above that was forecast to be in service and included in rate base by the end of 2011, please confirm that based on the most recent information for each project that this is still the case. If this cannot be confirmed, please indicate which of these projects is now not forecast to be in service by the end of 2011.

RESPONSE:

a) It is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio level.

The test year portfolio energization rates are based on a historical energization profile.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 26:

Reference(s): Exhibit D1, Tab 8, Schedule 9-10

a) For each project shown in Table 1, please show whether the project is forecast to be in service and included in rate base by the end of 2011.

b) For each project identified in part (a) above that was forecast to be in service and included in rate base by the end of 2011, please confirm that based on the most recent information for each project that this is still the case. If this cannot be confirmed, please indicate which of these projects is now not forecast to be in service by the end of 2011.

RESPONSE:

a) The following table identifies projects to be completed by the end of 2011:

Project Number	Project Title	Forecast completed by end of 2011
19068	CCM 2011-Toronto Waterfront Corp/Cherry System Enhancements in 2011	2011/2012
19070	CCM 2011-Cherry St/Lakeshore Rebuild of Infrastructure	2011/2012
18865	RC4330 2011 Budget-Event 15 15-CCM - C.O. Substn Loop by UG	Yes
19373	2011 Cust. Connections Apprentices Work RC 4330 Budget Estimate	Yes
19206	RC4330 W11331 2011 Nomenclature IPHL,RC - MANS projects	Yes
18949	RC 4330 2011 Budget Event 4A 4A-CCM -OH RES Serv Upgrade(Core)	Yes

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

Project Number	Project Title	Forecast completed by end of 2011
19209	CCM 2011 Budget - Major Projects Pending + System Enhancements in 2011	Yes
19468	ORC Feeder Supply MTO Keele St Site 2011 Budget estimate	Yes
18864	RC4330 2011 Budget-Event 14B 14B-CCM -SUBD (1 Subm Tx 4 TBs)	Yes
19415	2011 CC & DGH Road Cut Repairs CC & DGH Budget Estimate	Yes
18947	RC 4330 2011 Budget Event 1A 1A-CCM -OH RES Sec Serv OH (Core)	Yes
18950	RC 4330 2011 Budget EVENT 4B 4B-CCM -OH RES Upgrade(Make Perm)	Yes
18842	RC4330 2011 Budget-Event 7A 7A-CCM -C.O. Substn Radial by OH	Yes
18866	RC4330 2011 Budget-Event 16 16-CCM - 1000kVA MOD VAULT	Yes
18844	RC4330 2011 Budget-Event 9A2 9A2-CCM - 300kVA Radial Pad	Yes
19061	CCM 2011- 399 Bathurst / T.O. Western Hospital- Krembill Discovery centre 75%	Yes
18867	RC4330 2011 Budget-Event 18 18-CCM - 500kVA Radial Pad by UG	Yes
18848	RC4330 2011 Budget-Event 9A5 9A5-CCM - 1000kVA Radial Pad	Yes
19062	CCM 2011-50 Yorkville/Four Seasons Residences [75%]	Yes
19063	CCM 2011-338 Yonge/AURA Condo Residences [30%]	Yes
18846	RC4330 2011 Budget-Event 9A3 9A3-CCM - 500kVA Radial Pad	Yes

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

Project Number	Project Title	Forecast completed by end of 2011
18847	RC4330 2011 Budget-Event 9A4 9A4-CCM - 750kVA Radial Pad	Yes
18948	RC 4330 2011 Budget Event 1B 1B-CCM -OH COMMCL Sec Serv by OH	Yes

b) See response to part a) above.

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INTERROGATORY 27:

Reference(s): Exhibit D1, Tab 8, Schedules 9-1 through 9-10

a) Please provide a table showing all of the 2010 capital expenditure projects with an estimated cost of $500,000 or more that were included in the original forecast and are included in the total capital expenditures of $351.1 million. For each project please show the year the project is expected to be in service and included in rate base.

b) For each project in (a) above that was identified as coming into service and into rate base in 2010, please identify any projects which are now not expected to be in service by the end of 2010 based on the latest information currently available. For any such project identified, please indicate whether the project is now scheduled to be in service by the end of 2011 or whether the project has been delayed to beyond 2011.

RESPONSE:

a) The following table shows the year the project is expected to be in-service and included in rate base:

PORTFOLIO 1 - UNDERGROUND DIRECT BURIED CABLE		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
10846	10846_002 E08113100-150 Burrows NAH9M23 UG Rehab	2010
10847	10847_005 E08113 100-150Burrowshall NAH9M23 UG REH	2010
10864	10864_005 E08124 Shawnee, Nootka 51M25 UG Repl	2010
11926	11926_001 E07465 DB@ Port Royal SE. NT63M4 Civil	2010
11928	11928_001 E08300 Port Royal NT63M4 SE. part Electr	2010

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PORTFOLIO 1 - UNDERGROUND DIRECT BURIED CABLE		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
11975	11975_005 E09085 Sexton SS68F1 UG Repl	2010
12069	12069_005 E09083 Sandhurst NT63M8 UG Rehab	2010
12244	12244_005 E09181 Deerbrook NA502M24 Rehab	2010
12418	12418_001 E09092 Stonedale SS46F2 Rehab	2010
12441	12441_005 E08116 Fawcet NT47M3 UG repl	2010
13062	13062_001 E09089 Foxdale-Beardmore SS64F3 UG Rehab	2009
13120	13120_001 E09246 Goldhawk NT63M12 Rehab-Phase 3	2010
13122	13122_001 E09247 Goldhawk NT63M12 Rehab-Phase 4	2010
13123	13123_005 E09248 Goldhawk NT63M12 Rehab-Phase 5	2010
13419	13419_001 W09264 Albion MG-F4 Kittiwake UG VC RLBT	2010/2011
13500	13500_001 W9265 Albion MG F1/F4 Sultan Pool	2011
13504	13504_001 W09266 Albion MG-F4 Hun Cres UG VC RLBTY	2010/2011
13505	13505_002 W09267 Albion MGF4 Banda UG VC Rear Lot	2010/2011
14028	14028_002 E09088 – GENERATION NA47-M17 REHAB	2010
15219	15219_001 E09344 Crow Tr. NAr26M34 UG Cable Inject	2012
15229	15229_001 E08061: Leslie SS68-F2 UG main repl.	2010
15243	15243_001 E10153 Fundy Bay NA502M21 UG Elect-PH2	2010
15384	15384_005 E10161 Melford. NAR26M34 UG Rehab	2010
15485	15485_001 E10166 Bards 51M22 UG Rehab	2010
15539	15539_001 E10120 Sewells, McLevin UG tie	2010
15857	15857_001 2010 Apprentices Work -RC3110	2010
15866	15866_005 2010 CUT REPAIR RESTORATIONS DPE + DPW	2010
15910	15910_005 HL Design for 2011 Const.Proj	2010

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PORTFOLIO 1 - UNDERGROUND DIRECT BURIED CABLE		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
16710	16710_001 HL Civil work 2011 advanced to 2010	2010
17013	17013_001 E08220 Leeward 53M9 UG rehab	2010/2011

PORTFOLIO 2 - UNDERGROUND REHABILITATION		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
12423	12423_001 E09093 Deaconwood SS68F2 Rehab, VC	2010
12568	12568_001 W09202 Routing ug primary to Nobe_Queen	2010
13026	13026_001 W09235 85M8, 9,10,23,30 EGRESS CBLE REP	2010
13342	13342_001 W09255 HL -Lakeshore Windermere VC	2010
13810	13810_001 E10121 Brian 51M22 UG Rehab	2010
14054	14054_001 W10132 Ridelle Distribution ENCH	2010/2011
14902	14902_001 W10158 Forest Hill Ph2 Civil const	2010
14957	14957_001 W10117 John Garland/Finch MGF4 Civil	2010
15107	15107_001 W10134 242 John Garland MG-F4 UG VC	2010
15155	15155_001 W10148 Strachan feeder Upgrade	2010
15543	15543_001 W10174 Piece Out Wiltshire feeders	2010
15626	15626_005 E10182 Conlins Morningside NT47M8, M15	2011
15748	15748_001 E10202 Lawrence NAH9M26 UG Repl.	2010
15888	15888_005 W10054 HL Design for 2011 Const.Project	2010
16001	16001_001 DC_W09132 HL Syst Enh't: UG Cable Rehab	2010
16184	16184_001 2010 Apprentices Work -RC3160	2010
16235	16235_001 W5319 LAKESHORE B-5-10-PQ CONVERSION	2011

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PORTFOLIO 2 - UNDERGROUND REHABILITATION		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
16294	16294_001 W08243 Civil ENH Lake Shore Windermere	2010
16307	16307_001 W09250 HL -Horner Ave Fdr Exp/ load	Cancelled
16336	16336_001 W10229 Civil Ench Avenue Rd	2010
16430	16430_001 DC_E09129 HL System Enhancement: UG	2010
16616	16616_001 W10275 Manby TS Load Trsf to Horner TS	2011
16617	16617_001 W10273 Manby TS load Trsf to Horner TS	2010
16756	16756_001 Wallsend feeders tie	2010/2011
16885	16885_001 Yorkdale SC Rbuild -2010	2010/2011

PORTFOLIO 3 - OVERHEAD SYSTEMS		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
11321	11321_002 W08191 Bathurst St 35M4(M6)/M9 ENCH	2010
12574	12574_001 W09189 Queen St OH VC	2010
13015	13015_001 IPHE E09232 Donlands Greenwood B3HW OH	2010
13043	13043_005 W09238 Windermere 38M29 ext VC PH1	2010
13605	13605_005 W09099 New SCADA SW OH/UG North York	2010
14964	14964_001 W09101 Rearlot Forest Hill Ph2 Electric	2010
16168	16168_001 RC 4360 2010 edr Woodbine29M31 OH [50%]	Cancelled
16293	16293_001 W10103 Nomenclature	2010
16466	16466_001 HLE_Eglinton MS 4kV OH Stage#2 PH#1	2010
16470	16470_001 HLE_Eglinton MS 4kV OH Stage#2 PH#2	2010
16521	16521_001 W07366 Rearlot Dist Forest Hill Ph1 Remo	2010
16610	16610_001 E08023 Fortrose 53M26 OH Rebuild	2010
16614	16614_005 W10272 Overhead Line Relocation and VC	2010

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PORTFOLIO 3 - OVERHEAD SYSTEMS		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
16709	16709_005 W10296 Defectivce Pole Repl	2010
17022	17022_001 W09251 HL – Eglinton MS 4kV OH VC	2010

PORTFOLIO 5 - TRANSFORMER STATIONS		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
15703	S10160 Wiltshire TS: Replace A1-2W SWGR	2011
15450	S10157 Glengrove TS: Replace A5-6GL SWGR	2011
16587	S10270 Carlaw TS: Purchase A6-7ET SWGR	2011
11885	S10008 Strachan TS: Replace A3-4T SWGR	2011

PORTFOLIO 6 - MUNICIPAL STATIONS		
PROJECT NUMBER	PROJECT DESCRIPTION	EXPECTED IN-SERVICE DATE
14189	S10109 University MS-Repl 4 transformers	2011
14152	S10136 Station Design	2010
14968	S10147 Danforth MS: Replace circuit breakers	2010

b) See response to part a) above.

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INTERROGATORY 28:

Reference(s): **Exhibit D1, Tab 9, Schedule 1**

a) Please provide the most recent year-to-date equipment standardization portfolio capital expenditures for 2010 shown in Table 1.

b) Please indicate if the forecast for the remainder of 2010, in conjunction with the actual expenditures referred to in part (a) above is different that the forecast for 2010 shown in Table 1. Please also provide an explanation for the change.

RESPONSE:

a) As of October 31, 2010, $18.9 million has been spent on the equipment standardization portfolio.

b) For the remainder of 2010, another $4.3 million is forecast to be spent in November and $2.9 million is forecast to be spent in December, resulting in a year-end forecast of $26.1 million for this portfolio. The majority of the increase over the $25.9 million budget is due to higher than anticipated material costs in the handwell replacement project.

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INTERROGATORY 29:

Reference(s): **Exhibit D1, Tab 9, Schedule 2**
Exhibit D1, Tab 7, Schedule 1

a) The 2010 downtown contingency capital expenditures shown in Table 2 of Exhibit D1, Tab 7, Schedule 1 is $13.1 million. Please confirm that based on the most recent information available that THESL still expects to spend this amount.

b) Will the 2010 expenditures be placed into service and into rate base at the end of 2010 or will some of these expenditures be placed into CWIP and placed into service in 2011?

RESPONSE:

a) THESL expects to spend $5.6 million in 2010 on these expenditures. The reductions are due to complications in planning and design which have caused delays in the execution of this program. This is expected to be resolved in 2011 allowing for execution as planned for future years.

b) All 2010 expenditures are expected to be completed and placed into service by year end.

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INTERROGATORY 30:

Reference(s): Exhibit D1, Tab 9, Schedule 5-1

The ratio of net to gross costs shown in Table 5 are approximately 44% in 2008, 65% in 2009 and 50% in 2010, for an average over this period of 53%. The corresponding ratio forecast for the 2011 test year is 82%. Please explain why the contributions forecast for 2011 are significantly lower in proportion to the gross costs than in the three previous years.

RESPONSE:

The contribution forecast is significantly lower for 2011 since GO Transit is undertaking a major expansion project along the Georgetown Corridor. This project extends from Union Station to approximately Highway 427 and includes modifications to all road crossings along the corridor. Since the rail corridor is not owned by the City of Toronto the road construction cost-sharing arrangements based on the Government of Ontario's *Public Service Works on Highway Act*, does not apply and THESL is required to pay 100 percent of all relocation costs.

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INTERROGATORY 31:

Reference(s): Exhibit D1, Tab 9, Schedule 6

a) Will any of the 2010 capital expenditures shown in Tables 1 & 2 be in service and closed to rate base in 2010? In 2011? Please explain if yes in either year.

b) Will any of the 2011 capital expenditures shown in Tables 1 & 2 be in service and closed to rate base in 2011? If yes, please explain.

RESPONSE:

a) No. Assets which are the subject of the 2010 capital expenditures will not be in-service in 2010 or 2011.

b) No. Assets which are the subject of the 2011 capital expenditures will not be in-service in 2011.

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INTERROGATORY 32:

Reference(s): Exhibit D1, Tab 9, Schedule 8

a) What is the projected life of the battery system?

b) Given that the expected in service date is anticipated to be the end of 2011, has THESL included the $30 million expenditure in the calculation of the 2011 rate base?

c) Can the storage system be used to reduce the transmission related costs incurred by THESL? Please explain.

RESPONSE:

a) The Energy Storage Project includes a sodium-sulphur battery system which is projected to last 15 years based on approximately 250 charge/discharge cycles per year. The sodium-sulphur batteries can be replaced at that stage to extend the asset life a further 15 years.

b) This $30M expenditure for the Energy Storage Project is not included in the 2011 rate base. The costs of this project will be entirely contained within CWIP, and does not in any way impact rate base or revenue requirement in 2011.

c) The Energy Storage Project will not reduce transmission related costs incurred by THESL but will support grid reliability and may defer distribution reinforcement.

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INTERROGATORY 33:

Reference(s): Exhibit D1, Tab 13, Schedule 1

a) Please provide the calculation of the test year depreciation expense in the format shown in Appendix 2-M of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications dated June 28, 2010.

b) How does THESL calculate depreciation on capital expenditures closed to rate base in the historical, bridge and test years? Does THESL calculate a full year of depreciation regardless of when the asset is placed in service, or does THESL use the half year approach whereby it is assumed that the asset is placed in service at mid-year or does THESL estimate the timing of when the asset is placed in service and begin the calculation of depreciation based on this expected "in service" date? If the latter, please provide an estimate of the weighted average in-service date as compared to the mid-year approach.

RESPONSE:

a) The information needed to complete the calculation of test year depreciation expense in the format requested is not readily available to THESL as, in the normal course of business, assets are transferred between classes and these transfers make it appear that fully depreciated assets are greater than they actually are. Obtaining an accurate estimate of fully depreciated assets, net of transferred assets, to be included in the opening balance of the test year would require significant additional analysis, validation and review.

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b) THESL did not calculate full year depreciation on any of the historical, bridge and test years. THESL estimates the timing of energization for capital expenditures and calculated depreciation expense for the particular classes of assets based on the expected "in service" date. The weighted average in-service date factor for the test year is 0.563 which when multiplied by 12 months is slightly later than the mid-year approach (i.e., 0.5 x 12 months would equal June).

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INTERROGATORY 34:

Reference(s): Exhibit E1, Tab 1, Schedule 1

a) Has THESL obtained any additional medium or long-term debt in addition to that shown in Table 2 since June 1, 2010? If [it] is, please update Table 2 to reflect the additions.

b) Please update the rates and spreads shown in Table 3 to reflect the most recent forecasts and estimates available.

RESPONSE:

a) No.

b) As indicated in response to BOMA Interrogatory #43, THESL's updated outlook for financing does not include the need to issue new debt in the Test Year. Therefore, an update to the forecasted rates and spreads is not required. Removing the forecasted debt issues from the 2011 Test Year results in a marginal reduction in forecasted debt cost to 5.37% (vs 5.38% originally filed).

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INTERROGATORY 35:

Reference(s): **Exhibit E1, Tab 3, Schedule 2**
Exhibit E1, Tab 4, Schedule 2

a) Please explain the $50,000 reduction in financing costs relative the Board approved level in 2010 in Tables 1 and 2 of Exhibit E1, Tab 3, Schedule 2.
b) Please explain what is driving the increase in financing costs in 2011 shown in Table 1 of Exhibit E1, Tab 4, Schedule 2, relative to the corresponding figures for 2010.
c) Based on the most recent year-to-date actual figures available is the forecast financing cost for 2010 of $645,626 still a reasonable forecast?

RESPONSE:

a) Actual amortized financing costs associated with the May 2010 debt issue were lower than estimated. The impact on the overall cost of debt is negligible.

b) The 2011 financing costs reflect the full year of amortized costs of the 2010 debt issue, plus a small portion (reflecting the late 2011 issuance) of the amortized costs of the forecast 2011 debt issues.

c) Yes. At the time of filing, most of the issue costs related to the 2010 issuance were known and were reflected in the updated 2010 financing cost value.

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INTERROGATORY 36:

Reference(s): **Exhibit F1, Tab 1, Schedule 1**
Exhibit F2, Tab 1, Schedule 1
Exhibit D1, Tab 3, Schedule 1

Please reconcile the OM&A costs shown in Table 2 of Exhibit F1, Tab 1, Schedule 1 and Table 1 of Exhibit F2, Tab 1, Schedule 1 with the figures shown in Table 1 of Exhibit D1, Tab 3, Schedule 1. Other than the amortization expense shown in this latter table, what are the differences related to?

RESPONSE:

Please refer to Table 1 of THESL's response to Interrogatory 19 from Board Staff (Exhibit R1, Tab 1, Schedule 19).

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INTERROGATORY 37:

Reference(s): Exhibit F1, Tab 1, Schedule 1

Please provide the most recent year-to-date actual O&M expenditures for 2010 in the same level of detail as shown in Table 2. Please also provide the corresponding figures for the same period in 2009.

RESPONSE:

Please see attached Table.

Table 1: 2009 and 2010 September year-to-date actual O&M expenditures

Description	2009 Sept. YTD Actual	2010 Sept. YTD Actual
Maintenance Programs	28.9	25.1
Fleet and Equipment Services	8.3	7.8
Facilities and Asset Management	16.6	17.7
Supply Chain Services	6.4	7.3
Control Center	5.3	8.5
Operations Support	27.0	31.0
Customer Services	33.7	36.7
Customer Driven Operating	0.4	0.2
Total	126.6	134.3

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INTERROGATORY 38:

Reference(s): Exhibit F2, Tab 1, Schedule 1

Please provide the most recent year-to-date actual A&G expenditures for 2010 in the same level of detail as shown in Table 2. Please also provide the corresponding figures for the same period in 2009.

RESPONSE:

	2009 Actual (Jan - Sep)	2010 Actual (Jan - Sep)
Governance	10.0	3.4
Charitable Contributions	0.1	0.2
Finance	3.3	8.1
Treasury, Rates and Regulatory	8.6	9.1
Legal	2.0	3.4
Communications	2.4	3.7
Information Technology	16.3	18.7
Organizational Effectiveness & Environmental Health and Safety	7.2	9.7
Strategic Management	1.1	1.4
Total	**50.8**	**57.8**

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INTERROGATORY 39:

Reference(s): **Exhibit F2, Tab 3, Schedule 1, Updated November 8, 2010 Letter**

THESL filed a letter dated November 8, 2010 indicating that it had increased its Charitable Donations amount for 2011 to $0.7 million to reflect direction provided by the Board in its letter dated October 20, 2010 related to LEAP Emergency Financial Assistance.

a) How does THESL propose to allocate the cost of the charitable donations to the rate classes?

b) Has THESL adjusted the calculation of its taxes to reflect a deduction of $0.7 million for the charitable donations? If not, why not?

RESPONSE:

a) THESL will apply the Board-Approved cost allocation model to allocate the proposed amount. The allocator in the model used to allocated donations is the O&M allocator.

b) THESL has not adjusted the calculation of its taxes to reflect the increase in charitable donations to $0.7 million. The increase in charitable donations is offset by an equal increase in revenue. As a result, net income before consideration of PILs will not change from what was previously reflected and the calculation of taxes will not change.

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INTERROGATORY 40:

Reference(s): Exhibit F2, Tab 4, Schedule 1

Please provide the actual R&D tax credits claimed in 2008 and 2009 and the forecast of these amounts for 2010 and 2011.

RESPONSE:

	2008 Actual	2009 Actual	2010 Forecast (Note 1)	2011 Forecast (Note 1)
R&D Credits ($ M)	1.1	1.3	0.7	0.7

Note 1:
The forecasted 2010 and 2011 amounts are based on the average of actual R&D credits claimed for the taxation years 2001 to 2009.

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INTERROGATORY 41:

Reference(s): Exhibit F2, Tab 6, Schedule 1

a) Is the reference on line 19 of page 3 to a forecast cost of $0.8 million supposed to be for 2011 rather than 2010? If not, what is the forecast for 2011?

b) Please provide the assumptions used to calculate the forecast cost on customer deposits (rate and average amount of customer deposits) for 2011.

c) Please provide the average level of customer deposits for 2008, 2009 and 2010.

RESPONSE:

a) Yes, the reference is supposed to be for 2011.

b) The $0.8M interest expense was calculated using a $38.5M average Customer Deposit (electricity) amount multiplied by 2.08%.

c) See Appendix A for details.

Appendix A
Customer Deposits ($ millions)

	2008 Actual	2009 Actual	2010 Forecast
Total Long Term Portion	26.7	26.7	22.8
Total Current Portion	16.0	15.8	17.1
Total Customer Deposits*	**42.7**	**42.5**	**40.0**

* Only for electricity Customer Deposits

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INTERROGATORY 42:

Reference(s): Exhibit H1, Tab 1, Schedule 1

a) Has THESL made any adjustments to the projected tax credit of $0.36 million based on the average of prior claims to reflect the increases in the amount of the credits that came into effect in March of 2010?

b) Please provide, if now available, the actual property taxes paid/to be paid for the 2010 bridge year.

RESPONSE:

a) The 2009 Ontario Budget introduced enhancements to the Apprenticeship Training Tax Credit and the Co-operative Education Tax Credit for expenditures incurred after March 26, 2009. THESL’s projected tax credit of $0.36 million is based on a historical average of claims including the year 2009 when the credit was enhanced.

b) The actual 2010 property taxes are $6.3 million.

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INTERROGATORY 43:

Reference(s): **Exhibit I1, Tab 1, Schedule 1**

a) Please provide the most recent year-to-date actual other revenues for 2010 in the same level of detail as shown in Table 1. Please also provide the corresponding figures for the same period in 2009.

b) Please explain why no interest income from short-term investments has been forecast for 2011.

c) When were the properties that resulted in a gain of $5.5 million sold in 2010?

d) Does THESL expect to sell any properties in 2011?

e) How much of the $3.6 million in 2009 associated with other income was the result of the sale of scrap metal?

f) Are the vehicles that are replaced by THESL generally fully depreciated when they are replaced?

g) Why is there is no net value associated with the sale of vehicles being replaced by THESL?

h) Why are the SSS Administration fees expected to decrease in 2011?

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RESPONSE:

a)

Table 1: Other Revenue ($ 000s)

Uniform System of Account #	Description	Actual Jan - Sep 2009	Actual Jan - Sep 2010
(4235)	Specific Service Charges including Pole Attachment	$5,852.3	$6,457.4
(4225)	Late Payment Charge	$3,777.0	$3,949.5
(4082,4084,4090,4210,4215)	Other Distribution Revenue	$5,563.6	$5,942.3
(4325,4330,4355,4398,4405)	Other Income & Deductions	$3,103.7	$9,636.3
Total Revenue Offset		**$18,296.6**	**$25,985.5**

b) THESL's 2011 Application anticipates the continuation of the ramp up of its capital program. With the monthly rate of the capital spend expected to be in excess of $30 million, coupled with the company's on-going working capital needs, THESL had forecast a net cash shortfall in its 2011 rates application. Based on this initial outlook, THESL had anticipated borrowing on its short-term lines, and had not projected earning any interest income.

Also based on the anticipated capital expenditure in 2011, THESL had forecast a need for a second capital-related long-term debt issue towards the end of 2011 (with the first such debt issue having been undertaken in 2010). THESL's latest cash projection now anticipates the company having sufficient cash on hand to fund its 2011 capital program and to fund its on-going working capital needs. In any case, if the company experiences a cash shortfall, it can mitigate the shortfall by accessing its

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short-term credit lines. THESL is now forecasting delaying its second long-term capital-related debt issue into 2012 (THESL will update its cost of capital to reflect this change for rate finalization). Accordingly, THESL anticipates earning $300,000 in interest income in 2011, and will update the total revenue offset balance to reflect this change as part of rate finalization.

c) The $5.5M represents the net pre-tax gain on sale of the following properties:

	Properties	Sale	Amount (in $ millions)
Named Properties	3706 Bathurst St	Nov. 2007	$0.47M
	124 Birmingham Ave	May 2008	$0.39M
	228 Wilson Ave	Feb. 2009	$1.04M
	522 Rustic Rd	Sep. 2009	$0.22M
	175 Goddard St.	Jun. 2010	$2.48M
	Subtotal		**$4.60M**

Also included:

Additional Properties	25 Combermere	Jan. 2010	$0.29M
	12 Rivalda	Feb. 2010	$0.34M
	2065 Bayview (loss)	Mar. 2010	($0.01M)
Vehicles	Vehicles	Jun. 2010	$0.12M
Vehicles	Vehicles	Aug. 2010	$0.08M
Vehicles	Vehicles	Sep. 2010	$0.09 M
	Subtotal		**$0.92M**
	TOTAL		**$5.51M**

d) Yes. Please also refer to the response to VECC interrogatory 15 e).

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e) In 2009, the sale of scrap metal was $1.2 million.

f) Generally vehicles are at the end of their useful lives for THESL's purposes and may be fully depreciated when THESL replaces them. Any remaining net book value is de-recognized upon sale.

g) Please refer to the above response.

h) The SSS Administration fees are expected to decrease in 2011 as a result migration of customers away from RPP in response to the introduction of time of use rates.

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INTERROGATORY 44:

Reference(s): **Exhibit I1, Tab 1, Schedule 3**

a) Please expand Table 1 to show actual figures for 2007 and 2008 for accounts 4325, 4330, 4355, 4398 and 4405.

b) Please provide the most recent year-to-date actual figures for 2010 for accounts 4325, 4330, 4355, 4398 and 4405. Please also provide the corresponding figures for the same period in 2009.

RESPONSE:

a) Please refer to Appendix A.

b) Please refer to Appendix A for September year-to-date actual figures for 2009 and 2010. For an explanation of the 2010 Bridge figure please see Exhibit R1, Tab 11, Schedule 15, part b.

Appendix A
Other Income and Deductions ($ millions)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
	Uniform System of Account #	**Description**	**Actual 2007**	**Actual 2008**	**Actual 2009**	**Actual Sep. 2009 YTD**	**Actual Sep. 2010 YTD**	**Bridge 2010**	**Test 2011**
	Other Income and Deductions								
1	4325	Merchandise and Jobbing Revenue	20.6	14.3	12.6	10.2	13.1	7.3	7.5
2	4330	Merchandise and Jobbing Costs	(9.6)	(10.5)	(9.3)	(7.4)	(6.9)	(7.3)	(7.4)
3	4355	Gain/Loss on disposals	0.5	0.1	-	-	2.6	5.5	-
4	4398	Foreign Exchange Gain/Loss	(0.7)	0.4	(0.7)	(0.6)	(0.0)	-	-
5	4405	Investment Interest Income	8.2	6.0	1.0	0.8	0.9	-	-
6	**Other Income and Deductions (4325,4330,4355,4398,4405)**		19.0	10.3	3.6	3.1	9.6	5.5	0.0

Rounding variances may exist.

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INTERROGATORY 45:

Reference(s): **Exhibit I1, Tab 1, Schedule 4**

Please provide the most recent year-to-date actual figures for 2010 in the same level of detail as shown in Table 1. Please also provide the corresponding figures for the same period in 2009.

RESPONSE:

Please refer to Appendix A for September year-to-date actual figures for 2009 and 2010.

Appendix A - 2009 and 2010 Year to Date Actuals for Merchandise and Jobbing

	Col. 1	Col. 2	Col. 3
		Actual Sep YTD 2009	**Actual Sep YTD 2010**
1	**Revenue**		
2	Line Hose Removal	779.1	387.0
3	Isolation	594.9	646.2
4	Temp Service Construction	605.8	1,327.8
5	Customer Services	3,185.6	3,000.9
6	Scrap Sales	1,578.8	3,184.3
7	Accident Claims	1,069.2	1,038.2
8	Other	2,390.8	3,474.0
9	Total	10,204.1	13,058.5
10	**Expenses**		
11	Line Hose Removal	(951.9)	(895.6)
12	Isolation	(409.0)	(416.5)
13	Temp Service Construction	(906.4)	(1,139.7)
14	Customer Services	(2,305.2)	(2,428.9)
15	Scrap Sales	(755.0)	(956.6)
16	Accident Claims	(1,258.5)	(137.5)
17	Other	(764.2)	(950.7)
18	Total	(7,350.3)	(6,925.4)
19	**Net Revenue**		
20	Line Hose Removal	(172.9)	(508.6)
21	Isolation	185.9	229.7
22	Temp Service Contruction	(300.6)	188.1
23	Customer Services	880.4	572.0
24	Scrap Sales	823.8	2,227.7
25	Accident Claims	(189.4)	900.7
26	Other	1,626.6	2,523.3
27	Total	2,853.8	6,133.1

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INTERROGATORY 46:

Reference(s): **Exhibit J1, Tab 2, Schedule 4**

a) Please explain how the revenue figure of $2,544.6 is derived. Please provide a reference where this figure is shown elsewhere in the evidence, or to figures from which it can be derived. In particular, why is the revenue not equal to the cost of power ($2,242.1) plus the distribution revenue requirement of $598.2 shown in Exhibit J1, Tab 2, Schedule 5, for total revenues of $2,840.3?

b) How much of the $226.8 shown for OM&A expenses are related to wages, salaries and benefits, property taxes and other costs to which the HST is not applicable?

c) The service lag estimated in EB-2007-0680 of 27.1 days was based on the then existing mix of monthly and bi-monthly meter reading. Has there been any significant change in the mix of monthly and bi-monthly meter reads? If yes, please calculate the impact on the service lag of 27.1 days and the impact on the calculation of the working capital for the 2011 test year.

RESPONSE:

a) The revenue figure should reflect cost of power plus distribution revenue. Because of the circular nature of this number (the distribution revenue is based on rate base which includes the Working capital component) a proxy value was used initially. If this figure was updated for the 2011 Cost of Power ($2,242.1 million) plus 2011 Service Revenue Requirement ($598.2 million), it would reduce the total working capital by $1.9 million.

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b) THESL estimates that roughly $140 million of the $226.8 million are expenses for which HST is not applicable.

c) There have not been any significant changes in the monthly and bi-monthly meter reading mix.

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INTERROGATORY 47:

Reference(s): Exhibit K1, Tab 1, Schedule 1

a) Please update the 2010 figure shown in Table 3 to reflect the most recent year-to-date actual information available.

b) Does the 2010 bridge year forecast shown in Table 1 of 25,593.8 GWh reflect the normalization of the 4 months of actual loads noted on page 3? If not, please explain why not?

c) Please provide the normalized 2010 bridge year forecast of GWh based on inclusion of the actual loads requested in part (a) above.

RESPONSE:

a)

Table 1. Forecast vs. Actual Purchased Energy

Year	2010 EDR Forecast	2009 Actual / 2010 Bridge	Variance (%)
2009	25,933.5	25,221.0	-2.7%
2010	25,755.3	25,627.7	-0.5%

Note: 2010 Bridge contains ten months of history (January-October) and two months of filed forecast (Nov-Dec).

b) Yes, it does.

c) **25,648.04 GWh**. This number includes ten months of weather-normalized actual loads (January to October) and two months of filed forecast (November to December).

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 48:

Reference(s): **Exhibit K1, Tab 1, Schedule 2**
Exhibit K1, Tab 8, Schedule 2

a) Please show the calculation of the $0.725/kWh rate used to calculate the cost of power, including the RPP and non-RPP rates used (HOEP and global adjustment), along with the split of RPP and non-RPP volumes.

b) Please indicate where in the Board's April 15, 2010 Regulated Price Plan Report the rates identified in part (a) are sourced.

c) Please update the calculation of the weighted average of forecast RPP and HOEP plus global adjustment rates based on the Board's October 18, 2010 Regulated Price Plan Price Report, clearly identifying the figures from the Report that are used.

d) What is the impact on rate base of using the figure calculated in part (c) above?

RESPONSE:

a) The rate of $0.0725/kWh was calculated based on a kWh split between RPP and Non-RPP customers of 37.1% and 62.9%, respectively, and used an average RPP rate of $0.07549/kWh, an average HOEP price of $0.04304/kWh and a global adjustment rate of $0.02772/kWh.

b) $0.0725/kWh = ((37.1% * $0.07549/kWh) + ((62.9% * ($0.04304/kWh + $0.02772/kWh))

The RPP rate was based upon the "April 15, 2010 Regulated Price Plan Price Report – May 1, 2010 to April 30, 2011" (the "April 15, 2010 RPP Report"). For the months

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

of January to April 2011 the RPP rate forecast came directly from Table ES-1: Average RPP Supply Cost Summary in the April 15, 2010 RPP Report. For the months of May to December 2011 the RPP rate was based on growth in HOEP.

The HOEP price is based upon the "April 7, 2010 Ontario Wholesale Electricity Market Price Forecast – For the period May 1, 2010 to October 31, 2011" (the "April 7, 2010 Report"). For the months of January to October 2011 the HOEP price came directly from Table ES-1: HOEP Forecast in the April 7, 2010 Report. For the months of November and December 2011 the HOEP price was based on historical year over year growth.

The Global Adjustment ("GA") rate was based upon the April 15, 2010 RPP Report. The GA rate may be found in Table ES-1: Average RPP Supply Cost Summary in the April 15, 2010 RPP Report.

c) The forecast for the wholesale electricity rates was updated using the "October 18, 2010 Regulated Price Plan Price Report – November 1, 2010 to October 31, 2011" (the "October 18, 2010 RPP Report") and the "October 5, 2010 Ontario Wholesale Electricity Market Price Forecast – For the period November 1, 2010 to April 30, 2012" (the "October 5, 2010 Report"). The updated rate is $0.0657/kWh versus the original rate of $0.0725/kWh.

The rate of $0.0657/kWh was calculated based on a kWh split between RPP and Non-RPP customers of 37.1% and 62.9%, respectively, and used an average RPP rate of $0.06749/kWh, an average HOEP price of $0.03825/kWh and a global adjustment rate of $0.02638/kWh.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

$0.0657/kWh = ((37.1% * $0.06749/kWh) + ((62.9% * ($0.03825/kWh + $0.02638/kWh))

The RPP rate was based upon the October 18, 2010 RPP Report. For the months of January to October 2011 the RPP rate forecast came directly from Table ES-1: Average RPP Supply Cost Summary in the October 18, 2010 RPP Report. For the months of November and December 2011 the RPP rate was based on growth in HOEP.

The HOEP price is based upon the October 5, 2010 Report. For the months of January to December 2011 the HOEP price came directly from Table ES-1: HOEP Forecast in the October 5, 2010 Report.

The Global Adjustment ("GA") rate was based upon the October 18, 2010 RPP Report. The GA rate may be found in Table ES-1: Average RPP Supply Cost Summary in the October 18, 2010 RPP Report.

d) When using the figure calculated in part (c) above there is a $18,350,608 reduction to rate base.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 49:

Reference(s): Exhibit K1, Tab 2, Schedule 1

Please provide the model input data shown in Table 1 in a live Excel spreadsheet.

RESPONSE:

The input data has been provided in an Excel spreadsheet attached as Appendix A (filename: EB-2010-0142_R1_T03_S49_BOMA_AppendixA.xlsx).

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 50:

Reference(s): Exhibit K1, Tab 3, Schedules 1 and 2

a) Please explain how THESL calculates the weather-normalized loads shown in Schedule 2.

b) Please show the calculation of the 2009 weather-normalized figure of 5,118,202,722 shown in Schedule 2 for the residential rate class starting with the actual figure of 5,002,902,435 shown in Schedule 1.

RESPONSE:

a) In accordance to the regression models specification, weather normalization was performed on a "load per day" basis using HDD based on the balancing point of 10 degrees Celsius. Weather normalization was performed for each customer class separately using historic monthly values of CDD and HDD10, CDD and HDD10 "normals" and corresponding regression model CDD and HDD10 coefficients. Resulting normalized load values were multiplied by the number of days in a given month.

b) Please see Appendix A to this Schedule.

Resid Loss Factor 1.0376

Residential model coefficients (per day basis) 279,373 852,223

Date	# of Days	Historic loads before losses per day	Historic loads before losses per month	Historic loads after losses per month	Historic HDD10	Historic CDD	HDD10 normals (10 year average)	CDD normals (10 year average)	Weather-normalized loads before losses per month	Weather-normalized loads after losses per month
Jan-09	31	17,212,837	533,597,941	514,261,701	18.8	0.0	14.9	0.0	499,640,175	481,534,479
Feb-09	28	16,205,890	453,764,916	437,321,623	13.7	0.0	14.3	0.0	458,875,319	442,246,838
Mar-09	31	14,801,129	458,834,991	442,207,971	9.2	0.0	9.5	0.0	461,477,858	444,755,067
Apr-09	30	13,110,117	393,303,516	379,051,191	3.2	0.0	3.6	0.0	397,007,040	382,620,508
May-09	31	12,211,104	378,544,214	364,826,729	0.4	0.2	0.5	0.4	382,721,266	368,852,415
Jun-09	30	12,910,948	387,328,435	373,292,632	0.0	1.1	0.0	2.3	417,846,532	402,704,830
Jul-09	31	13,385,489	414,950,163	399,913,419	0.0	1.4	0.0	3.8	478,832,780	461,481,091
Aug-09	31	14,856,708	460,557,954	443,868,499	0.0	2.9	0.0	3.6	478,548,376	461,206,993
Sep-09	30	13,151,303	394,539,093	380,241,994	0.0	0.7	0.0	1.3	409,466,678	394,628,641
Oct-09	31	12,841,027	398,071,837	383,646,720	2.0	0.0	1.7	0.1	399,649,762	385,167,465
Nov-09	30	13,770,581	413,117,428	398,147,097	4.1	0.0	5.6	0.0	425,446,151	410,029,058
Dec-09	31	16,271,002	504,401,077	486,122,858	12.4	0.0	12.0	0.0	501,135,209	482,975,336
Total 2009				**5,002,902,435**						**5,118,202,722**
				Exhibit K1, Tab 3, Sch 1						**Exhibit K1, Tab 3, Sch 2**

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 51:

Reference(s): Exhibit K1, Tab 4, Schedule 1

a) Please update the 2010 bridge year figures shown in Table 1 to reflect the actual number of customers for each month based on the most recent information available and a forecast for the remaining months.

b) Please provide the actual number of customers by rate class for the most recent month available in 2010.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

RESPONSE:

a)

Table 1. Customers by Class (2010 Bridge Year updated with actual mid-year customer numbers)

Col. 1	Col. 2	Col. 13
		2010 Bridge Year
Residential	Customers	616,394
GS <50 kW	Customers	65,799
GS 50-999 kW	Customers	12,873
GS 1000-4999 kW	Customers	509
Large Use	Customers	47
Street Lighting	Connections	162,964
Unmetered Scattered Load	Customers	1,107
	Connections	21,021
Total	Customers	696,729
	Connections	183,985

Notes

1. Customer/Connection values are mid-year

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

b)

Table 2. Customers by Class (the latest available month of data – Oct 2010)

		Oct-10
Residential	Customers	618,263
GS <50 kW	Customers	66,040
GS 50-999 kW	Customers	12,980
GS 1000-4999 kW	Customers	505
Large Use	Customers	46
Street Lighting	Connections	163,001
Unmetered Scattered Load	Customers	1,125
	Connections	21,365
Total	Customers	698,959
	Connections	184,366

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 52:

Reference(s): Exhibit M1, Tab 1, Schedule 1

Please confirm that adjusting the loss factor to reflect the five year average would reduce the increase in rates from that proposed by THESL.

RESPONSE:

Distribution revenue is recovered from unadjusted kWh consumption without losses. A lower loss factor has no impact on the levels of rates proposed by THESL.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 53:

Reference(s): **Exhibit P1, Tab 1, Schedule 1**
Exhibit D1, Tab 2, Schedule 1

a) Please file the THESL 2009 income tax returns.

b) Does the 2009 Schedule 8 and 10 UCC and CEC shown on page 15 reflect the actual UCC at the end of 2009 as per the 2009 tax returns? If not, please update the CCA schedules for 2010 and 2011 to reflect the actual 2009 year end values.

c) There is a difference in the CCA additions of $316,498,493 shown for 2010 on page 19 and the $314,942,290 shown on page 21. This difference is the amount shown on page 19 in account 2065 Other Electric Plant Adjustment. Please explain what this is and why there is no CCA claimed on this amount.

d) Please reconcile the two figures noted above in part (c) with the $321.3 million shown as in-service additions in Table 4 of Exhibit D1, Tab 2, Schedule 1.

RESPONSE:

a) THESL has attached a copy of its 2009 income tax return as Appendix A to this Schedule.

b) The 2009 Schedules 8 and 10 shown on page 15 reflect the actual UCC and CEC balances reported on the 2009 tax return.

c) The difference of $1.6 million ($316.5 million - $314.9 million) represents the capital contributions that are forecasted to be paid under a Connection and Cost Recovery Agreement. With respect to capital contributions, it is the Canada Revenue Agency's

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

administrative position, as stated in Interpretation Bulletin IT-143R3, paragraph 30, that an outlay or expense incurred by a taxpayer for the purpose of increasing operating efficiency of a business by means of improving the property of some other person would be a non-deductible, non-depreciable capital outlay that qualifies as an eligible capital expenditure. As a result, three-quarters of $1.6 million is added to the cumulative eligible capital pool (see Exhibit P1, Tab 1, Schedule 1) and amortized at a rate of 7% per year.

d) The difference of $4.8 million ($321.3 million - $316.5 million) is made up of the allowance for funds used during construction (“AFUDC”) of $4.1 million, asset retirement obligations (“ARO”) of $0.3 million, leases of $0.3 million, and a lease inducement of $0.1 million. The AFUDC, ARO and leases are capitalized for accounting purposes but are not capitalized for tax purposes.

200

Canada Revenue Agency | Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

055 Do not use this area

Toronto Hydro-Electric System Limited
Exhibit R1
Tab 3
Schedule 53
Appendix A
Filed: 2010 Dec 6
(101 pages)

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Ontario (for tax years ending before 2009), Quebec, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

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

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

For more information see **www.cra.gc.ca** or Guide T4012, *T2 Corporation – Income Tax Guide*.

Identification

Business Number (BN) 001 89671 8327 RC0001

HYDRO PILS 1800235

Corporation's name
002 TORONTO HYDRO-ELECTRIC SYSTEM LIMITED

Address of head office
Has this address changed since the last time you filed your T2 return? 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 14 CARLTON STREET
012
City 015 TORONTO | Province, territory, or state 016 ON
Country (other than Canada) 017 | Postal code/Zip code 018 M5B 1K5

Mailing address (if different from head office address)
Has this address changed since the last time you filed your T2 return? 020 1 Yes [X] 2 No [ ]
(If **yes**, complete lines 021 to 028.)
021 c/o STEVE LOWDEN
022 14 CARLTON STREET
023 5TH FLOOR -CORPORATE TAX DEPT
City 025 TORONTO | Province, territory, or state 026 ON
Country (other than Canada) 027 | Postal code/Zip code 028 M5B 1K5

Location of books and records
Has the location of books and records changed since the last time you filed your T2 return? 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 14 CARLTON STREET
032
City 035 TORONTO | Province,territory, or state 036 ON
Country (other than Canada) 037 | Postal code/Zip code 038 M5B 1K5

040 Type of corporation at the end of the tax year
1 [X] Canadian-controlled private corporation (CCPC)
2 [ ] Other private corporation
3 [ ] Public corporation
4 [ ] Corporation controlled by a public corporation
5 [ ] Other corporation (specify, below)

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 060 2009-01-01 (YYYY MM DD) | Tax year-end 061 2009-12-31 (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 [X]

If **yes**, provide the date control was acquired 065 ____ YYYY MM DD

Is the date on line 061 a deemed tax year-end in accordance with subsection 249(3.1)? 066 1 Yes [ ] 2 No [X]

Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes [ ] 2 No [X]

Is this the first year of filing after:
Incorporation? 070 1 Yes [ ] 2 No [X]
Amalgamation? 071 1 Yes [ ] 2 No [X]
If **yes**, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? 076 1 Yes [ ] 2 No [X]

Is this the final return up to dissolution? 078 1 Yes [ ] 2 No [X]

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

Is the corporation a resident of Canada?
080 1 Yes [X] 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 [X]
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 [X] 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 CCPC?	160	X	23
Is the corporation an associated CCPC 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		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 *Income Tax Regulations*?	170	X	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; gifts of cultural or ecological property; or gifts of medicine?	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		4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	X	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	X	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
Is 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
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	——
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	——
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? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256		T1134-A
Did the corporation have any controlled foreign affiliates?	258		T1134-B
Did the corporation own specified foreign property in the year with a cost amount over $100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265		55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54

Additional information

		1 Yes	2 No
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270		X
Is the corporation inactive?	280		X
Has the major business activity changed since the last return was filed? (enter **yes** for first-time filers)	281		X

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	ELECTRICITY DISTRIB.	285	100.000 %
	286		287	%
	288		289	%

		1 Yes	2 No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible 294 ____ YYYY MM DD

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? 295 1 Yes ☐ 2 No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		65,762,381	A
Deduct: Charitable donations from Schedule 2	311	55,010		
Gifts to Canada, a province, or a territory from Schedule 2	312			
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine from Schedule 2	315			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction *	325			
Non-capital losses of previous tax years from Schedule 4	331			
Net capital losses of previous tax years from Schedule 4	332			
Restricted farm losses of previous tax years from Schedule 4	333			
Farm losses of previous tax years from Schedule 4	334			
Limited partnership losses of previous tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Subtotal		55,010 ▶	55,010	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			65,707,371	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		65,707,371	
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)			65,707,371	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	64,852,778	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 form Part I tax	405	65,707,371	B

Calculation of the business limit:

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

400,000	x	Number of days in the tax year before 2009 / Number of days in the tax year	/ 365	=	1
500,000	x	Number of days in the tax year after 2008 / Number of days in the tax year	365 / 365	= 500,000	2
			Add amounts at lines 1 and 2	500,000	4

Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:
1. 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.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C 500,000 x 415 *** 2,322,363 D / 11,250 = 103,216,133 E

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

Small business deduction

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

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

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

***** Large corporations**

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

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360			65,707,371	A
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		B		
Amount QQ from Part 13 of Schedule 27		C		
Amount used to calculate the credit union deduction from Schedule 17		D		
Amount from line 400, 405, 410, or 425, whichever is the least		E		
Aggregate investment income from line 440	909,603	F		
Total of amounts B to F	909,603	▶	909,603	G
Amount A **minus** amount G (if negative, enter "0")			64,797,768	H

Amount H	64,797,768	x	Number of days in the tax year before January 1, 2008 / Number of days in the tax year	/ 365	x	7 %	=	I
Amount H	64,797,768	x	Number of days in the tax year after December 31, 2007, and before January 1, 2009 / Number of days in the tax year	/ 365	x	8.5 %	=	J
Amount H	64,797,768	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year	365 / 365	x	9 %	= 5,831,799	K
Amount H	64,797,768	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year	/ 365	x	10 %	=	L
Amount H	64,797,768	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year	/ 365	x	11.5 %	=	L1
Amount H	64,797,768	x	Number of days in the tax year after 2011 / Number of days in the tax year	/ 365	x	13 %	=	L2

General tax reduction for Canadian-controlled private corporations – Total of amounts I to L2 ..... 5,831,799 M

Enter amount M on line 638.

General tax reduction

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

Taxable income from page 3 (line 360 or amount Z, whichever applies)				N
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		O		
Amount QQ from Part 13 of Schedule 27		P		
Amount used to calculate the credit union deduction from Schedule 17		Q		
Total of amounts O to Q		▶		R
Amount N **minus** amount R (if negative, enter "0")				S

Amount S		x	Number of days in the tax year before January 1, 2008 / Number of days in the tax year	/ 365	x	7 %	=	T
Amount S		x	Number of days in the tax year after December 31, 2007, and before January 1, 2009 / Number of days in the tax year	/ 365	x	8.5 %	=	U
Amount S		x	Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year	365 / 365	x	9 %	=	V
Amount S		x	Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year	/ 365	x	10 %	=	W
Amount S		x	Number of days in the tax year after December 31, 2010, and before January 2012 / Number of days in the tax year	/ 365	x	11.5 %	=	W1
Amount S		x	Number of days in the tax year after 2011 / Number of days in the tax year	/ 365	x	13 %	=	W2

General tax reduction – Total of amounts T to W2 X

Enter amount X on line 639.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7	440	909,603 x 26 2 / 3 % =		242,561	A
Foreign non-business income tax credit from line 632					
Deduct: Foreign investment income from Schedule 7	445	x 9 1 / 3 % =			
		(if negative, enter "0")			B
Amount A **minus** amount B (if negative, enter "0")				242,561	C
Taxable income from line 360			65,707,371		
Deduct:					
Amount from line 400, 405, 410, or 425, whichever is the least					
Foreign non-business income tax credit from line 632		x 25 / 9 =			
Foreign business income tax credit from line 636		x 3 =			
			65,707,371		
			x 26 2 / 3 % =	17,521,966	D
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780)			11,247,394		
Deduct: Corporate surtax from line 600					
Net amount			11,247,394	11,247,394	E
Refundable portion of Part I tax – Amount C, D, or E, whichever is the least	450			242,561	F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year	460	27,996		
Deduct: Dividend refund for the previous tax year	465	27,996		
				G
Add the total of:				
Refundable portion of Part I tax from line 450 above		242,561		
Total Part IV tax payable from Schedule 3				
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480			
		242,561	242,561	H
Refundable dividend tax on hand at the end of the tax year – Amount G **plus** amount H	485		242,561	

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		242,561	J
Dividend refund – Amount I or J, whichever is less (enter this amount on line 784)			

Part I tax

Base amount of Part I tax – Taxable income (line 360 or amount Z, whichever applies) **multiplied** by 38.00 % . . . . 550 — 24,968,801 A

Corporate surtax calculation

Base amount from line A above	24,968,801	1
Deduct:		
10 % of taxable income (line 360 or amount Z, whichever applies)	6,570,737	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 (line A **plus** lines C and D **minus** line F)		c		

Total of lines 2 to 6	6,570,737	7
Net amount (line 1 **minus** line 7)	18,398,064	8

Corporate surtax*

Line 8 18,398,064 x Number of days in the tax year before January 1, 2008 / Number of days in the tax year 365 x 4 % = 600 ______ B

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

Recapture of investment tax credit from Schedule 31 . . . . . 602 ______ C

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

Aggregate investment income from line 440		909,603	i
Taxable income from line 360	65,707,371		
Deduct:			
Amount from line 400, 405, 410, or 425, whichever is the least			
Net amount	65,707,371 ▶	65,707,371	ii

Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount i or ii . . . . 604 — 60,640 D

Subtotal (**add** lines A to D) 25,029,441 E

Deduct:

Small business deduction from line 430			9
Federal tax abatement	608	6,570,737	
Manufacturing and processing profits deduction from Schedule 27	616		
Investment corporation deduction	620		
Taxed capital gains 624 ______			
Additional deduction – credit unions from Schedule 17	628		
Federal foreign non-business income tax credit from Schedule 21	632		
Federal foreign business income tax credit from Schedule 21	636		
General tax reduction for CCPCs from amount M	638	5,831,799	
General tax reduction from amount X	639		
Federal logging tax credit from Schedule 21	640		
Federal qualifying environmental trust tax credit	648		
Investment tax credit from Schedule 31	652	1,379,511	
Subtotal		13,782,047 ▶	13,782,047 F

Part I tax payable – Line E **minus** line F . . . . . 11,247,394 G
Enter amount G on line 700.

Summary of tax and credits

Federal tax

Part I tax payable	700	11,247,394
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		11,247,394

Add provincial or territorial tax:

Provincial or territorial jurisdiction . . . 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Ontario [for tax years ending before 2009], Quebec, and Alberta)	760	13,642,783	
Provincial tax on large corporations (New Brunswick* and Nova Scotia)	765		
		13,642,783 ▶	13,642,783
Total tax payable	770		24,890,177 A

* The New Brunswick tax on large corporations is eliminated effective January 1, 2009.

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund	784		
Federal capital gains refund from Schedule 18	788		
Federal qualifying environmental trust tax credit refund	792		
Canadian film or video production tax credit refund (Form T1131)	796		
Film or video production services tax credit refund (Form T1177)	797		
Tax withheld at source	800		
Total payments on which tax has been withheld	801		
Provincial and territorial capital gains refund from Schedule 18	808		
Provincial and territorial refundable tax credits from Schedule 5	812		
Tax instalments paid	840	35,179,726	
Total credits	890	35,179,726 ▶	35,179,726 B

Refund code 894 2 Overpayment 10,289,549

Balance (line A **minus** line B) -10,289,549

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 ____

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 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 COUILLARD (Last name in block letters) 951 JS (First name in block letters) 954 CFO (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 2010-06-24 — Date (yyyy/mm/dd) ____ Signature of the authorized signing officer of the corporation 956 ____ Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below . . . 957 1 Yes ☐ 2 No ☒

958 Steve Lowden — Name in block letters 959 (416) 542-2531 — Telephone number

Language of correspondence – Langue de correspondance

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

Canada Revenue Agency / Agence du revenu du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES — SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- 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*.
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.

Amount calculated on line 9999 from Schedule 125				51,000,977 A
Add:				
Provision for income taxes – current		101	21,242,454	
Amortization of tangible assets		104	155,467,507	
Charitable donations and gifts from Schedule 2		112	55,010	
Taxable capital gains from Schedule 6		113	909,603	
Scientific research expenditures deducted per financial statements		118	3,634,272	
Non-deductible club dues and fees		120	295,009	
Non-deductible meals and entertainment expenses		121	367,207	
Non-deductible automobile expenses		122	68,898	
Reserves from financial statements – balance at the end of the year		126	155,150,166	
Subtotal of additions			337,190,126 ▶	337,190,126
Other additions:				
Capital items expensed		206	11,926	
Financing fees deducted in books		216	473,546	
Miscellaneous other additions:				
600 See attached		290	36,345,460	
603 Co-op Credit	232,458			
Ontario ATTC	530,100			
Total	762,558	293	762,558	
604				
Subtotal of other additions		199	37,593,490 ▶	37,593,490
Total additions		500	374,783,616 ▶	374,783,616
Deduct:				
Gain on disposal of assets per financial statements		401	2,271,084	
Capital cost allowance from Schedule 8		403	162,633,381	
Cumulative eligible capital deduction from Schedule 10		405	933,452	
SR&ED expenditures claimed in the year from Form T661 (line 460)		411	3,853,298	
Reserves from financial statements – balance at the beginning of the year		414	147,413,621	
Subtotal of deductions			317,104,836 ▶	317,104,836
Other deductions:				
Miscellaneous other deductions:				
700 See attached		390	42,917,376	
704				
Total		394		
Subtotal of other deductions		499	42,917,376 ▶	42,917,376
Total deductions		510	360,022,212 ▶	360,022,212
Net income (loss) for income tax purposes – enter on line 300 of the T2 return				65,762,381

* For reference purposes only

Toronto Hydro Electric System Limited

Taxation year ended:	December 31, 2009
C.R.A. Bus#:	896718327 RC0001
MOF A/C# (Hydro PILs #):	1800235

Election under subsection 13(7.4)

The company hereby elects under subsection 13(7.4) of the Income Tax Act to reduce the capital cost of depreciable property of class 13 and class 47 acquired in the taxation year by a total amount of $18,649,739 received in the taxation year in respect of that property that would otherwise be included in income under paragraph 12(1)(x).

Authorized Signing Officer

Attached Schedule with Total

Line 401 – Gain on disposal of assets per financial statements

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

Description	Amount	
Book gain on sale of vechicles and furniture	194,859	00
Book gain on sale of property	2,076,225	00
Total	2,271,084	00

Attached Schedule with Total

Line 290 – Amount for line 600

Title Line 290 – Amount for line 600

Explanatory note
Other additions to Schedule 1

Description	Amount	
Accounting gain recorded as Reg Asset	1,258,133	00
Reclass 2007 actg gain to Reg liability re:Bathurst taxed in 2007	473,325	00
Smart Meter revenue generated in 2009 but recorded as Reg assets in 2009	5,740,661	00
CDM OPEX of $368K recorded for actg in 2009 and deducted for tax in 2008	368,072	00
2007 LRAM SSM of $1.5 recorded in 2007 actg income, taxable in 2009	1,500,000	00
2007 LRAM SSM recorded in 2008 actg income, taxable in 2009	1,989,822	00
Carrying charges for 2007 LRAM recorded in 2008 actg income,taxable in 2009	212,414	00
Reversal of PILS Regulatory Variance deducted for actg	3,485,097	00
Reversal of deduction of true up PILS Reg Variance	1,770,795	00
ARO Accretion expense	279,608	00
Deferred revenue - 12(1)(a) add back	617,794	00
Fixed asset capital contributions under 12(1)(x)	18,549,739	00
Lease inducements received - 12(1)(x)	100,000	00
Total	36,345,460	00

Attached Schedule with Total

Line 390 – Amount for line 700

Title Line 390 – Amount for line 700

Explanatory note
Other deductions to Schedule 1

Description	Amount	
13(7.4) election regarding contributed capital	18,549,739	00
13(7.4) Election Monogram Lease	100,000	00
Lease inducements amortization revenue	159,908	00
Lease inducements amortization revenue	621,471	00
Principal lease payments	207,257	00
ARO payments deductible for tax purposes	87,225	00
Deferred revenue - 20(1)(m) deduct	617,794	00
Smart Meter OPEX recorded as Reg Asset, taxed in 2009	3,107,093	00
IFRS OPEX, recorded as Reg Assets for acctg; deductible for tax in 2009	2,926,932	00
IFRS OPEX carrying costs, recorded as Reg Assets for acctg; deduct in 2009	16,215	00
Accrued 2009 LRAM recorded in 2009 actg income, but not taxable in 2009	341,052	00
2009 LRAM carrying charges recorded in 09 actg income, not taxable in 2009	2,961	00
Level III Stray voltage OPEX incurred in 2009,recorded as Reg asset	9,050,000	00
Reversal of accounting reserve on GST receivable, taxed in 2005	1,802,792	00
2007 SRED ITC, taxed in 2008, recorded for acctg in 2009	1,157,425	00
2008 Ontario Co-op and Apprenticeship ITC, taxed in 2008, recorded	355,985	00
AFUDC income that is not taxable	2,751,871	00
Software training costs recorded as Reg asset for actg, deductible for tax	293,753	00
Debt financing under 20(1)(e)	767,903	00
Total	42,917,376	00

Canada Revenue Agency Agence du revenu du Canada

SCHEDULE 2

CHARITABLE DONATIONS AND GIFTS

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

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

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
Daily Bread Food Bank	1,230
ThinkFirst Foundation	200
Scouts Canada	100
Daily Bread Food Bank	1,220
The Princess Margaret Foundation	1,000
Canadian Cancer Society	100
La Leche League Canada	200
York University Foundation	12,500
United Way	10,000
Sick Kids Hospital	10,000
First Robotics Canada	2,000
United Way	5,900
The Learning Partnership	10,000
Subtotal	54,450
Add: Total donations of less than $100 each	560
Total donations in current tax year	55,010

		Federal	Québec	Alberta
Charitable donations at the end of the previous tax year				
Deduct: Charitable donations expired after five tax years*	239			
Charitable donations at the beginning of the tax year	240			
Add:				
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250			
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1) 210 55,010				
Subtotal (line 250 **plus** line 210)		55,010	55,010	55,010
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255			
Total charitable donations available		55,010 A	55,010	55,010
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	55,010	55,010	55,010
Charitable donations closing balance	280			

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2008-12-31			
2nd prior year	2007-12-31			
3rd prior year	2006-12-31			
4th prior year	2005-12-31			
5th prior year	2004-12-31			
6th prior year*	2003-12-31			
7th prior year	2002-12-31			
8th prior year	2001-12-31			
9th prior year	2001-09-30			
10th prior year	2000-09-30			
11th prior year	1999-09-30			
12th prior year	1998-09-30			
13th prior year	1997-09-30			
14th prior year	1996-09-30			
15th prior year	1995-09-30			
16th prior year	1994-09-30			
17th prior year	1993-09-30			
18th prior year	1992-09-30			
19th prior year	1991-09-30			
20th prior year	1990-09-30			
21st prior year*	1989-09-30			
Total (to line A)				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

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

Net income for tax purposes* **multiplied** by 75 %		49,321,786	B
Taxable capital gains arising in respect of gifts of capital property included in Part 1**	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)		49,321,786	J
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)		55,010	K

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

** This amount must be prorated by the following calculation: eligible amount of the gift **divided by** the proceeds of disposition of the gift.

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

Gifts to Canada, a province, or a territory at the end of the previous tax year			
Deduct: Gifts to Canada, a province, or a territory expired after five tax years	339		
Gifts to Canada, a province, or a territory at the beginning of the tax year	340		▶
Add: Gifts to Canada, a province, or a territory transferred on an amalgamation or the windup of a subsidiary	350		
Total current-year gifts made to Canada, a province, or a territory*	310		
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 no written agreement exists, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

		Federal	Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year				
Deduct: Gifts of certified cultural property expired after five tax years*	439			
Gifts of certified cultural property at the beginning of the tax 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			

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2008-12-31			
2nd prior year	2007-12-31			
3rd prior year	2006-12-31			
4th prior year	2005-12-31			
5th prior year	2004-12-31			
6th prior year*	2003-12-31			
7th prior year	2002-12-31			
8th prior year	2001-12-31			
9th prior year	2001-09-30			
10th prior year	2000-09-30			
11th prior year	1999-09-30			
12th prior year	1998-09-30			
13th prior year	1997-09-30			
14th prior year	1996-09-30			
15th prior year	1995-09-30			
16th prior year	1994-09-30			
17th prior year	1993-09-30			
18th prior year	1992-09-30			
19th prior year	1991-09-30			
20th prior year	1990-09-30			
21st prior year*	1989-09-30			
Total				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 5 – Gifts of certified ecologically sensitive land

		Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year				
Deduct: Gifts of certified ecologically sensitive land expired after five tax years*	539			
Gifts of certified ecologically sensitive land at the beginning of the tax 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			

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:		Federal	Québec	Alberta
1st prior year	2008-12-31			
2nd prior year	2007-12-31			
3rd prior year	2006-12-31			
4th prior year	2005-12-31			
5th prior year	2004-12-31			
6th prior year*	2003-12-31			
7th prior year	2002-12-31			
8th prior year	2001-12-31			
9th prior year	2001-09-30			
10th prior year	2000-09-30			
11th prior year	1999-09-30			
12th prior year	1998-09-30			
13th prior year	1997-09-30			
14th prior year	1996-09-30			
15th prior year	1995-09-30			
16th prior year	1994-09-30			
17th prior year	1993-09-30			
18th prior year	1992-09-30			
19th prior year	1991-09-30			
20th prior year	1990-09-30			
21st prior year*	1989-09-30			
Total				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 6 – Additional deduction for gifts of medicine

		Federal		Québec		Alberta	
Additional deduction for gifts of medicine at the end of the previous tax year							
Deduct: Additional deduction for gifts of medicine expired after five tax years	639						
Additional deduction for gifts of medicine at the beginning of the tax year	640						
Add: Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	650						
Additional deduction for gifts of medicine for the current year:							
Proceeds of disposition	602		1		1		1
Cost of gifts of medicine	601		2		2		2
Subtotal (line 1 **minus** line 2)			3		3		3
Line 3 **multiplied** by 50 %			4		4		4
Eligible amount of gifts	600		5		5		5

Federal

A ________ x (B ________ / C) = Additional deduction for gifts of medicine for the current year **610** ________

Québec

A ________ x (B ________ / C) = Additional deduction for gifts of medicine for the current year .... ________

Alberta

A ________ x (B ________ / C) = Additional deduction for gifts of medicine for the current year .... ________

where:

A is the **lesser** of line 2 and line 4

B is the eligible amount of gifts (line 600)

C is the proceeds of disposition (line 602)

		Federal	Québec	Alberta
Subtotal (line 650 **plus** line 610)				
Deduct: Adjustment for an acquisition of control	655			
Total additional deduction for gifts of medicine available				
Deduct: Amount applied against taxable income (enter this amount on line 315 of the T2 return)	660			
Additional deduction for gifts of medicine closing balance	680			

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2008-12-31			
2nd prior year	2007-12-31			
3rd prior year	2006-12-31			
4th prior year	2005-12-31			
5th prior year	2004-12-31			
6th prior year*	2003-12-31			
Total				

* These donations expired in the current year.

Part 7 – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wing-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2008-12-31	
2nd prior year	2007-12-31	
3rd prior year	2006-12-31	
4th prior year	2005-12-31	
5th prior year	2004-12-31	
6th prior year*	2003-12-31	
7th prior year	2002-12-31	
8th prior year	2001-12-31	
9th prior year	2001-09-30	
10th prior year	2000-09-30	
11th prior year	1999-09-30	
12th prior year	1998-09-30	
13th prior year	1997-09-30	
14th prior year	1996-09-30	
15th prior year	1995-09-30	
16th prior year	1994-09-30	
17th prior year	1993-09-30	
18th prior year	1992-09-30	
19th prior year	1991-09-30	
20th prior year	1990-09-30	
21st prior year*	1989-09-30	
Total		

* These gifts expired in the current year.

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SCHEDULE 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- Use this schedule if, during the tax year, the corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1); or
  - is claiming provincial or territorial tax credits or rebates (see Part 2).
- Regulations mentioned in this schedule are from the *Income Tax Regulations.*
- For more information, see the *T2 Corporation – Income Tax Guide.*
- Enter the regulation number in field 100 of Part 1.

Part 1 – Allocation of taxable income

100 402 Corporations not specified — Enter the regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2 (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 1 Yes ☐	103		143		
Newfoundland and Labrador offshore	004 1 Yes ☐	104		144		
Prince Edward Island	005 1 Yes ☐	105		145		
Nova Scotia	007 1 Yes ☐	107		147		
Nova Scotia offshore	008 1 Yes ☐	108		148		
New Brunswick	009 1 Yes ☐	109		149		
Quebec	011 1 Yes ☐	111		151		
Ontario	013 1 Yes X	113		153		
Manitoba	015 1 Yes ☐	115		155		
Saskatchewan	017 1 Yes ☐	117		157		
Alberta	019 1 Yes ☐	119		159		
British Columbia	021 1 Yes ☐	121		161		
Yukon	023 1 Yes ☐	123		163		
Northwest Territories	025 1 Yes ☐	125		165		
Nunavut	026 1 Yes ☐	126		166		
Outside Canada	027 1 Yes ☐	127		167		
Total		129 G		169 H		

* "Permanent establishment" is defined in Regulation 400(2).

** Starting in 2009, if the corporation has income or loss from an international banking centre; the taxable income is the amount on line 360 or line Z of the T2 return **plus** the total amount not required to be included, or **minus** the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal *Income Tax Act.*

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see line 760 of the *T2 Corporation – Income Tax Guide.*
2. If the corporation has provincial or territorial tax payable, complete Part 2.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
65,707,371		65,707,371	9,156,532

Ontario basic income tax (from Schedule 500)	270	9,199,032			
Deduct: Ontario small business deduction (from schedule 500)	402	42,500			
Subtotal (if negative, enter "0")		9,156,532	▶	9,156,532	A6
Add:					
Surtax re Ontario small business deduction (from Schedule 500)	272	42,500			
Ontario additional tax re Crown royalties (from Schedule 504)	274				
Ontario transitional tax debits (from Schedule 506)	276				
Recapture of Ontario research and development tax credit (from Schedule 508)	277				
Subtotal		42,500	▶	42,500	B6
Subtotal (amount A6 **plus** amount B6)				9,199,032	C6
Deduct:					
Ontario resource tax credit (from Schedule 504)	404				
Ontario tax credit for manufacturing and processing (from Schedule 502)	406				
Ontario foreign tax credit (from Schedule 21)	408				
Ontario credit union tax reduction (from Schedule 500)	410				
Ontario transitional tax credits (from Schedule 506)	414	30,737			
Ontario political contributions tax credit (from Schedule 525)	415				
Subtotal		30,737	▶	30,737	D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")				9,168,295	E6
Ontario research and development tax credit (from Schedule 508)	416	303,340			
Ontario corporate income tax payable before Ontario corporate minimum tax credit (amount E6 **minus** amount on line 416) (if negative, enter "0")				8,864,955	F6
Deduct:					
Ontario corporate minimum tax credit (from schedule 510)	418				
Ontario corporate income tax payable (amount F6 **minus** amount on line 418) (if negative, enter "0")				8,864,955	G6
Add:					
Ontario corporate minimum tax (from Schedule 510)	278				
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Ontario capital tax (from Schedule 514 or Schedule 515, whichever applies)	282	5,540,386			
Subtotal		5,540,386	▶	5,540,386	H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)				14,405,341	I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	232,458			
Ontario apprenticeship training tax credit (from Schedule 552)	454	530,100			
Ontario computer animation and special effects tax credit (from Schedule 554)	456				
Ontario film and televison tax credit (from Schedule 556)	458				
Ontario production services tax credit (from Schedule 558)	460				
Ontario interactive digital media tax credit (from Schedule 560)	462				
Ontario sound recording tax credit (from Schedule 562)	464				
Ontario book publishing tax credit (from Schedule 564)	466				
Ontario innovation tax credit (from Schedule 566)	468				
Ontario business-research institute tax credit (from Schedule 568)	470				
Subtotal		762,558	▶	762,558	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.	290			13,642,783	K6

Summary

Enter the total net tax payable or refundable credits for all provinces and territories at line 255.

Net provincial and territorial tax payable or refundable credits 255 13,642,783

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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SCHEDULE 6

SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

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

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

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

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

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

Part 1 – Shares

	No. of shares 100	Name of corporation 105	Class of shares 106	Date of acquisition YYYY/MM/DD 110	Proceeds of disposition 120	Adjusted cost base 130	Outlays and expenses (dispositions) 140	Gain (or loss) (column 120 less cols. 130 and 140) 150	Foreign source
1									
				Totals					

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

Actual gain or loss from the disposition of shares (total of line 150 **plus** line 160) . . . . [ ] A

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

	Municipal address 1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code 200	Date of acquisition YYYY/MM/DD 210	Proceeds of disposition 220	Adjusted cost base 230	Outlays and expenses (dispositions) 240	Gain (or loss) (column 220 less cols. 230 and 240) 250	Foreign source
1	228 Wilson Avenue Toronto ON CA M5M 3B1		1,100,000	4,844	46,200	1,048,956	
2	148 Shelborne Avenue Toronto ON CA M6B 2M6		537,500		21,500	516,000	
3	522 Rustic Road Toronto ON CA M6L 1X7		250,000	111,000	12,500	126,500	
4	223 Elmhurst Drive Toronto ON CA M9W 2L7		325,000	181,000	16,250	127,750	
5							
		Totals	2,212,500	296,844	96,450	1,819,206 B	

Part 3 – Bonds

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

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

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

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

	Description 500	Date of acquisition YYYY/MM/DD 510	Proceeds of disposition 520	Adjusted cost base 530	Outlays and expenses (dispositions) 540	Gain only (column 520 less cols. 530 and 540) 550	Foreign source
1							
	Note: Losses are not deductible	Totals					E

Part 6 – Listed personal property

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

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

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

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

Net gains (or losses) ______ F

Part 7 – Determining allowable business investment losses

Property qualifying for and resulting in an allowable business investment loss

	Name of small business corporation 900	Shares, enter 1; debt, enter 2 905	Date of acquisition YYYY/MM/DD 910	Proceeds of disposition 920	Adjusted cost base 930	Outlays and expenses (dispositions) 940	(Loss)(column 920 less cols. 930 and 940) 950	Foreign source
1								
	Note: Properties listed in Part 7 should not be included in any other parts of Schedule 6		Totals					G

Allowable business investment losses . . . . Amount G ______ x 50 % = ______ H

Enter amount H on line 406 of Schedule 1

Part 8 – Determining capital gains or losses

Total of amounts A to F (do not include F if the amount is a loss)		1,819,206	I
Add:			Foreign source
Capital gains dividend received in the year	875		J
Capital gains reserve opening balance (from Schedule 13)	880		K
Subtotal (**add** amounts I, J, and K)		1,819,206	L
Deduct: Capital gains reserve closing balance (from Schedule 13)	885		M
Capital gains or losses (amount L minus amount M)	890	1,819,206	

Part 9 – Determining taxable capital gains and total capital losses

Capital gains or losses (amount from line 890 above) . . . 1,819,206 N

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

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

realized prior to May 2, 2006		x 50 % =		O		Foreign source ☐
realized after May 1, 2006				P		Foreign source ☐
		Subtotal: O **plus** P	895			

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

realized prior to May 2, 2006		x 50 % =		Q		Foreign source ☐
realized after May 1, 2006				R		Foreign source ☐
		Subtotal: Q **plus** R	896			

Exempt portion of the gain on the donation of securities arising from the exchange of a partnership interest under paragraph 38(*a.3*) . . . R-2 — Foreign source ☐

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

Amount N minus amount S . . . 1,819,206 T

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

Taxable capital gains: If amount T is a gain, enter it on this line and multiply . . . . 1,819,206 x 50 % = 909,603 U

Enter amount U on line 113 of Schedule 1

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SCHEDULE 7

CALCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

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

Part 1 – Aggregate investment income calculation

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

The eligible portion of taxable capital gains included in income for the year	002		909,603	A
Deduct:				
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	012		B	
Net capital losses of other years claimed on line 332 on the T2 return	022		C	
Amount B **plus** amount C				D
Amount A **minus** amount D (if negative, enter "0")			909,603	E
Total income from property (include income from a specified investment business carried on in Canada other than income from a source outside Canada)	032			F
Deduct:				
Exempt income	042		G	
Amounts received from AGRI Fund No. 2 that were included in computing the corporation's income for the year	052		H	
Taxable dividends deductible (total of Column F on Schedule 3)	062		I	
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	072		J	
Total of amounts G to J				K
Amount F **minus** amount K				L
Amount E **plus** amount L			909,603	M
Total losses from property (include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	082			N
Amount M **minus** amount N (if negative, enter "0")	092		909,603	O

Enter amount **O** on line 440 of the T2 return.

Part 2A – Canadian investment income calculation

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13	909,603 1.1		
Reserve's eligible portion (addition/deduction)	1.2		
The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts 1.1 and 1.2)	909,603	909,603	1
Deduct:			
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	2		
Net capital losses of other years claimed on line 332 on the T2 return	3		
Total of amounts 2 and 3			4
Amount 1 **minus** amount 4 (if negative, enter "0")		909,603	5

Part 2A – Canadian investment income calculation (continued)

Taxable dividends		6.1		
Real estate rental properties (under regulation 1100(11))		6.2		
Other property income		6.3		
Total income from property from a source **Canadian**		▶		6
Deduct:				
Exempt income		7		
Amounts received from AGRI Fund No. 2 that were included in computing the corporation's income for the year		8		
Taxable dividends deductible (total of Column F on Schedule 3)		9		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)		10		
Total of amounts 7 to 10		▶		11
Amount 6 **minus** amount 11				12
Amount 5 **plus** amount 12			909,603	13
Losses from rental properties (under regulation 1100(11))		14.1		
Other losses from property		14.2		
Total losses from property from a source **Canadian**		▶		14
Amount 13 **minus** amount 14 (if negative, enter "0")			909,603	15

Part 2 – Foreign investment income calculation

The foreign investment income is all income from only sources outside of Canada.

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13			P1		
Reserve's eligible portion (addition/deduction)			P2		
The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts P1 and P2)			▶	001	P
Eligible portion of allowable capital losses for the year (including allowable business investment losses)				009	Q
Amount P **minus** amount Q (if negative, enter "0")					R
Taxable dividends			S1		
Real estate rental properties (under regulation 1100(11))			S2		
Other property income			S3		
Total income from property from a source **outside Canada**			▶	019	S
Deduct:					
Exempt income	029		T		
Taxable dividends deductible (total of Column F on Schedule 3)	049		U		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	059		V		
Total of amounts T to V			▶		W
Amount S **minus** amount W					X
Amount R **plus** amount X					Y
Losses from rental properties (under regulation 1100(11))			Z1		
Other losses from property			Z2		
Total losses from property from a source **outside Canada**			▶	069	Z
Amount Y **minus** amount Z (if negative, enter "0")				079	AA

Enter amount **AA** on line 445 of the T2 return

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

Part 3 – Specified partnership income

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

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

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

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

Amount BB **plus** amount CC ____________ DD

Amount at line 385 or line DD, whichever is less . . . . **390** ____________ EE

Specified partnership income (line 360 **plus** line EE) . . . . **400** ____________ FF

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

- $400,000 if the corporation's tax year ends in 2007 or 2008; or
- $500,000 if the corporation's tax year ends after 2008.

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

Part 4 – Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses – from line 350 in Part 3 (if the net amount is negative, enter "0" on line KK) . . . . ____________ GG

Add:

Specified partnership loss (from amount CC in Part 3) . . . . ____________ HH

Subtotal ____________ II

Deduct:

Specified partnership income (from amount FF in Part 3) . . . . ____________ JJ

Partnership income (enter on line SS in Part 5) . . . . **450** ____________ KK

Part 5 – Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return			65,762,381	LL
Deduct:				
Foreign business income after deducting related expenses* 500		MM		
Taxable capital gains **minus** allowable capital loss (amount A **minus** amount B* in Part 1)**	909,603	NN		
Net property income (amount F **minus** amounts G, H, and N* in Part 1)		OO		
Personal services business income after deducting related expenses* 520		PP		
Total of amounts MM to PP	909,603	▶	909,603	QQ
Net amount (line LL **minus** line QQ)			64,852,778	RR
Deduct:				
Partnership income (line KK in Part 4)				SS
Income from active business carried on in Canada (enter on line 400 of the T2 return – if negative, enter "0")			64,852,778	TT

* If negative **add** instead of **subtracting**.

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

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SCHEDULE 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

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

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

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Net adjustments** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % 212	9 Recapture of capital cost allowance (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (column 7 **multiplied** by column 8; or a lower amount) (line 403 of Schedule 1)**** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1		1,229,414,849	763,580		150,844	306,368	1,229,721,217	4	0	0	49,188,849	1,180,838,736
2.	8		37,875,927	3,762,330		0	1,881,165	39,757,092	20	0	0	7,951,418	33,686,839
3.	10		16,047,904	12,514,500		181,075	6,166,713	22,214,616	30	0	0	6,664,385	21,716,944
4.	12		9,414,511	12,665,993		0	6,332,997	15,747,507	100	0	0	15,747,507	6,332,997
5.	17		11,766,265	830,804		0	415,402	12,181,667	8	0	0	974,533	11,622,536
6.	2		422,011,100			0		422,011,100	6	0	0	25,320,666	396,690,434
7.		CWIP	99,843,746	51,864,302	-3,313,629	0	25,932,151	122,462,268	0	0	0		148,394,419
8.	45	computer hardware	1,622,498			0		1,622,498	45	0	0	730,124	892,374
9.	13					0			N/A	0	0		
10.	47	ELECTRICITY DISTRIBUTION EC	543,444,503	176,174,494		0	88,087,247	631,531,750	8	0	0	50,522,540	669,096,457
11.	10.1	TOYOTA	9,446			N/A		9,446	30	N/A	N/A	2,834	6,612
12.	13	2006 Additions	593,573			0		593,573	N/A	0	0	237,429	356,144
13.	13	2007 additions	7,050,523			0		7,050,523	N/A	0	0	2,014,435	5,036,088
14.	42	Fibre	70,888			0		70,888	12	0	0	8,507	62,381
15.	50	Computers acquired after March	5,082,222			0		5,082,222	55	0	0	2,795,222	2,287,000
16.	13	lease	1,580,728			0		1,580,728	N/A	0	0	351,273	1,229,455
17.	52			102,512		0		102,512	100	0	0	102,512	
18.	13			211,465		0	105,733	105,732	N/A	0	0	21,147	190,318
		Total	2,385,828,683	258,889,980	-3,313,629	331,919	129,227,776	2,511,845,339				162,633,381	2,478,439,734

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

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

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

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

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

T2 SCH 8 (06)

Canadä

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		258,678,515		
Additions for tax purposes – Schedule 8 leasehold improvements	+	211,465		
Operating leases capitalized for book purposes	+			
Capital gain deferred	+			
Recapture deferred	+			
Deductible expenses capitalized for book purposes – Schedule 1	+			
See attached.	+	3,985,967		
Total additions per books	=	262,875,947	▶	262,875,947
Proceeds up to original cost – Schedule 8 regular classes		331,919		
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	+			
See attached.	+	28,824,016		
Total proceeds per books	=	29,155,935	▶ –	29,155,935
Depreciation and amortization per accounts – Schedule 1			–	155,467,507
Loss on disposal of fixed assets per accounts			–	
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	78,252,505

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		1,931,362,252
Opening net book value	–	1,853,109,747
Net change per financial statements	=	78,252,505

If the amounts from the tax return and the financial statements differ, explain why below.

Attached Schedule with Total

Tax return – Other – Amount

Title Tax return – Other – Amount

Description	Amount	
Smart Meter reclass to Reg asset	27,404,501	00
Intangible reclass to Reg asset	1,999,182	00
LCOP for tax	-331,919	00
Gain on disposal of fixed assets	-818,092	00
Gain on disposal of furniture and vechile	-194,859	00
transfer of depreciation	-324,342	00
Proceeds per book	2,347,678	00
Reclass of accounting gain to Reg assets	-1,258,133	00
Total	28,824,016	00

Attached Schedule with Total

Tax return – Other – Amount

Title Tax return – Other – Amount

Description	Amount	
Reduction of cost of class 13 for tax re: lease inducements -13(7.4) electi	100,000	00
Passenger vehicle additions capitalized for accounting	186,398	00
AFUDC carrying charge capitalized for accounting	2,751,871	00
Land right (not included in Sch 8 for tax)	9,928	00
ARO (not included in Sch 8 for tax)	-429,055	00
Inventory reclass	-171,324	00
Assets expensed for accounting, capitalized for tax	-11,926	00
Class 12 SRED adjustment	1,388,610	00
Class 47 SRED adjustment	161,465	00
Total	3,985,967	00

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

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	Relationship 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.	TORONTO HYDRO CORPORATION		89676 0725 RC0001	1					
2.	TORONTO HYDRO ENERGY SERVIC		89674 7128 RC0003	3					
3.	1455948 Ontario Inc.		88651 7614 RC0001	3					
4.	1798594 Ontario Inc.		80344 2821 RC0001	3					

Note 1: Enter "NR" if a corporation is not registered.
Note 2: Enter the code number of the relationship that applies from the following order: 1 – Parent 2 – Subsidiary 3 – Associated 4 – Related, but not associated.

T2 SCH 9(99)

Canada

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- 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	13,327,588	A
Add: Cost of eligible capital property acquired during the taxation year	222	9,928			
Other adjustments	226				
Subtotal (line 222 plus line 226)		9,928 x 3 / 4 =	7,446 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")			7,446 ▶	7,446	D
Amount transferred on amalgamation or wind-up of subsidiary			224		E
Subtotal (add amounts A, D, and E)			230	13,335,034	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) (if amount K is negative, enter "0" at line M and proceed to Part 2)				13,335,034	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business			249		
amount K	13,335,034				
less amount from line 249					
Current year deduction	13,335,034 x	7.00 % =	250	933,452 *	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			933,452 ▶	933,452	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			300	12,401,582	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.

T2 SCH 10 (04)

Canada

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 ______ 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	POEB	146,147,000		8,301,000		154,448,000
2	Inventory Obsolescence	261,146		184,472		445,618
3	Termination Accrual	1,005,475			748,927	256,548
4						
	Reserves from Part 2 of Schedule 13					
	Totals	147,413,621		8,485,472	748,927	155,150,166

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.

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SCHEDULE 23

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

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

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

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

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

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

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

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

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

Calendar year	Acceptable range
2006	maximum $300,000
2007	$300,001 to $400,000

Calendar year	Acceptable range
2008	maximum $400,000
2009	$400,001 to $500,000

If the calendar year to which this agreement applies is after 2009, ensure that the total at line A does not exceed $500,000.

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 2009

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 [X]

	1 Names of associated corporations 100	2 Business Number of associated corporations 200	3 Association code 300	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % 350	6 Business limit allocated* $ 400
1	TORONTO HYDRO-ELECTRIC SYSTEM LIMITEI	89671 8327 RC0001	1	500,000	100.0000	500,000
2	TORONTO HYDRO CORPORATION	89676 0725 RC0001	1	500,000		
3	TORONTO HYDRO ENERGY SERVICES INC.	89674 7128 RC0003	1	500,000		
4	1455948 Ontario Inc.	88651 7614 RC0001	1	500,000		
5	1798594 Ontario Inc.	80344 2821 RC0001	1	500,000		
				Total	100.0000	500,000 A

Business limit reduction under subsection 125(5.1) of the ITA

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to 0.225% x (A - $10,000,000) where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last 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. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if $500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

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

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

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SCHEDULE 31

INVESTMENT TAX CREDIT – CORPORATIONS

General information

1. For use by a corporation that during a tax year:
   - earned an investment tax credit (ITC);
   - is claiming a deduction against its Part I tax payable;
   - is claiming a refund of credit earned during the current tax year;
   - is claiming a carryforward of credit from previous tax years;
   - is transferring a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal *Income Tax Act;*
   - is requesting a credit carryback; or
   - is subject to a recapture of ITC.
2. References to parts, sections, and subsections on this schedule are from the federal *Income Tax Act* and the federal *Income Tax Regulations.* References to interpretation bulletins and information circulars are to the latest versions.
3. The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward for credits earned in tax years that end after 1997 and did not expire before 2008 and a ten-year carryforward for credits earned in tax years that end before 1998. The apprenticeship job creation tax credit can only be carried back to tax years that end after May 1, 2006.
4. Investments or expenditures, as defined in subsection 127(9) and Part XLVI of the federal *Income Tax Regulations*, that earn the ITC are:
   - qualified property (Parts 4 to 7);
   - expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). Complete and file Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
   - pre-production mining expenditures (Parts 18 to 20);
   - apprenticeship job creation expenditures (Parts 21 to 23); and
   - child care spaces expenditures (Parts 24 to 28).
5. Attach a completed copy of this schedule with the *T2 Corporation Income Tax Return.*
6. For more information on ITCs, see the section called "Investment Tax Credit" in the *T2 Corporation – Income Tax Guide*, Information Circular IC 78-4, *Investment Tax Credit Rates,* and its related Special Release. Also, see Interpretation Bulletin IT-151, *Scientific Research and Experimental Development Expenditures.*
7. For information on SR&ED, see Interpretation Bulletin IT-151 (**consolidated**), *Scientific Research and Experimental Development Expenditures*; Information Circular 86-4, *Scientific Research and Experimental Development*; Brochure RC4472, *Overview of the Scientific Research and Experimental Development Program (SR&ED) Tax Incentive Program*; Brochure RC4467, *Support for your R&D in Canada* and T4088, *Guide to Form T661 Scientific Research and Experimental Development (SR&ED) Expenditures Claim.*

Detailed information

1. For the purpose of this schedule, **"investment"** means:
   The capital cost of the property (excluding amounts added by an election under section 21), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
2. An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
3. Property acquired has to be "available for use" before a claim for an ITC can be made.
4. Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which the expenditures or capital costs were incurred.
5. Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 of the Act is not applicable for the agreement to share any income or loss. For more information, see Interpretation Bulletin IT-151. Special rules apply to specified and limited partners.
6. For SR&ED expenditures, the expression "in Canada" includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

Part 1 – Investments, expenditures and percentages

	Specified percentage
Investments	
Qualified property acquired primarily for use in Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, the Gaspé Peninsula, or a prescribed offshore region	10 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate.	
If you are a corporation that is not a CCPC that incurred qualified expenditures for SR&ED in any area in Canada	20 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures	10 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . . **101** 1 Yes [ ] 2 No [X]

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and the taxable income (before any loss carrybacks) for its previous tax year cannot be more than its qualifying income limit for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC calculating a refundable ITC, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . . **102** 1 Yes [ ] 2 No [X]

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see the *Guide to the General Index of Financial Information (GIFI) for Corporations.* Enter contributions on line 350 of Part 8.

QUALIFIED PROPERTY

Part 4 – Eligible investments for qualified property from the current tax year

CCA* class number 105	Description of investment 110	Date available for use 115	Location used (province or territory) 120	Amount of investment 125

*CCA: capital cost allowance

Total investment – enter in formula on line 240 in Part 5

Part 5 – Calculation of current-year credit and account balances – ITC from investments in qualified property

ITC at the end of the previous tax year

Deduct:

Credit deemed as a remittance of co-op corporations 210

Credit expired* 215

Subtotal ▶

ITC at the beginning of the tax year 220

Add:

Credit transferred on amalgamation or wind-up of subsidiary 230

ITC from repayment of assistance 235

Total current-year credit: total of column 125 x 10 % = 240

Credit allocated from a partnership 250

Subtotal ▶

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line B1 in Part 30) 260

Credit carried back to the previous year(s) (from Part 6) A

Credit transferred to offset Part VII tax liability 280

Subtotal ▶

Credit balance before refund B

Deduct:

Refund of credit claimed on investments from qualified property (from Part 7) 310

ITC closing balance of investments from qualified property 320

* The credit expires after 20 tax years if it was earned in a tax year ending after 1997 and did not expire before 2008 and 10 tax years if it was earned in a tax year ending before 1998.

Part 6 – Request for carryback of credit from investments in qualified property

	Year	Month	Day		
1st previous tax year				Credit to be applied	901
2nd previous tax year				Credit to be applied	902
3rd previous tax year				Credit to be applied	903

Total (enter on line A in Part 5)

Part 7 – Calculation of refund for qualifying corporations on investments from qualified property

Current-year ITCs (total of lines 240 and 250 in Part 5) C

Credit balance before refund (amount B from Part 5) D

Refund (40 % of amount C or D, whichever is less) E

Enter amount E or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

SR&ED

Part 8 – Qualified expenditures for SR&ED

Current expenditures

Current expenditures (from line 557 on Form T661)		6,437,556		
Add:				
Contributions to agricultural organizations for SR&ED under paragraph 37(1)(a)*				
Deduct:				
Government and non-government assistance*				
Contributions to agricultural organizations for SR&ED*		▶		
Current expenditures (including contributions to agricultural organizations for SR&ED)*		6,437,556 ▶	350	6,437,556
Capital expenditures (from line 558 on Form T661)			360	
Repayments made in the year (from line 560 on Form T661)			370	
Total (this must equal the amount from line 570 on Form T661)*			380	6,437,556

* Do not file form T661 if you are only claiming contributions made to agricultural organizations for SR&ED.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if the corporation is a CCPC.

Note: A CCPC that calculates SR&ED expenditure limit, is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? 385 — 1 Yes [X] 2 No [ ]

Complete lines 390, 395 and 398, if you answered **no** to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49).

a) Enter your taxable income for the previous tax year* (prior to any loss carry-backs applied). 390 ______

b) Enter your reduced business limit** for the current tax year* (this amount cannot be more than the amount at line 4 on page 4 of the T2 return). 395 ______

c) Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million. 398 ______

* If either of the tax years referred to at line 390 or 395 is less than 51 weeks, multiply the taxable income or the business limit by the following result: 365 divided by the number of days in these tax years. For details on the expression "Reduced business limit," see line 652 of the *T2 Corporation – Income Tax Guide*.

** If the corporation is claiming only a portion of the business limit from line 4 on page 4 of the T2 return because of its association with other corporations, calculate your reduced business limit as if the corporation was not associated in the current tax year. Enter the result at line 395.

Part 10 – Calculation of SR&ED expenditure limit for a CCPC

For stand-alone corporations:

Calculation 1: Tax year ends before February 26, 2008.
[($6,000,000 **minus** (10 x (line 390 from Part 9 or $400,000, whichever is more))) x ((line 395 from Part 9) **divided by** line 4 on page 4 of the T2 return)] . . . . ________

Calculation 2: Tax year starts after February 26, 2008 and ends before January 1, 2010.
[($7,000,000 **minus** (10 x (line 390 from Part 9 or $400,000, whichever is more))) x (($40,000,000 **minus** line 398 from Part 9) **divided by** $40,000,000)] . . . . ________

Calculation 3: Tax year includes February 26, 2008.
AA + [(BB **minus** AA) x (CC **divided by** DD)] where,

- **AA =** [($6,000,000 **minus** (10 x (line 390 from Part 9 or $400,000, whichever is more))) x ((line 395 from Part 9) **divided by** line 4 on page 4 of the T2 return)];
- **BB =** [($7,000,000 **minus** (10 x (line 390 from Part 9 or $400,000, whichever is more))) x (($40,000,000 **minus** line 398 from Part 9) **divided by** $40,000,000)];
- **CC =** number of days in the tax year after February 25, 2008;
- **DD =** number of days in the tax year. . . . . ________

Calculation 4: Tax year starts after December 31, 2009.
[($8,000,000 **minus** (10 x (line 390 from Part 9 or $500,000, whichever is more))) x (($40,000,000 **minus** line 398 from Part 9) **divided by** $40,000,000)] . . . . ________

Calculation 5: Tax year includes January 1, 2010.
EE + [(FF **minus** EE) x (GG **divided by** HH)] where,

- **EE =** [($7,000,000 **minus** (10 x (line 390 from Part 9 or $400,000, whichever is more))) x (($40,000,000 **minus** line 398 from Part 9) **divided by** $40,000,000)];
- **FF =** [($8,000,000 **minus** (10 x (line 390 from Part 9 or $500,000, whichever is more))) x (($40,000,000 **minus** line 398 from Part 9) **divided by** $40,000,000)];
- **GG =** number of days in the tax year after December 31, 2009;
- **HH =** number of days in the tax year. . . . . ________

Enter the amount from Calculation 1, 2, 3, 4 or 5, whichever is applicable ________ *G

For associated corporations:

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 . . . . **400** ________ *H

Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Line G or H ________ x $\frac{\text{Number of days in the tax year} \quad 365}{365}$ = ... ________ I

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

* Amount G or H cannot be more than $3,000,000 ($2,000,000 if tax year ending before February 26, 2008).

Part 11 – Calculation of investment tax credits on SR&ED expenditures

Enter whichever is less: current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10)*	420		x	35 %	=		J
Line 350 minus line 410 (if negative, enter "0")	430	6,437,556	x	20 %	=	1,287,511	K
Line 410 minus line 350 (if negative, enter "0")			L				
Enter whichever is less: capital expenditures (line 360 from Part 8) or line L above*	440		x	35 %	=		M
Line 360 minus line L (if negative, enter "0")	450		x	20 %	=		N

Repayments (amount from line 370 in Part 8)

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate.

460		x	35 %	=	
480		x	20 %	=	
			Total		► O

Current-year SR&ED ITC (total of lines J, K, M, N, and O; enter on line 540 in Part 12) 1,287,511

* For corporations that are not CCPCs, enter "0" on lines J and M.

Part 12 – Calculation of current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year					
Deduct:					
Credit deemed as a remittance of co-op corporations	510				
Credit expired*	515				
Subtotal			►		
ITC at the beginning of the tax year			520		
Add:					
Credit transferred on amalgamation or wind-up of subsidiary	530				
Total current-year credit	540	1,287,511			
Credit allocated from a partnership	550				
Subtotal		1,287,511	►	1,287,511	
Total credit available				1,287,511	
Deduct:					
Credit deducted from Part I tax (enter on line B2 in Part 30)	560	1,287,511			
Credit carried back to the previous year(s) (from Part 13)			P		
Credit transferred to offset Part VII tax liability	580				
Subtotal		1,287,511	►	1,287,511	
Credit balance before refund					Q
Deduct:					
Refund of credit claimed on expenditures of SR&ED (from Part 14 or 15, whichever applies)			610		
ITC closing balance on SR&ED			620		

* The credit expires after 20 tax years if it was earned in a tax year ending after 1997 and did not expire before 2008 and 10 tax years if it was earned in a tax year ending before 1998.

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	911	
2nd previous tax year				Credit to be applied	912	
3rd previous tax year				Credit to be applied	913	
				Total (enter on line P in Part 12)		

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

Part 14 – Calculation of refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined at line 101.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . 650 1 Yes [ ] 2 No [X]

Credit balance before refund (amount Q from Part 12)		R		
Current-year ITC (lines 540 plus 550 from Part 12 **minus** line O from Part 11)		S		
Refundable credits (amount R or S, whichever is less)*				T
Amount J from Part 11		U		
Subtract: Amount T or U, whichever is less				V
Net amount (if negative, enter "0")				W
Amount W	x 40 %			X
Add: Amount V				Y
Refund of ITC (amounts X **plus** Y – enter this, or a lesser amount, on line 610 in Part 12)				Z

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount must be multiplied by 40%.
Claim this, or a lesser amount, as your refund of ITC on line Z.

Part 15 – Calculation of refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined in Part 2.

Credit balance before refund (amount Q from Part 12)				AA
Amount J from Part 11		BB		
Subtract: Amount AA or BB, whichever is less				CC
Net amount (if negative, enter "0")				DD
Amount M from Part 11				EE
Amount DD or EE, whichever is less	x 40 %			FF
Add : Amount CC above				GG
Refund of ITC (amounts FF **plus** GG)				HH

Enter HH, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

RECAPTURE – SR&ED

Part 16 – Calculating the recapture of ITC for corporations and corporate partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997, or in any of the 10 previous tax years, if the credit was earned in a tax year ending before 1998;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note

The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

	Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above **700**	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) **710**	Amount from column 700 or 710, whichever is less
1.			

Subtotal (enter this amount on line LL in Part 17) ______ II

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil at line JJ in Part 16.

A Rate percentage that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement **720**	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition **730**	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) **740**

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

Part 16 – Calculating the recapture of ITC for corporations and corporate partnerships – SR&ED (continued)

Calculation 2 (continued) – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil on line JJ below.

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

Subtotal (enter this amount on line MM in Part 17) _______ JJ

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line KK below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported on line NN in Part 17) 760 _______ KK

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC for calculation 1 from line II in Part 16		LL
Recaptured ITC for calculation 2 from line JJ in Part 16 above		MM
Recaptured ITC for calculation 3 from line KK in Part 16 above		NN
Total recapture of SR&ED investment tax credit – Add lines LL, MM and NN		OO

Enter amount OO at line A1 in Part 29.

PRE-PRODUCTION MINING

Part 18 – Pre-production mining expenditures

Exploration information

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

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

List of minerals 800

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

Project name 805	Mineral title 806	Mining division 807

Pre-production mining expenditures *

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

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

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

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

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

Description 825	Amount 826

Add amounts at column 826 ▶ ________ VV

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

Deduct: Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above . . . . . . 832 ________

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

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

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

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

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

Part 19 – Calculation of current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year

Deduct:

Credit deemed as a remittance of co-op corporations 841

Credit expired* 845

Subtotal ▶

ITC at the beginning of the tax year 850

Add:

Credit transferred on amalgamation or wind-up of subsidiary 860

Expenditures from line YY in Part 18 870 x 10 % = 880

Total credit available

Deduct:

Credit deducted from Part I tax (enter on line B3 in Part 30) 885

Credit carried back to the previous year(s) (from Part 20) CCC

Subtotal ▶

ITC closing balance from pre-production mining expenditures 890

* The credit is eligible for a 20 year carryforward effective for credits earned in 2003 and later tax years.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day		
1st previous tax year				Credit to be applied	921
2nd previous tax year				Credit to be applied	922
3rd previous tax year				Credit to be applied	923

Total (enter on line CCC in Part 19)

APPRENTICESHIP JOB CREATION

Part 21 – Calculation of total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.) . . . . **611** 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice. Also enter the name of the eligible trade, the eligible salary and wages* payable for employment after May 1, 2006, and 10% of this amount. Then enter the lesser of 10% of eligible salary and wages **or** $2,000.

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
1.	PA 6060	Lineworker	32,792	3,279	2,000
2.	PA 6061	Lineworker	25,703	2,570	2,000
3.	PA 6062	Lineworker	34,871	3,487	2,000
4.	PA 6063	Lineworker	32,710	3,271	2,000
5.	PA 6064	Lineworker	34,159	3,416	2,000
6.	PA 6065	Lineworker	37,051	3,705	2,000
7.	PA 6066	Lineworker	35,316	3,532	2,000
8.	PA 6067	Lineworker	37,936	3,794	2,000
9.	PA 6068	Lineworker	33,173	3,317	2,000
10.	PA 6070	Lineworker	36,448	3,645	2,000
11.	PA 6071	Lineworker	34,173	3,417	2,000
12.	PA 6072	Lineworker	28,571	2,857	2,000
13.	PA 6073	Lineworker	36,448	3,645	2,000
14.	PA 6074	Lineworker	34,371	3,437	2,000
15.	PA 6075	Lineworker	32,388	3,239	2,000
16.	PB 2183	Lineworker	70,280	7,028	2,000
17.	PB 2184	Lineworker	67,445	6,745	2,000
18.	PB 2185	Lineworker	75,126	7,513	2,000
19.	PB 2186	Lineworker	65,028	6,503	2,000
20.	PB 2187	Lineworker	70,357	7,036	2,000
21.	PB 2188	Lineworker	68,288	6,829	2,000
22.	PB 2189	Lineworker	66,906	6,691	2,000
23.	PB 2190	Lineworker	71,685	7,169	2,000
24.	PB 2192	Lineworker	69,128	6,913	2,000
25.	PB 2194	Lineworker	67,751	6,775	2,000
26.	PB 2195	Lineworker	69,503	6,950	2,000
27.	PB 2196	Lineworker	63,553	6,355	2,000
28.	PB 2197	Lineworker	66,728	6,673	2,000
29.	PB 2198	Lineworker	72,008	7,201	2,000
30.	PB 2199	Lineworker	70,924	7,092	2,000
31.	PB 2200	Lineworker	70,714	7,071	2,000
32.	PC3001	Lineworker	67,545	6,755	2,000
33.	PC3002	Lineworker	64,855	6,486	2,000
34.	PC3003	Lineworker	68,934	6,893	2,000
35.	PC3004	Lineworker	66,792	6,679	2,000
36.	PC3005	Lineworker	68,595	6,860	2,000
37.	PC3006	Lineworker	69,052	6,905	2,000
38.	PC3007	Lineworker	68,212	6,821	2,000
39.	PC3008	Lineworker	68,491	6,849	2,000
40.	PC3009	Lineworker	67,723	6,772	2,000
41.	PC3010	Lineworker	67,782	6,778	2,000
42.	PC3011	Lineworker	70,073	7,007	2,000
43.	PC3012	Lineworker	67,070	6,707	2,000
44.	PC3013	Lineworker	69,305	6,931	2,000

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
45.	PC3014	Lineworker	70,043	7,004	2,000
46.	PC3015	Lineworker	67,395	6,740	2,000
47.					
				Total current-year credit (enter at line 640)	92,000

* Net of any other government or non-government assistance received or to be received.

Part 22 – Calculation of current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year			
Deduct:			
Credit deemed as a remittance of co-op corporations	612		
Credit expired after 20 tax years	615		
Subtotal			
ITC at the beginning of the tax year	625		
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	630		
ITC from repayment of assistance	635		
Total current-year credit (total of column 605)	640	92,000	
Credit allocated from a partnership	655		
Subtotal		92,000	92,000
Total credit available			92,000
Deduct:			
Credit deducted from Part I tax (enter on line B4 in Part 30)	660	92,000	
Credit carried back to the previous year(s) (from Part 23)	DDD		
Subtotal		92,000	92,000
ITC closing balance from apprenticeship job creation expenditures	690		

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

Carryback of this credit is restricted to tax years ending after May 1, 2006.

	Year	Month	Day			
1st previous tax year				Credit to be applied	931	
2nd previous tax year				Credit to be applied	932	
3rd previous tax year				Credit to be applied	933	
				Total (enter on line DDD in Part 22)		

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

CHILD CARE SPACES

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred after March 18, 2007, to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation is not a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	CCA* class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year 715 ______ EEE

Add: Specified child care start-up expenditures from the current tax year . . . . 705 ______ FFF

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . ______ GGG

Deduct: Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line GGG) . . . . 725 ______ HHH

Excess (amount GGG **minus** amount HHH) (if negative, enter "0") ______ III

Add: Repayments of government and non-government assistance . . . . 735 ______ JJJ

Total eligible expenditures for child care spaces (amount III **plus** amount JJJ) . . . . 745 ______

* CCA: capital cost allowance

Part 25 – Calculation of current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred after March 18, 2007, to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (line 745)			x 25 % =		KKK
Number of child care spaces	755		x $ 10,000 =		LLL
ITC from child care spaces expenditures (amount KKK or LLL, whichever is less)					MMM

Part 26 – Calculation of current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year				
Deduct:				
Credit deemed as a remittance of co-op corporations	765			
Credit expired after 20 tax years	770			
Subtotal			▶	
ITC at the beginning of the tax year			775	
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	777			
Total current-year credit (amount MMM above)	780			
Credit allocated from a partnership	782			
Subtotal			▶	
Total credit available				
Deduct:				
Credit deducted from Part I tax (enter on line B5 in Part 30)	785			
Credit carried back to the previous year(s) (from Part 27)			NNN	
Subtotal			▶	
ITC closing balance from child care spaces expenditures			790	

Part 27 – Request for carryback of credit from child care space expenditures

	Year Month Day			
1st previous tax year	2008-12-31	Credit to be applied	941	
2nd previous tax year	2007-12-31	Credit to be applied	942	
3rd previous tax year	2006-12-31	Credit to be applied	943	
		Total (enter on line NNN in Part 26)		

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

RECAPTURE – CHILD CARE SPACES

Part 28 – Calculating the recapture of ITC for corporations and corporate partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . **792** ______ ZZZ

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . **795** ______

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . **797** ______

Amount from line 795 or line 797, whichever is less . . . ______ OOO

Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line PPP below.

Corporate partner's share of the excess of ITC **799** ______ PPP

Total recapture of child care spaces investment tax credit – Add lines ZZZ, OOO, and PPP
Enter amount QQQ on line A2 in Part 29. . . . ______ QQQ

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC from line OO in Part 17		A1
Recaptured child care spaces ITC from line QQQ in Part 28 above		A2
Total recapture of investment tax credit – Add lines A1 and A2 Enter amount A3 on line 602 of the T2 return.		A3

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5)		B1
ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12)	1,287,511	B2
ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19)		B3
ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22)	92,000	B4
ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26)		B5
Total ITC deducted from Part I tax (add lines B1, B2, B3, B4, and B5) Enter amount B6 at line 652 of the T2 return.	1,379,511	B6

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
92,000	92,000			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2001-09-30				
2000-09-30				*
1999-09-30				
1998-09-30				
1997-09-30				
1996-09-30				
1995-09-30				
1994-09-30				
1993-09-30				
1992-09-30				
1991-09-30				
1990-09-30				*
Total				

B+C+D+G **Total ITC utilized** 92,000

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

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

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
1,287,511	1,287,511			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				
2001-12-31				
2001-09-30				
2000-09-30				*
1999-09-30				
1998-09-30				
1997-09-30				
1996-09-30				
1995-09-30				
1994-09-30				
1993-09-30				
1992-09-30				
1991-09-30				
1990-09-30				*
Total				

B+C+D+G **Total ITC utilized** 1,287,511

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

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SCHEDULE 33

TAXABLE CAPITAL EMPLOYED IN CANADA – LARGE CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than $10,000,000.
- 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.
- If you are filing a provincial capital tax return with your *T2 Corporation Income Tax Return*, also file a completed Schedule 33 with the return no later than six months from the end of the tax year.
- This schedule may contain changes that had not yet become law at the time of publishing.

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	155,150,166		
Capital stock (or members' contributions if incorporated without share capital)	103	527,816,668		
Retained earnings	104	288,068,672		
Contributed surplus	105	12,757,392		
Any other surpluses	106			
Deferred unrealized foreign exchange gains	107			
All loans and advances to the corporation	108			
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109	1,493,600,826		
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 for 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		2,477,393,724 ▶	2,477,393,724	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, as long as 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		2,477,393,724	

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 for lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Do not include amounts owing to the member or to other corporations that are members of the partnership.
- Amounts are determined 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 (add lines 401 to 407)	490	

Notes:
1. 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 tax year; and
   - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
2. Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
3. Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 – Taxable capital

Capital for the year (line 190)		2,477,393,724	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	2,477,393,724	

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) 2,477,393,724 x Taxable income earned in Canada **610** 65,707,371 / Taxable income 65,707,371 = **Taxable capital employed in Canada** **690** 2,477,393,724

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

To be completed by a corporation that was 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 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 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 or movable 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 for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

Taxable capital employed in Canada (line 690 or 790, whichever applies)		F
Deduct:	10,000,000	G
Excess (amount F **minus** amount G) (if negative, enter "0")		H
Calculation for purposes of the small business deduction (amount H x 0.00225)		I

Enter this amount at line 415 of the T2 return

Attached Schedule with Total

Part 1 – All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations

Title Part 1 – All indebtedness of the corporation represented by bonds, debentu

Description	Amount	
Holdbacks	1,983,100	00
AP Holdbacks	226,700	00
A/P BPP Rebate	1,366,133	00
Credit Balances - Banner	2,141,910	00
Retailer CR Balances	6,357,946	00
CR Balances - Service AR	13,326,673	00
Current Portion - Leases	217,669	00
Current portion - inducements	781,379	00
Current portion - deposits	15,773,183	00
Current portion - security deposits	1,228,786	00
Long-term liability - leases	446,943	00
Long-term note - THC	666,275,250	00
Long-term promissory note - THC	490,115,478	00
Long-term security deposits	7,984,745	00
Long-term deposits - Banner	25,713,653	00
Long-term deposits - interest	997,841	00
Regulatory Liability - RARA	3,598,327	00
Regulatory Liability	51,880,389	00
Regulatory Liability	2,103,243	00
Regulatory Liability	44,551	00
NBV of capital contribution	199,347,007	00
Lease inducement	1,072,126	00
Unearned Revenue	617,794	00
Total	1,493,600,826	00

Attached Schedule with Total

Part 1 – Deferred tax debit balance at the end of the year

Title Part 1 – Deferred tax debit balance at the end of the year

Description	Amount	
Net future income tax (asset) / liability	250,948,300	00
Offsetting Regulatory Liability / (Asset)	-250,948,300	00
Total		

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in computing income for the year under Part I

Title Part 1 – Reserves that have not been deducted in computing income for th

Description	Amount	
Termination accrual	256,548	00
Inventory obsolescence reserve	445,618	00
POEB	154,448,000	00
Total	155,150,166	00

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

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) 100	Business Number (If a corporation is not registered, enter "NR") 200	Social insurance number 300	Trust number 350	Percentage common shares 400	Percentage preferred shares 500
1	TORONTO HYDRO CORPORATION	89676 0725 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 53

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

On: 2009-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsections referred to in this schedule are from the *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 — 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? ☒ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Corporations that wound-up a subsidiary ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year . . . **100** 155,457,386 A

Taxable income for the year (DICs enter "0") * . . . **110** 65,707,371 B

Income for the credit union deduction * (amount E in Part 3 of Schedule 17) . . . **120** ______

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less * . . . **130** ______

For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income * . . . **140** 909,603

Subtotal (**add** lines 120, 130, and 140) 909,603 ▶ 909,603 C

Income taxable at the general corporate rate (line B **minus** line C) (if negative enter "0") . . . **150** 64,797,768

After-tax income (line 150 x general rate factor for the tax year ** 0.68) . . . **190** 44,062,482 D

Eligible dividends received in the tax year . . . **200** ______

Dividends deductible under section 113 received in the tax year . . . **210** ______

Subtotal (**add** lines 200 and 210) ______ ▶ ______ E

GRIP addition:

Becoming a CCPC (line PP from Part 4) . . . **220** ______

Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4) . . . **230** ______

Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4) . . . **240** ______

Subtotal (**add** lines 220, 230, and 240) ______ ▶ **290** ______ F

Subtotal (**add** lines A, D, E, and F) 199,519,868 G

Eligible dividends paid in the previous tax year . . . **300** ______

Excessive eligible dividend designations made in the previous tax year . . . **310** ______

Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.

Subtotal (line 300 **minus** line 310) ______ ▶ ______ H

GRIP before adjustment for specified future tax consequences (line G **minus** line H) (amount can be negative) . . . **490** 199,519,868

Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2) . . . **560** ______

GRIP at the end of the tax year (line 490 **minus** line 560) . . . **590** 199,519,868

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2008-12-31

Taxable income before specified future tax consequences from the current tax year . . . 94,013,196 J1

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . ______ L1

Aggregate investment income (line 440 of the T2 return) . . . 99,000 M1

Subtotal (**add** lines K1, L1, and M1) 99,000 ▶ 99,000 N1

Subtotal (line J1 **minus** line N1) (if negative, enter "0") 93,914,196 ▶ 93,914,196 O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ________ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ________ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ________ R1

Aggregate investment income (line 440 of the T2 return) . . . . ________ S1

Subtotal (**add** lines Q1, R1, and S1) ________ ▶ ________ T1

Subtotal (line P1 **minus** line T1) (if negative, enter "0") ________ ▶ ________ U1

Subtotal (line O1 **minus** line U1) (if negative, enter "0") ________ V1

GRIP adjustment for specified future tax consequences to the first previous tax year

(line V1 **multiplied by** the general rate factor for the tax year 0.68) . . . . **500** ________

Second previous tax year 2007-12-31

Taxable income before specified future tax consequences from the current tax year 130,804,395 J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ________ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ________ L2

Aggregate investment income (line 440 of the T2 return) 1,086,271 M2

Subtotal (**add** lines K2, L2, and M2) 1,086,271 ▶ 1,086,271 N2

Subtotal (line J2 **minus** line N2) (if negative, enter "0") 129,718,124 ▶ 129,718,124 O2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ________ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ________ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ________ R2

Aggregate investment income (line 440 of the T2 return) . . . . ________ S2

Subtotal (**add** lines Q2, R2, and S2) ________ ▶ ________ T2

Subtotal (line P2 **minus** line T2) (if negative, enter "0") ________ ▶ ________ U2

Subtotal (line O2 **minus** line U2) (if negative, enter "0") ________ V2

GRIP adjustment for specified future tax consequences to the second previous tax year

(line V2 **multiplied by** the general rate factor for the tax year 0.68) . . . . **520** ________

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2006-12-31

Taxable income before specified future tax consequences from the current tax year 147,794,981 J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L3

Aggregate investment income (line 440 of the T2 return) 583,769 M3

Subtotal (**add** lines K3, L3, and M3) 583,769 ▶ 583,769 N3

Subtotal (line J3 **minus** line N3) (if negative, enter "0") 147,211,212 ▶ 147,211,212 O3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R3

Aggregate investment income (line 440 of the T2 return) . . . . ______ S3

Subtotal (**add** lines Q3, R3, and S3) ______ ▶ ______ T3

Subtotal (line P3 **minus** line T3) (if negative, enter "0") ______ ▶ ______ U3

Subtotal (line O3 **minus** line U3) (if negative, enter "0") ______ V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(line V3 **multiplied by** the general rate factor for the tax year 0.68) . . . . **540** ______

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ______ W

Enter amount W on line 560.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year . . . . ______ AA

Eligible dividends paid by the corporation in its last tax year . . . . ______ BB

Excessive eligible dividend designations made by the corporation in its last tax year . . . . ______ CC

Subtotal (line BB **minus** line CC) ______ ▶ ______ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(line AA **minus** line DD) . . . . ______ EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC ☐ Post amalgamation ☐ Post wind-up ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year			FF
The corporation's money on hand immediately before the end of its previous/last tax year			GG
Unused and unexpired losses at the end of the corporation's previous/last tax year:			
Non-capital losses			
Net capital losses			
Farm losses			
Restricted farm losses			
Limited partnership losses			
Subtotal		▶	HH
Subtotal (**add** lines FF, GG, and HH)			II
All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year	JJ		
Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year	KK		
All the corporation's reserves deducted in its previous/last tax year	LL		
The corporation's capital dividend account immediately before the end of its previous/last tax year	MM		
The corporation's low rate income pool immediately before the end of its previous/last tax year	NN		
Subtotal (**add** lines JJ, KK, LL, MM, and NN)		▶	OO
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (line II **minus** line OO) (if negative, enter "0")			PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year. Calculate your results to four decimal places.

0.68	x	number of days in the tax year before January 1, 2010 / number of days in the tax year	365 / 365	=	0.6800 QQ
0.69	x	number of days in the tax year in 2010 / number of days in the tax year	/ 365	=	RR
0.7	x	number of days in the tax year in 2011 / number of days in the tax year	/ 365	=	SS
0.72	x	number of days in the tax year after December 31, 2011 / number of days in the tax year	/ 365	=	TT

General rate factor for the tax year (total of lines QQ to TT) . . . . 0.6800 UU

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SCHEDULE 500

ONTARIO CORPORATION TAX CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- References to subsections and paragraphs are from the federal *Income Tax Act*.
- This schedule is a worksheet only and does not have to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2010 / Number of days in the tax year	365 / 365	x	14.00 %	=	14.00000 %	A1
Number of days in the tax year after June 30, 2010 and before July 1, 2011 / Number of days in the tax year	/ 365	x	12.00 %	=	%	A2
Number of days in the tax year after June 30, 2011 and before July 1, 2012 / Number of days in the tax year	/ 365	x	11.50 %	=	%	A3
Number of days in the tax year after June 30, 2012 and before July 1, 2013 / Number of days in the tax year	/ 365	x	11.00 %	=	%	A4
Number of days in the tax year after June 30, 2013 / Number of days in the tax year	/ 365	x	10.00 %	=	%	A5

Ontario basic rate of tax for the year (total of rates A1 to A5) 14.00000 ► 14.00000 % A6

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . 65,707,371 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A6 from Part 1) . . . . 9,199,032 C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit, in addition to Ontario basic income tax, or has Ontario corporate minimum tax, Ontario special additional tax on life insurance corporations or Ontario capital tax payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, from of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)					64,852,778	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)					65,707,371	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	500,000	x	500,000 / 500,000 (line 4 on page 4 of the T2 return)	=	500,000	3
Enter the least of amounts 1, 2, and 3					500,000	D
Ontario domestic factor: Ontario taxable income * / taxable income earned in all provinces and territories **			65,707,371.00 / 65,707,371	=	1.00000	E
Ontario small business income (amount D **multiplied** by amount E)					500,000	F

Number of days in the tax year before July 1, 2010 / Number of days in the tax year	365 / 365	x	8.50 %	=	8.50000 %	G1
Number of days in the tax year after June 30, 2010 and before July 1, 2011 / Number of days in the tax year	/ 365	x	7.50 %	=	%	G2
Number of days in the tax year after June 30, 2011 and before July 1, 2012 / Number of days in the tax year	/ 365	x	7.00 %	=	%	G3
Number of days in the tax year after June 30, 2012 and before July 1, 2013 / Number of days in the tax year	/ 365	x	6.50 %	=	%	G4
Number of days in the tax year after June 30, 2013 / Number of days in the tax year	/ 365	x	5.50 %	=	%	G5

OSBD rate for the year (total of rates G1 to G5) . . . 8.50000 % G6

Ontario small business deduction: amount F **multiplied** by OSBD rate for the year (rate G6) . . . 42,500 H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

** Includes the offshore jurisdictions for Nova Scotia, and Newfoundland and Labrador.

Part 4 – Calculation of surtax re Ontario small business deduction

Complete this part if the corporation is claiming the OSBD, and its adjusted taxable income, **plus** the adjusted taxable income of each corporation with which the corporation was associated during its tax year, is greater than $500,000. If the corporation is a member of an associated group, complete Schedule 501, *Ontario Adjusted Taxable Income of Associated Corporations to Determine Surtax re Ontario Small Business Deduction.*

Note: You do not need to complete this part if the corporation's tax year begins after June 30, 2010.

Adjusted taxable income *	65,707,371	I		
Adjusted taxable income of all associated corporations (amount from line 500 of Schedule 501)	377,104	J		
Aggregate adjusted taxable income (amount I **plus** amount J)	66,084,475	▶	66,084,475	K
Deduct:				
Ontario business limit			500,000	
Subtotal (amount K **minus** Ontario business limit) (if negative, enter "0" on this line and on line P)			65,584,475	L

Small business surtax rate for the year:

$$\frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}} \quad \frac{365}{365} \times 4.25\,\% = 4.25\,\% \quad \text{M}$$

Note: For days in the tax year after June 30, 2010, the small business surtax rate is reduced to 0%.

Multiply: Amount L x % on line M = 2,787,340 N

$$\text{Amount N} \times \frac{\text{Ontario small business income (amount F from Part 3)}}{500{,}000} \quad \frac{500{,}000}{500{,}000} = 2{,}787{,}340 \quad \text{O}$$

Surtax re Ontario small business deduction: lesser of amount O and OSBD (amount H in Part 3) 42,500 P

Enter amount P on line 272 of Schedule 5.

* Adjusted taxable income is equal to the corporation's taxable income or taxable income earned in Canada for the year **plus** the amount of the corporation's adjusted Crown royalties for the year **minus** the amount of the corporation's notional resource allowance for the year (from Schedule 504, *Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties*).

If the tax year of the corporation is less than 51 weeks, **multiply** the adjusted taxable income of the corporation for the year by 365 and **divide** by the number of days in the tax year.

Part 5 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Amount D in Part 3 500,000 Q

$$\frac{\text{Surtax payable (amount P from Part 4)}}{\text{Ontario domestic factor (amount E from Part 3) x OSBD rate (rate G6 from Part 3)} \quad 8.50000\,\%} \quad \frac{42{,}500}{0.08500} = 500{,}000 \quad \text{R}$$

Note: Enter "0" on line R for tax years beginning after June 30, 2010

Ontario adjusted small business income (amount Q **minus** amount R) (if negative, enter "0") ______ S

Enter amount S on line U in Part 6 or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 6 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D in Part 3 of Schedule 17			T
Deduct:			
Ontario adjusted small business income (amount S from Part 5)			U
Subtotal (amount T **minus** amount U) (if negative, enter "0")			V
OSBD rate for the year (rate G6 from Part 3)	8.50000 %		
Amount V **multiplied** by the OSBD rate for the year			W
Ontario domestic factor (amount E from Part 3)		1.00000	X
Ontario credit union tax reduction (amount W **multiplied** by amount X)			Y

Enter amount Y on line 410 on Schedule 5.

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SCHEDULE 501

ONTARIO ADJUSTED TAXABLE INCOME OF ASSOCIATED CORPORATIONS TO DETERMINE SURTAX RE ONTARIO SMALL BUSINESS DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- For use by Canadian-controlled private corporations (CCPCs) to report the adjusted taxable income of all corporations (Canadian and foreign) with which the filing corporation was associated at any time during the tax year.
- Include the adjusted taxable income for the tax year of the associated corporation that ends at or before the date of the filing corporation's tax year-end.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations* 100	Business number of associated corporations** 200	Tax year-end 300	Adjusted taxable income *** (if loss, enter "0") 400
1	TORONTO HYDRO CORPORATION	89676 0725 RC0001	2009-12-31	
2	TORONTO HYDRO ENERGY SERVICES INC.	89674 7128 RC0003	2009-12-31	377,104
3	1455948 Ontario Inc.	88651 7614 RC0001	2009-12-31	
4	1798594 Ontario Inc.	80344 2821 RC0001	2009-12-31	
			Total 500	377,104

Enter the total adjusted taxable income from line 500 on line J in Part 4 of Schedule 500, *Ontario Corporation Tax Calculation.*

* Subsection 256(2) of the federal *Income Tax Act* may deem the filing corporation to be associated with another corporation, because both corporations are associated with a third corporation. If so, do not list the other corporation, nor the third corporation if it is not a CCPC or has elected under subsection 256(2) of the federal Act not to be associated for purposes of section 125 of the federal Act.

** Enter "NR" if a corporation is not registered.

*** **Rules for adjusted taxable income:**

- If the associated corporation's tax year ends after December 31, 2008, its adjusted taxable income is equal to its taxable income or taxable income earned in Canada **plus** its adjusted Crown royalties **minus** its notional resource allowance for the year.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's adjusted taxable income by 365 and **divide** by the number of days in the associated corporation's tax year.
- If the associated corporation has two or more tax years ending in the filing corporation's tax year, enter the last tax year-end date on line 300 and, for the entry on line 400, **multiply** the sum of the adjusted taxable income for each of those tax years by 365, and **divide** by the total number of days in all of those tax years.

T2 SCH 501 (10)

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SCHEDULE 506

ONTARIO TRANSITIONAL TAX DEBITS AND CREDITS

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- Complete this schedule if you are a specified corporation that is subject to the Ontario transitional tax debit or claiming the Ontario transitional tax credit.
- Unless otherwise noted, references to parts, subsections, paragraphs, subparagraphs, and clauses are from the federal *Income Tax Act*.
- For more information on how to complete this schedule, see Guide T4012, *T2 Corporation – Income Tax Guide*.
- File this schedule with the *T2 Corporation Income Tax Return*.
- **Specified corporation** is defined under subsection 46(5) of the *Taxation Act, 2007* (Ontario) as a corporation:
  - that is not exempt at or immediately before its transition time from tax payable under Part I of the federal Act;
  - that has a tax year that ends before 2009 and a tax year that includes January 1, 2009; or has a tax year that begins after 2008 and a tax year that is deemed to end on December 31, 2008, under subsection 249(3) of the federal Act;
  - that has a permanent establishment (PE) in Ontario at its transition time;
  - that had a PE in Ontario at any time in its last tax year ending before 2009, and was subject to tax under Part II of the *Corporations Tax Act* (Ontario) for that tax year; and
  - whose assets have not been distributed in an eligible pre-2009 windup.
- A specified corporation also includes, under subsection 51(1) of *the Taxation Act, 2007* (Ontario), the parent corporation of an eligible post-2008 windup and the new corporation of an eligible amalgamation.
- A specified corporation may be subject to the Ontario transitional tax debit if:
  - the corporation's total federal balance is more than the total Ontario balance at the end of the tax year; or
  - the corporation has a post-2008 scientific research and experimental development (SR&ED) balance, as defined under subsection 49(2) of the *Taxation Act, 2007* (Ontario), and a federal SR&ED transitional balance, as defined under subsection 49(4) of the *Taxation Act, 2007* (Ontario), at the end of the tax year.
- A specified corporation may be able to claim the Ontario transitional tax credit if:
  - the corporation's total Ontario balance is more than the total federal balance at the end of the tax year; or
  - the corporation has an unused transitional tax credit balance from previous tax years.
- Transition time is defined under subsection 46(1) of the *Taxation Act*, 2007 (Ontario) as:
  - the beginning of the corporation's first tax year that starts after 2008 if the previous tax year is deemed under subsection 249(3) of the federal Act to end on the last day of 2008, or
  - the beginning of the corporation's tax year that includes the beginning of 2009 in any other case.
- An eligible amalgamation refers to an amalgamation or merger of a particular corporation and one or more other corporations to form a new corporation where:
  - the amalgamation or merger occurs after December 31, 2008, and does not occur at the new corporation's transition time;
  - the new corporation has a PE in Ontario immediately after the amalgamation or merger;
  - the particular corporation has a PE in Ontario immediately before the amalgamation or merger;
  - the particular corporation is a specified corporation at its transition time or at any time before the amalgamation or merger;
  - the amalgamation or merger occurs in the amortization period of the new corporation;
  - the amortization period of the new corporation does not end immediately after the beginning of its reference period; and
  - the amortization period of the particular corporation does not end before the amalgamation or merger.
- An eligible post-2008 windup means the windup of a subsidiary corporation into its parent corporation under subsection 88(1) where:
  - the completion time of the windup is after December 31, 2008, and the time immediately after the completion time is within the amortization periods of the subsidiary and parent;
  - the parent's tax year during which it received the assets of the subsidiary ends after December 31, 2008;
  - the subsidiary has a PE in Ontario during its tax year ending at the completion time; and
  - the parent has a PE in Ontario during its tax year in which it received the assets from the subsidiary.
- An eligible pre-2009 windup means the windup of a subsidiary under subsection 88(1) where:
  - the completion time of the windup is after December 31, 2008, and the parent's tax year (during which it received the assets of the subsidiary) ended before January 1, 2009; or
  - the completion time of the windup is before January 1, 2009, and the parent's tax year (during which it received the assets of the subsidiary) ended after December 31, 2008.
- The completion time of a windup is the end of the tax year of the subsidiary during which the subsidiary distributes its assets to the parent for the purposes of paragraph 88(1)(e.2).
- A specified pre-2009 transfer under section 52 of the *Taxation Act*, 2007 (Ontario) is a transfer of property between corporations not at arm's length that changes the total federal or Ontario balance of either the transferee or the transferor and that occurs:
  - before 2009;
  - at different values under the *Corporations Tax Act* (Ontario) and the federal Act;
  - in a tax year ending after 2008 for either the transferee or the transferor corporation, and that corporation is a specified corporation; and
  - in a tax year of the other corporation ending before 2009, in which the other corporation has a PE in Ontario.

Part 1 – Total federal balance

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

If this is the first year after amalgamation, include the total of all amounts from the predecessor corporations that had a PE in Ontario immediately before the amalgamation.

If the corporation is a life insurer or a non-resident corporation, do not include the amounts under the additional rules in subsection 48(8) of the *Taxation Act, 2007* (Ontario).

For other tax years, go to Part 3.

Federal balances at the end of the previous tax year (tax year ending in 2008)

Total undepreciated capital cost of depreciable properties (total of column 220 from Schedule 8, *Capital Cost Allowance (CCA)*)	110	2,385,828,683
Charitable donations not yet deducted from income (from line 280 of Schedule 2, *Charitable Donations and Gifts*) (see Note 1)	112	
Gifts to Canada, a province, or a territory (from line 380 of Schedule 2) (see Note 1)	114	
Gifts of certified cultural property (from line 480 of Schedule 2) (see Note 1)	116	
Gifts of certified ecologically sensitive land (from line 580 of Schedule 2) (see Note 1)	118	
Gifts of medicine (from line 680 of Schedule 2) (see Note 1)	120	
Cumulative eligible capital (from line 300 of Schedule 10, *Cumulative Eligible Capital Deduction*)	122	13,327,588
Federal SR&ED expenditure pool (from line 470 of Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*) (see Note 2 and Note 3)	124	
Cumulative Canadian exploration expense (from line 249 of Schedule 12, *Resource-Related Deductions*) (see Note 2)	128	
Cumulative Canadian development expense (from line 349 of Schedule 12) (see Note 2)	130	
Cumulative Canadian oil and gas property expense (from line 449 of Schedule 12) (see Note 2)	132	

Federal balances at the beginning of the current tax year

Non-capital losses (from line 102 of Schedule 4, *Corporation Loss Continuity and Application*, of the current tax year) (see Note 2 and Note 4)	134	
Net capital losses (from line 200 of Schedule 4 of the current tax year x 50 %) (see Note 2 and Note 4)	136	

Amounts included in the calculation of the Ontario income tax in the previous tax year

Total reserves deducted under paragraph 20(1)(l), (l.1), (m), (m.1), (n), or (o), subsection 32(1), section 61.4 or subparagraph 138(3)(a)(i), (ii), or (iv) of the federal Act, as it applies for the purposes of the *Corporations Tax Act* (Ontario)	150	
One half of the total reserves deducted under subparagraph 40(1)(a)(iii) or 44(1)(e)(iii) of the federal Act, as it applies under the *Corporations Tax Act* (Ontario)	152	
Other discretionary deductions claimed for Ontario income tax, but not claimed federally in the tax years ending after December 12, 2006, and before the transition time	154	

Other amounts

Total adjusted cost base of partnership interests owned by the corporation, under the federal Act, at the beginning of the tax year	160	
Gain from a "negative" adjusted cost base of a partnership interest under subsection 40(3) of the federal Act, as it applies under the *Corporations Tax Act* (Ontario), as if all partnership interests were disposed of at the beginning of the tax year	162	
Amount of farming income specified under paragraph 28(1)(b) in the previous tax year	164	
Federal balance before election (total of lines 110 to 164)		2,399,156,271 A

Deduct:

Lesser of amount D or amount E from Part 4, if an election is made	170	
Total federal balance (amount A **minus** line 170)	180	2,399,156,271

Enter amount on line 300 in Part 3.

Note 1: Enter "0" if the corporation was non-resident immediately before its transition time.

Note 2: Enter "0" if control of the corporation was acquired at transition time.

Note 3: Do not include the SR&ED expenditure pool earned before control of the corporation was last acquired.

Note 4: Do not include losses that arose before control of the corporation was last acquired.

Part 2 – Total Ontario balance

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

If this is the first year after amalgamation, include the total of all amounts from the predecessor corporations that had a PE in Ontario immediately before the amalgamation.

If the corporation is a life insurer or a non-resident corporation, do not include the amounts under the additional rules in subsection 48(8) of the *Taxation Act, 2007* (Ontario).

For other tax years, go to Part 3.

Ontario balances at the end of the previous tax year (tax year ending in 2008)

Total undepreciated capital cost of depreciable properties (total of column 13 from Ontario Schedule 8, *Ontario Capital Cost Allowance*)	210	2,385,828,683
Charitable donations (amount I from Ontario *Schedule 2, Ontario Charitable Donations and Gifts*) (see Note 1)	212	
Gifts to Canada, a province, or a territory (total of closing balance amounts from parts 3 and 5 of Ontario Schedule 2) (see Note 1)	214	
Gifts of certified cultural property (closing balance amount from Part 6 of Ontario Schedule 2) (see Note 1)	216	
Gifts of certified ecologically sensitive land (closing balance amount from Part 7 of Ontario Schedule 2) (see Note 1)	218	
Gifts of medicine (see Note 1)	220	
Cumulative eligible capital (amount Q from Ontario *Schedule 10, Ontario Cumulative Eligible Capital Deduction*)	222	13,327,588
Ontario SR&ED expenditure pool (line 480 from Ontario *CT23 Schedule 161, Ontario Scientific Research and Experimental Development Expenditures*) (see Note 2 and Note 3)	224	
Adjusted Ontario SR&ED incentive balance (see Note 2 and Note 5)	226	1,097,753
Cumulative Canadian exploration expense (closing balance of Regular Expenses from Part 2 of Ontario *Schedule 12, Ontario Exploration Expenses*) (see Note 2)	228	
Cumulative Canadian development expense (closing balance of Regular Expenses, Canadian CCDE Expenses, from Part 3 of Ontario Schedule 12) (see Note 2)	230	
Cumulative Canadian oil and gas property expense (closing balance of Regular Expenses from Part 4 of Ontario Schedule 12) (see Note 2)	232	
Non-capital losses (from line 709 of Ontario *Corporations Tax Return CT8* or *CT23 Corporations Tax and Annual Return*) (see Note 2 and Note 4)	234	
Net capital losses (from line 719 of CT8 or CT23 x 50 %) (see Note 2 and Note 4)	236	

Amounts included In the calculation of the federal income tax in the previous tax year

Total reserves deducted under paragraph 20(1)(l), (l.1), (m), (m.1), (n), or (o), subsection 32(1), section 61.4 or subparagraph 138(3)(a)(i), (ii), or (iv)	250	
One half of the total reserves deducted under subparagraph 40(1)(a)(iii) or 44(1)(e)(iii)	252	

Other amounts

Total adjusted cost base of partnership interests owned by the corporation, for the purposes of the *Corporations Tax Act* (Ontario), at the beginning of the tax year	260	
Gain from a "negative" adjusted cost base of a partnership interest under subsection 40(3) determined as if all partnership interests were disposed of at the beginning of the tax year	262	
Amount of farming income in the previous tax year specified under paragraph 28(1)(b) of the federal Act, as it applies for the purposes of the *Corporations Tax Act* (Ontario)	264	
Total Ontario balance (total of lines 210 to 264)	280	2,400,254,024

Enter amount on line 340 in Part 3.

Note 1: Enter "0" if the corporation was non-resident immediately before its transition time.

Note 2: Enter "0" if control of the corporation was acquired at transition time.

Note 3: Do not include the SR&ED expenditure pool earned before control of the corporation was last acquired.

Note 4: Do not include losses that arose before control of the corporation was last acquired.

Note 5: The adjusted Ontario SR&ED incentive balance under subsection 49(7) of the *Taxation Act, 2007* (Ontario) is the total of federal investment tax credits that:
- have been earned and are available without restriction to the corporation;
- are attributable to qualifying Ontario SR&ED expenditures;
- have not been deducted under subsection 127(5) or (6) of the federal Act; and
- do not expire in the first tax year ending in 2009 under the 10-year carryforward limit,

divided by the relevant Ontario allocation factor as calculated in Part 11.

Part 3 – Total federal balance and total Ontario balance at the end of the tax year

Total federal balance:

Total federal balance (amount from line 180 in Part 1) or total federal balance at the end of the previous tax year (line 330)	300	2,399,156,271		
Add:				
Amount from eligible amalgamation*	310			
Amount from eligible post-2008 windup*	315			
Amount from eligible pre-2009 windup*	320			
Amount from specified pre-2009 transfers*	325			
Total federal balance at the end of the tax year		2,399,156,271	330	2,399,156,271

Total Ontario balance:

Total Ontario balance (from line 280 in Part 2) or total Ontario balance at the end of the previous tax year (line 370)	340	2,400,254,024		
Add:				
Amount from eligible amalgamation*	350			
Amount from eligible post-2008 windup*	355			
Amount from eligible pre-2009 windup*	360			
Amount from specified pre-2009 transfers*	365			
Total Ontario balance at the end of the tax year		2,400,254,024	370	2,400,254,024
Transitional balance at the end of the tax year (line 330 **minus** line 370)			390	-1,097,753

If line 390 is positive, the corporation may be subject to a transitional tax debit. Complete Part 7 of this schedule.
If line 390 is negative, the corporation may be eligible to claim a transitional tax credit. Complete Part 8 of this schedule.

* See page 1 for definitions of eligible amalgamation, eligible post-2008 windup, eligible pre-2009 windup, and specified pre-2009 transfers. To calculate these amounts, you can use *Schedule 507, Ontario Transitional Tax Debits and Credits Calculation*.

Part 4 – Election to reduce federal SR&ED expenditure pool

This election may be made if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

Are you making an election under clause (b) of the definition of "I" in paragraph 1 of subsection 48(4) of the *Taxation Act, 2007* (Ontario)? 400 1 Yes ☐ 2 No ☒

If you answered **no** to the question at line 400, go to Part 5. If you answered **yes** to the question at line 400, complete the following calculation:

Federal SR&ED expenditure pool closing balance at the end of the previous tax year (amount from line 124 in Part 1)				B
Deduct:				
Adjusted Ontario SR&ED incentive balance at the end of the previous tax year (amount from line 226 in Part 2)		1		
Ontario SR&ED expenditure pool closing balance at the end of the previous tax year (amount from line 224 in Part 2)		2		
Subtotal (amount 1 **plus** amount 2)				C
Subtotal (amount B **minus** amount C) (if negative, enter "0")				D
Federal balance before election (amount A from Part 1)				
Deduct:				
Total Ontario balance (amount from line 280 in Part 2)				
Subtotal (if negative, enter "0")				E

Enter the lesser of amount D and amount E on line 170 in Part 1.

Part 5 – Reference period and amortization period

Reference period

The reference period of a corporation starts at the beginning of the corporation's first tax year ending after December 31, 2008, and ends on whichever date is earlier:

– five calendar years after the time immediately before the corporation's first tax year ending after December 31, 2008; or

– December 31, 2013.

Number of days in the corporation's reference period* (do not include February 29, 2008, and February 29, 2012) . . **410** 1,825

* The number of days in the corporation's reference period is 1825 unless:

– the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3). In this case, count the number of days from the beginning of the 2009 tax year to December 31, 2013; or

– the corporation was incorporated or amalgamated after January 1, 2009. In this case, count the number of days from the date of incorporation or date of amalgamation to December 31, 2013.

Amortization period

The amortization period starts at the beginning of the corporation's reference period and ends on whichever date is earlier:

– the end of the corporation's reference period; or

– the early termination date as indicated under line 430.

Number of days in the amortization period that are in the tax year** (do not include February 29, 2008, or February 29, 2012) **420** 365

** The number of days in the amortization period that are in the tax year is the number of days in the tax year unless:

– the tax year-end is later than the end of the reference period. In this case, count the number of days from the beginning of the tax year to the end of the reference period; or

– the corporation terminates the amortization period before the end of the tax year. In this case, count the number of days from the beginning of the tax year to the day of early termination.

Early termination of the amortization period

The amortization period of the corporation usually coincides with the corporation's reference period. However, if the corporation's amortization period ends in the tax year and before the reference period, tick the applicable box below to indicate the reason for the early termination.

430 The corporation:

1 ☐ – ceases to have a permanent establishment in Ontario in the tax year for any reason other than an eligible amalgamation or eligible post-2008 windup.

2 ☐ – becomes exempt from tax under Part I of the federal Act immediately after the end of the tax year.

3 ☐ – elects under subsection 47(2) of the *Taxation Act, 2007* (Ontario) to prepay the transitional tax debit. **Note:** The Ontario Allocation Factor, calculated in Part 6, has to be at least 90% or the amount on line 390 in Part 3 is not more than $10,000.

4 ☐ – does not object to early termination of the amortization period and accelerated payment of the transitional tax credit, under subsection 46(3) of the *Taxation Act, 2007* (Ontario). **Note:** Amount T in Part 8 cannot be more than $1,000.

If you ticked one of the above boxes:

– enter the date of the early termination, if the date is different from the tax year-end and you ticked box 1 at line 430 . . . . **435** ____________

– enter the number of days remaining in the corporation's reference period that are on or after the first day of the tax year (do not include February 29, 2008, or February 29, 2012) . . . . **440** ______

Part 6 – Calculation of Ontario allocation factor (OAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation and enter the result on line F:

$$\frac{\text{Ontario taxable income*}}{\text{Taxable income**}} \quad \_\_\_\_\_\_ = \_\_\_\_\_\_$$

Ontario allocation factor (OAF) . . . . 1.00000 F

* Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5, *Tax Calculation Supplementary - Corporations*. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 7 – Transitional tax debits

Complete this part if the amount on line 390 in Part 3 is positive.

Amount from line 390 in Part 3		G
Amount G x 14 %		H
Amount H x OAF (from line F in Part 6) 1.00000		I

Number of days from line 440 in Part 5 (if applicable) or number of days in the corporation's reference period that are in the tax year (do not include February 29, 2008, or February 29, 2012) / Number of days in the corporation's reference period from line 410 in Part 5: 365 / 1,825 = 0.20000 J

Transitional tax debits before tax on elected reduced SR&ED pool (amount I **multiplied** by amount J) .... K

Post-2008 SR&ED balance at the end of the year (amount HH from Part 12) **460**

Federal SR&ED transitional balance at the end of the year (amount QQ from Part 14) **470**

Tax on elected reduced SR&ED pool (the lesser of lines 460 and 470) L

Total transitional tax debits (amount K **plus** amount L) .... M

Enter amount M on line 276 of Schedule 5.

Part 8 – Transitional tax credits

Complete this part if the amount on line 390 in Part 3 is negative.

Amount C6 from Schedule 5 .... 9,199,032 N

Deduct:

Ontario resource tax credit (from line 404 of Schedule 5)			
Ontario tax credit for manufacturing and processing (from line 406 of Schedule 5)			
Ontario foreign tax credit (from line 408 of Schedule 5)			
Ontario credit union tax reduction (from line 410 of Schedule 5)			
Subtotal		▶	O
Subtotal (amount N **minus** amount 0)		9,199,032	P

Number of days in the amortization period that are in the tax year (from line 420 in Part 5) / Number of days in the tax year (do not include February 29, 2008, or February 29, 2012): 365 / 365 = 1.00000 Q

Ontario tax payable for purposes of the current year transitional credit (amount P **multiplied** by amount Q) **510** 9,199,032

Amount from line 390 in Part 3 (enter as a positive amount)	1,097,753	R
Amount R x 14 %	153,685	S
Amount S x OAF (from line F in Part 6)	153,685	T

Number of days from line 440 (if applicable) or line 420 in Part 5 / Number of days in the corporation's reference period on line 410 in Part 5: 365 / 1,825 = 0.20000 U

Current-year transitional tax credit (amount T **multiplied** by amount U) **520** 30,737

Ontario tax payable for purposes of the unused transitional tax credit carryforward (line 510 **minus** line 520) (if negative, enter "0") **530** 9,168,295

Transitional tax credit:

Lesser of amounts on line 510 and 520 .... 30,737 V

Lesser of unused transitional tax credit available (amount Y from Part 9) and amount on line 530 .... W

Transitional tax credit (amount V **plus** amount W) .... 30,737 X

Enter amount X on line 414 of Schedule 5.

Part 9 – Unused transitional tax credit

Unused transitional tax credit carryforward from previous year (amount from line 580 of the previous year)*			1	
Add:				
Unused transitional tax credit transferred from a predecessor corporation or a subsidiary on an eligible amalgamation or an eligible post-2008 windup*	560		2	
Unused transitional tax credit available (amount 1 **plus** amount 2)			►	Y
Add:				
Current-year transitional tax credit (amount from line 520 in Part 8)			30,737	Z
Subtotal (amount Y **plus** amount Z)			30,737	3
Deduct:				
Transitional tax credit applied (amount X from Part 8)			30,737	AA
Unused transitional tax credit (available for later years) (amount 3 **minus** amount AA)	580			

* Enter "0" if this is the first tax year ending after 2008.

Complete parts 10 to 14 if the corporation or a predecessor made an election in Part 4 at the transition time.

Part 10 – Federal current SR&ED limit and federal current SR&ED deficit

Current SR&ED expenditures in the year under paragraph 37(1)(a)	610			
Capital SR&ED expenditures in the year under paragraph 37(1)(b)	614			
Repayment of assistance under paragraph 37(1)(c)	618			
Investment tax credit recaptured under subsections 127(27), (29), and (34) in the previous tax year	624			
Subtotal (total of lines 610 to 624)			►	BB
Deduct:				
Assistance under paragraph 37(1)(d)	638			
Investment tax credits deducted under paragraph 37(1)(e)	644			
Subtotal (line 638 **plus** line 644)			►	CC
Federal current SR&ED limit or federal current SR&ED deficit (amount BB **minus** amount CC)	650			

If the amount on line 650 is positive, enter it on line II In Part 13.

If the amount on line 650 is negative, enter it as a positive amount on line DD in Part 12.

Part 11 – Relevant OAF

Enter on line 660 whichever of the following amounts is greatest:

- the corporation's OAF for the tax year that includes its transition time (from line F in Part 6) .... %
- the greatest of the corporation's OAFs for a tax year ending in 2006, 2007, and 2008 as determined under subsection 12(1) of the *Corporations Tax Act* (Ontario) .... %
- the greatest of the weighted OAFs* of the corporation and its designated corporations** for 2006, 2007, and 2008 .... %

Relevant OAF .... 660 ______ %

* The weighted OAF for two or more corporations for their tax years ending in 2006, 2007, or 2008 is the total of the following for each corporation:

- the corporation's OAF as determined under subsection 12(1) of the *Corporations Tax Act* (Ontario) for the tax year **multiplied** by the corporation's and its share of partnerships' qualified Ontario SR&ED expenditures in the tax year, **divided** by the total of all the corporations' and their shares of partnerships' qualified Ontario SR&ED expenditures in the tax year.

Qualified Ontario SR&ED expenditure is defined in section 11.2 of the *Corporations Tax Act* (Ontario).

** A designated corporation in respect of a particular corporation is:

1) a corporation that amalgamated with the particular corporation under section 87;
2) a corporation that wound up into the particular corporation under subsection 88(1); or
3) a designated corporation to a corporation identified in 1) or 2).

Part 12 – Post-2008 SR&ED balance

Federal current SR&ED deficit for the year (amount from line 650 in Part 10, if negative) (enter as a positive amount) . . . . ______ DD

SR&ED expenditure amount deducted in the year under subsection 37(1) . . . . **670** ______

Deduct:

Cumulative post-2008 SR&ED limit at the end of the year (amount LL from Part 13) . . . . . **675** ______

Subtotal (line 670 **minus** line 675) (if negative, enter "0") ______ ▶ ______ EE

Subtotal (amount DD **plus** amount EE) ______ FF

Amount FF x 14 % ______ GG

Post-2008 SR&ED balance at the end of the year (amount GG **multiplied** by line 660 from Part 11) . . . . ______ HH

Enter amount HH on line 460 in Part 7.

Part 13 – Cumulative post-2008 SR&ED limit at the end of the year

Federal current SR&ED limit for the year (amount from line 650 in Part 10, if positive) . . . . ______ II

Total of all federal SR&ED limits from previous tax years ending after December 31, 2008 . . . . **700** ______

Subtotal (line II **plus** line 700) ______ JJ

Total of all amounts deducted under subsection 37(1) for previous tax years ending after December 31, 2008 . . . . **705** ______

Total of all transitional tax debits on elected reduced SR&ED pool calculated under subsection 48(3) of the *Taxation Act, 2007* (Ontario) in the previous years (total of line L in Part 7 for previous years) . . . . **710** ______

Deduct:

Amounts included in line 710 that are reasonably attributable to the federal current SR&ED deficit for the year . . . . **715** ______

Subtotal (line 710 **minus** line 715) **720** ______

Line 720 / Relevant OAF (from line 660 in Part 11) x 14 % = ______ ▶ ______ KK

Subtotal (line 705 **minus** amount KK) ______ ▶ **730** ______

Cumulative post-2008 SR&ED limit at the end of the year (amount JJ **minus** line 730) (if negative, enter "0") . . . . ______ LL

Enter amount LL on line 675 in Part 12.

Part 14 – Federal SR&ED transitional balance at the end of the year

Amount from line 170 in Part 1* . . . . **735** ______ MM

Relevant OAF* (from line 660) **multiplied** by amount MM . . . . ______ NN

Amount NN x 14 % . . . . ______ ▶ ______ OO

Federal SR&ED transitional balance transferred on an eligible amalgamation or an eligible post-2008 wind-up . . . . **740** ______

Subtotal (amount OO **plus** line 740) ______ PP

Deduct:

Total of all transitional tax debits on elected reduced SR&ED pool calculated under subsection 48(3) of the *Taxation Act, 2007* (Ontario) in the previous years (total of line L in Part 7 for previous years) . . . . **750** ______

Federal SR&ED transitional balance at the end of the year (amount PP **minus** line 750) . . . . ______ QQ

Enter amount QQ on line 470 in Part 7.

* For tax years ending after 2009, enter the amount from line 170 and the relevant OAF from the 2009 tax year.

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SCHEDULE 508

ONTARIO RESEARCH AND DEVELOPMENT TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years, but not to a tax year that ends before January 1, 2009;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - transfer an ORDTC after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a 4.5% non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year that ends after December 31, 2008.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Attach a completed copy of this schedule to the *T2 Corporation Income Tax Return.*

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	6,740,896	A			
Deduct: Government assistance, non-government assistance, or a contract payment for eligible expenditures	105		B			
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		6,740,896	C			
Add: Eligible expenditures transferred to the corporation by another corporation	110		D			
Subtotal (amount C **plus** amount D)		6,740,896	▶		6,740,896	E
Deduct: Eligible expenditures the corporation transferred to another corporation				115		F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")				120	6,740,896	G

Part 2 – Calculation of the current part of the ORDTC

Ontario SR&ED expenditure pool (amount G in Part 1)				6,740,896 x	4.50 % =	200	303,340	H
ORDTC allocated to a corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *						205		I
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure other than for first term or second term shared-use equipment				210 x	4.50 % =	215		J
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure for first term or second term shared-use equipment	220		x 1 / 4 =	x	4.50 % =	225		K
Current part of the ORDTC (total of amounts H to K)						230	303,340	L

* If there is a disposal or change of use of eligible property, see Part 6

Part 3 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year				M
Deduct: ORDTC expired after 20 tax years	300			N
ORDTC at the beginning of the tax year (amount M **minus** amount N)	305			O
Add:				
ORDTC transferred on amalgamation or windup	310			P
Current part of ORDTC (amount L in Part 2)		303,340 Q		

Are you waiving all or part of the current part of the ORDTC? 315 Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Deduct: Waiver of the current part of the ORDTC	320	R		
Subtotal (amount Q **minus** amount R)		303,340 ▶	303,340 S	
ORDTC available for deduction (total of amounts O, P and S)			303,340 ▶	303,340 T
Deduct:				
ORDTC claimed * (Enter amount U on line 416 of Schedule 5, *Tax Calculation Supplementary – Corporations*)			303,340 U	
ORDTC carried back to a previous tax year (from Part 4)			V	
Subtotal (amount U **plus** amount V)			303,340 ▶	303,340 W
ORDTC balance at the end of the tax year (amount T **minus** amount W)	325			X

* This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount T); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 4 – Request for carryback of tax credit

	Year Month Day			
1st previous tax year	2008-12-31	Credit to be applied	901	
2nd previous tax year	2007-12-31	Credit to be applied	902	
3rd previous tax year	2006-12-31	Credit to be applied	903	

Total (enter amount on line V in Part 3)

Part 5 – Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
1990-09-30	
1991-09-30	
1992-09-30	
1993-09-30	
1994-09-30	
1995-09-30	
1996-09-30	
1997-09-30	
1998-09-30	
1999-09-30	

	Tax year of origin (earliest tax year first) Year / Month / Day	Credit available
	2000-09-30	
	2001-09-30	
	2001-12-31	
	2002-12-31	
	2003-12-31	
	2004-12-31	
	2005-12-31	
	2006-12-31	
	2007-12-31	
	2008-12-31	
Current tax year	2009-12-31	

Total (equals line 325 in Part 3) ______

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 6 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

  Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – If you meet all of the above conditions

	Y Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above 700	Z Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	AA Amount from column 700 or 710, whichever is less
1.			

Subtotal (enter amount BB, on line KK in Part 7) ______ BB

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line II.

	CC The rate percentage that the transferee used to determine its federal ITC for a qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	DD The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	EE The amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	FF Amount determined by the formula (CC x DD) – EE (using the columns above)	GG The federal ITC earned by the transferee for the qualified expenditure that was transferred 750	HH Amount from column FF or GG, whichever is less
1.			

Subtotal (enter amount II on line LL below) ______ II

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205 in Part 2. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line JJ.

Corporate partner's share of the excess of ORDTC (enter amount JJ at line NN below) . . . . 760 ______ JJ

Part 7 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount from line BB) . . . . ______ KK

Recaptured federal ITC for Calculation 2 (amount from line II above) . . . . ______ LL

Amount KK **plus** amount LL . . . . ______ x 23.56 % = ______ MM

Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line JJ above) . . . . ______ NN

Recapture of ORDTC (amount MM **plus** amount NN) (enter amount OO on line 277 of Schedule 5) . . . . ______ OO

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation.**

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures			Capital Expenditures	
Total expenditures for SR&ED		5,184,347				
Add						
• payment of prior years' unpaid expenses (other than salary or wages)	+					
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	1,556,549				
• expenditures on shared-use equipment				+		
• other additions	+			+		
Subtotal	=	6,740,896		=		
Less						
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	–					
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	–					
• prescribed expenditures not allowed by regulations	–			–		
• other deductions	–			–		
• non-arm's length transactions						
– expenditures for non-arm's length SR&ED contracts	–					
– purchases (limited to costs) of goods and services from non-arm's length suppliers	–			–		
Subtotal	=	6,740,896	I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)				=	6,740,896	III

Enter amount III on line 100 of Schedule 508.

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SCHEDULE 510

ONTARIO CORPORATE MINIMUM TAX

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario).
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	2,819,230,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	2,325,734,144
Total assets (total of lines 112 to 116)		5,144,964,144
Total revenue of the corporation for the tax year **	142	2,442,916,000
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	144,400,000
Total revenue (total of lines 142 to 146)		2,587,316,000

The corporation is subject to CMT if:
– for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
– for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**
- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the *Taxation Act, 2007* (Ontario) and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the *Taxation Act, 2007* (Ontario).

** **Rules for total revenue**
- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the *Taxation Act, 2007* (Ontario) and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the *Taxation Act, 2007* (Ontario).

Part 2 – Calculation of adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	51,000,977
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	21,242,454		
Provision for deferred income taxes (debits)/cost of future income taxes	222			
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted as interest expense on financial statements (subsection 57(2) of the *Taxation Act, 2007* (Ontario)), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		21,242,454		21,242,454 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320			
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal				B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	72,243,431

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, in calculating net income for CMT purposes, accounting income should be adjusted to remove unrealized gains and losses on mark-to-market property, as well as foreign currency gains and losses on assets, that are included in income for accounting purposes but not in income for income tax purposes. In later years, accounting income is adjusted in arriving at net income for CMT purposes by including these gains or losses when they are realized.

These realized gains and losses apply to the disposition of mark-to-market property:

– that is not capital property in the year;

– that is capital property and realized in the year or the preceding tax year that ends after March 22, 2007.

The mark-to-market rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

– Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the *Taxation Act, 2007* (Ontario).

*** A joint election will be considered made under subsection 60(1) of the *Taxation Act, 2007* (Ontario) if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the *Taxation Act, 2007* (Ontario) if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the *Taxation Act, 2007* (Ontario) if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – Calculation of CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		515	72,243,431	
Deduct:				
CMT loss available (amount R from Part 7)				
Minus: Adjustment for an acquisition of control *	518			
Adjusted CMT loss available		▶		C
Net income subject to CMT calculation (if negative, enter "0")		520	72,243,431	

Amount from line 520		Number of days in the tax year before July 1, 2010 / Number of days in the tax year				
72,243,431	x	365 / 365	x	4 % =	2,889,737	1

Amount from line 520		Number of days in the tax year after June 30, 2010 / Number of days in the tax year				
72,243,431	x	/ 365	x	2.7 % =		2

Subtotal (amount 1 **plus** amount 2) 2,889,737 3

Gross CMT: amount on line 3 above x OAF **	540	2,889,737	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		2,889,737	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		8,864,955	
Net CMT payable (if negative, enter "0")			E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Portion of CMT loss available that exceeds the adjusted net income for the tax year from business(es) continued from before the acquisition of control. See subsection 58(3) of the *Taxation Act, 2007* (Ontario).

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

$$\frac{\text{Ontario taxable income ****}}{\text{Taxable income *****}} \quad \underline{\qquad\qquad} = \underline{\qquad\qquad}$$

Ontario allocation factor .... 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *				G
Deduct:				
CMT credit expired *	600			
CMT credit carryforward at the beginning of the current tax year * (see note below)			620	
Add:				
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)			650	
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)				H
Deduct:				
CMT credit deducted in the current tax year (amount P from Part 5)				I
Subtotal (amount H **minus** amount I)				J
Add:				
Net CMT payable (amount E from Part 3)				
SAT payable (amount O from Part 6 of Schedule 512)				
Subtotal				K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)				M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		8,864,955 1		
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	2,889,737 2			
For a life insurance corporation:				
Gross CMT (line 540 from Part 3)	3			
Gross SAT (line 460 from Part 6 of Schedule 512)	4			
The **greater** of amounts 3 and 4	5			
Deduct: line 2 or line 5, whichever applies:		2,889,737 6		
Subtotal (if negative, enter "0")		5,975,218	5,975,218	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		8,864,955		
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		762,558		
Subtotal (if negative, enter "0")		8,102,397	8,102,397	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the *Taxation Act, 2007* (Ontario).

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . ________ Q

Deduct:

CMT loss expired * . . . . 700 ________

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ________ ► 720 ________

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) . . . . 750 ________

CMT loss available (line 720 **plus** line 750) . . . . ________ R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . . ________

Subtotal (if negative, enter "0") ________ S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) . . . . 760 ________

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . 770 ________ T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not transfer a loss on a vertical amalgamation under subsection 87(2.11) of the federal Act or other amalgamation of a parent and its subsidiary.
Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	TORONTO HYDRO CORPORATION	89676 0725 RC0001	2,208,856,000	119,979,000
2	TORONTO HYDRO ENERGY SERVICES INC.	89674 7128 RC0003	112,003,000	24,421,000
3	1455948 Ontario Inc.	88651 7614 RC0001	4,890,909	0
4	1798594 Ontario Inc.	80344 2821 RC0001	0	0
		Total	450 2,325,749,909	550 144,400,000

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

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

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

– Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
– Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
– If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
– Include the associated corporation's share of the total revenue of partnerships and joint ventures.
– If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

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SCHEDULE 515

ONTARIO CAPITAL TAX ON OTHER THAN FINANCIAL INSTITUTIONS

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- Complete this schedule for a corporation with a permanent establishment in Ontario at any time in the tax year and that is a corporation other than a financial institution. The Ontario capital tax on other than financial institutions is levied under section 64 of the *Taxation Act, 2007* (Ontario).
- To complete this schedule, you have to complete Schedule 33, *Part I.3 Tax on Large Corporations*. File completed copies of both schedules with the *T2 Corporation Income Tax Return* within six months of the end of the tax year.
- A corporation is exempt from Ontario capital tax if it was one of the following:
  1) a corporation that is liable to the special additional tax according to section 74 of the *Corporations Tax Act* (Ontario);
  2) a credit union;
  3) a deposit insurance corporation according to section 137.1 of the federal *Income Tax Act*;
  4) a family farm corporation for the year as defined by subsection 64(3) of the *Taxation Act*, 2007 (Ontario), other than a corporation for which a determination has been made under subsection 31(2) of the federal Act;
  5) a family fishing corporation, as defined by subsection 64(3) of the *Taxation Act, 2007* (Ontario); or
  6) a corporation exempt from income tax according to section 149 of the federal Act.

Part 1 – Taxable capital of a corporation resident in Canada other than a financial institution

Amount A from Part 1 of Schedule 33	100	2,477,393,724		
Add:				
Accumulated other comprehensive income at the end of the year	105			
Subtotal		2,477,393,724	2,477,393,724	A
Deduct:				
Amount B from Part 1 of Schedule 33	110			
Amount on line 490 from Part 2 of Schedule 33	115			
Subtotal				B
Taxable capital (amount A **minus** amount 8) (if negative, enter "0")	120		2,477,393,724	

Part 2 – Capital deduction

Complete this part only if the corporation is associated.

Are you electing under subsection 83(2) of the *Taxation Act, 2007* (Ontario)? 190 1 Yes [X] 2 No [ ]

If you answered **no** to the question at line 190, complete line 220. If you answered **yes** to the question at line 190, complete line 305 by using Schedule 516, *Capital Deduction Election of Associated Group for the Allocation of Net Deduction*, to calculate the amount to be entered on line 300.

Taxable capital (from line 120) or taxable capital employed in Canada of a corporation that was a non-resident of Canada (from line 790 in Part 4 of Schedule 33)	200		x 15,000,000 $ =	Capital deduction 220	
Taxable capital or taxable capital employed in Canada of every corporation with a permanent establishment in Canada and associated for the last tax year *	210				

* This amount includes the filing corporation's taxable capital or taxable capital employed in Canada. Do not include an amount from a financial institution or corporation that is exempt from capital tax under Division E of the *Taxation Act, 2007* (Ontario) or Part III of the *Corporations Tax Act* (Ontario).

Allocation of net deduction (from line 600 for the filing corporation from Schedule 516)	300	15,000,000	=	Capital deduction 305	15,000,000
Ontario allocation factor (OAF) (amount I in Part 3)		1.00000			

Part 3 – Ontario capital tax payable

Taxable capital (enter amount from line 120 in Part 1) or taxable capital employed in Canada of a corporation that was a non-resident of Canada (enter amount from line 790 in Part 4 of Schedule 33), whichever applies **320** 2,477,393,724

Deduct:

Capital deduction (Enter $15,000,000 if the corporation is not associated. Otherwise, enter the amount from line 220 or line 305, whichever applies, from Part 2) .... 15,000,000 B

Net amount (line 320 **minus** amount B) (if negative, enter "0") .... 2,462,393,724 C

Amount C 2,462,393,724 x (Number of days in the tax year before January 1, 2010 / Number of days in the tax year) 365 / 365 x 0.00225 = 5,540,386 D

Amount C 2,462,393,724 x (Number of days in the tax year after December 31, 2009 and before July 1, 2010 / Number of days in the tax year) ____ / 365 x 0.00150 = ____ E

Subtotal (amount D **plus** amount E) 5,540,386 F

Amount F 5,540,386 x OAF (amount on line I) 1.00000 = ... 5,540,386 G

Amount G 5,540,386 x (Number of days in the tax year * / 365) 365 / 365 = ... 5,540,386 H

Deduct:

Capital tax credit for manufacturers (enter amount J from Part 4) .... **350** ____

Ontario capital tax payable (amount H **minus** line 350) (if negative, enter "0") **400** 5,540,386

Enter amount from line 400 on line 282 of Schedule 5, *Tax Calculation Supplementary - Corporations.*

* Enter either 365 if there are at least 51 weeks in the tax year, or the number of days in the year, whichever applies.

Calculation of the Ontario allocation factor (OAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line I.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation and enter the result on line I:

Ontario taxable income ** / Taxable income *** ____ = ____

Ontario allocation factor .... 1.00000 I

** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

*** Enter the taxable income amount from line 360 or line Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 4 – Capital tax credit for manufacturers

Ontario manufacturing labour cost* **405** ____ / Total Ontario labour cost** **410** x 100 = ... **420** ____ %

If the percentage on line 420 is 20% or less, enter "0" on line J.

If the percentage on line 420 is at least 50%, enter amount H from Part 3 on line J.

If the percentage on line 420 is more than 20% but less than 50%, complete the following calculation and enter the result on line J:

((percentage from line 420) – 20% / 30%) ____ % / 30.000 % x 5,540,386 Amount H from Part 3 = ____

Capital tax credit for manufacturers .... ____ J

Enter amount J on line 350 in Part 3

* As defined in subsection 83.1(4) of the *Taxation Act, 2007* (Ontario)

** As defined in subsection 83.1(5) of the *Taxation Act, 2007* (Ontario)

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SCHEDULE 516

CAPITAL DEDUCTION ELECTION OF ASSOCIATED GROUP FOR THE ALLOCATION OF NET DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- Complete this schedule to allocate the associated group's net deduction for the capital deduction election under subsection 83(2) of the *Taxation Act, 2007* (Ontario). The associated group includes the filing corporation (see line 190 of Part 2 of Schedule 515, *Ontario Capital Tax on Other than Financial Institutions*).
- If you need more space, attach more schedules.
- File this schedule with the *T2 Corporation Income Tax Return*.

	A Names of eligible corporations in the associated group 100	B Business Number of associated corporations (enter "NR" if a corporation is not registered) 200	C Ontario allocation factor (OAF)* (enter as a percentage) 300	D Total assets** 400	E Net deduction ($15 million x line 300) **multiplied** by line 400 / line 700 500	F Allocation of net deduction *** 600
1.	TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	100.000	2,506,140,859	7,808,148	15,000,000
2.	TORONTO HYDRO CORPORATION	89676 0725 RC0001	100.000	2,185,212,000	6,808,260	
3.	TORONTO HYDRO ENERGY SERVICES INC.	89674 7128 RC0003	100.000	119,619,000	372,686	
4.	1455948 Ontario Inc.	88651 7614 RC0001	100.000	3,500,558	10,906	
5.	1798594 Ontario Inc.	80344 2821 RC0001				

Total assets of associated group (total of amounts in column D) 700 4,814,472,417

Total net deduction (total of amounts in column E) 800 15,000,000

Total allocated net deduction (total of amounts in column F) (not to exceed amount on line 800) 900 15,000,000

* OAF from the last tax year ending in the calendar year preceding the calendar year in which the filing corporation's tax year ends.

** Total assets of each corporation in the associated group as recorded in the books and records for the last tax year ending in the calendar year preceding the calendar year in which the filing corporation's tax year ends. If the corporation is not resident in Canada, enter the amount of its total assets situated in Canada.

*** Enter the amount from this column allocated to the filing corporation on line 300 of Schedule 515.

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SCHEDULE 524

ONTARIO SPECIALTY TYPES

Name of corporation	Business Number	Tax year-end Year Month Day
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	89671 8327 RC0001	2009-12-31

- Use this schedule to identify the specialty type of a corporation carrying on business in the province of Ontario through a permanent establishment if:
  - its tax year includes January 1, 2009;
  - the tax year is the first year after incorporation or an amalgamation; or
  - there is a change to the specialty type.
- If none of the listed specialty types applies, tick box 99 "Other."
- Unless otherwise noted, references to sections, subsections, and clauses are from the *Taxation Act, 2007* (Ontario).

Specialty types

100 Identify the specialty type that applies to your corporation:

- [ ] 01 Family farm corporation – See subsection 64(3).
- [ ] 02 Family fishing corporation – See subsection 64(3).
- [ ] 03 Mortgage investment corporation – See subsection 130.1(6) of the federal *Income Tax Act*.
- [ ] 04 Credit union – See subsection 137(6) of the federal Act.
- [ ] 06 Bank – See subsection 248(1) of the federal Act.
- [ ] 08 Financial institution prescribed by regulation only – See clause 66(2)(f).
- [ ] 09 Registered securities dealer – See subsection 248(1) of the federal Act.
- [ ] 10 Farm feeder finance co-operative corporation
- [ ] 11 Insurance corporation – See subsection 248(1) of the federal Act.
- [ ] 12 Mutual insurance – See subsection 27(2) of the *Taxation Act, 2007* (Ontario) and paragraph 149(1)(m) of the federal Act.
- [ ] 13 Specialty mutual insurance
- [ ] 14 Mutual fund corporation – See subsection 131(8) of the federal Act.
- [ ] 15 Bare trustee corporation
- [ ] 16 Professional corporation (incorporated professional only) – See subsection 248(1) of the federal Act.
- [ ] 17 Limited liability corporation
- [ ] 18 Generator of electrical energy for sale, or producer of steam for use in the generation of electrical energy for sale – See subsection 33(7).
- [x] 19 Hydro successor, municipal electrical utility, or subsidiary of either – See subsection 91.1(1) and section 88 of the *Electricity Act, 1998* (Ontario).
- [ ] 20 Producer and seller of steam for uses other than for the generation of electricity – See subsection 33(7).
- [ ] 21 Mining corporation
- [ ] 22 Non-resident corporation
- [ ] 99 Other (if none of the previous descriptions apply)

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 54:

Reference(s): Exhibit P1, Tab 1, Schedule 2
Exhibit D1, Tab 2, Schedule 1

a) There is a difference in the CCA additions of $389,575,599 shown for 2011 on page 10 and the $373,295,640 shown on page 12. This difference is the amount shown on page 10 in account 2065 Other Electric Plant Adjustment. Please explain what this is and why there is no CCA claimed on this amount.

b) Please reconcile the two figures noted above in part (c) with the $397.1 million shown as in-service additions in Table 5 of Exhibit D1, Tab 2, Schedule 1.

RESPONSE:

a) The difference of $16.3 million ($389.6 million - $373.3 million) represents the capital contributions that are forecasted to be paid under a Connection and Cost Recovery Agreement. With respect to capital contributions, it is the Canada Revenue Agency's administrative position, as stated in Interpretation Bulletin IT-143R3, paragraph 30, that an outlay or expense incurred by a taxpayer for the purpose of increasing operating efficiency of a business by means of improving the property of some other person would be a non-deductible, non-depreciable capital outlay that qualifies as an eligible capital expenditure. As a result, three-quarters of $16.3 million is added to the cumulative eligible capital pool (see Exhibit P1, Tab 1, Schedule 2) and amortized at a rate of 7% per year.

b) The difference of $7.5 million ($397.1 million - $389.6 million) is made up of the allowance for funds used during construction ("AFUDC") of $4.4 million, Vehicle

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

Hire Rate ("VHR") depreciation of $2.8 million, $0.08 million of asset retirement obligations ("ARO"), $0.16 million of leases, and a lease inducement of $0.10 million. These are costs capitalized for accounting purposes but are not included in additions for tax purposes.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

INTERROGATORY 55:

Reference(s): **Exhibit P1, Tab 1, Schedule 2**
Exhibit H1, Tab 1, Schedule 1
Exhibit C2, Tab 1, Schedule 5

a) Please reconcile the $650,000 SR&ED credit noted on page 5 of Exhibit H1, Tab 1, Schedule 1 with the $740,000 in investment tax credits shown on page 22 of Exhibit P1, Tab 1, Schedule 2.

b) Please reconcile the $360,000 in tax credits associated with the Federal Apprenticeship Job Creation Tax Credit, the Ontario Apprenticeship Training Tax Credit and the Ontario Co-Operative Education Tax Credit noted on page 5 of Exhibit H1, Tab 1, Schedule 1 with the $270,000 in miscellaneous tax credits shown on page 22 of Exhibit P1, Tab 1, Schedule 2.

c) For each the Federal Apprenticeship Job Creation Tax Credit, the Ontario Apprenticeship Training Tax Credit and the Ontario Co-Operative Education Tax Credit, please show the number of eligible positions and the dollar value of each for 2007, 2008 and 2009.

d) For each the Federal Apprenticeship Job Creation Tax Credit, the Ontario Apprenticeship Training Tax Credit and the Ontario Co-Operative Education Tax Credit, please show the number of eligible positions forecast for 2011.

e) If necessary, please reconcile the response in part (d) above for the Ontario Apprenticeship Training Tax Credit with the 145 apprentices in 2011 noted on page 8 of Exhibit C2, Tab 1, Schedule 5.

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

RESPONSE:

a) The $740,000 shown on page 22 of Exhibit P1, Tab 1, Schedule 2 is made up of the SR&ED credit of $650,000 and the Federal Apprenticeship credit of $90,000.

b) The $360,000 in tax credits is made up of the Federal Apprenticeship Job Creation Tax Credit of $90,000, the Ontario Apprenticeship Training Tax Credit ("ATTC") of $190,000 and the Ontario Co-Operative Education Tax Credit ("CETC") of $80,000. The sum of the ATTC and the CETC represents the miscellaneous tax credits shown on page 22 of Exhibit P1, Tab 1, Schedule 2.

c) **Summary of the number of eligible positions for the tax credits listed below**:

	2007 Actual	2008 Actual	2009 Actual
Federal Apprenticeship Job Creation Tax Credit	49	62	46
Ontario ATTC	59	62	60
Ontario CETC	82	93	98

Summary of the dollar value for the tax credits listed below ($ millions):

	2007 Actual	2008 Actual	2009 Actual
Federal Apprenticeship Job Creation Tax Credit	0.07	0.12	0.09
Ontario ATTC	0.16	0.26	0.53
Ontario CETC	0.08	0.09	0.23

d) The forecasted Federal Apprenticeship Job Creation Tax Credit is based on the average credits claimed from the taxation years 2006 to 2009. The forecasted Ontario

INTERROGATORIES OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

ATTC and CETC are based on the average credits claimed from the taxation years 2005 to 2009. Thus, the number of eligible positions for the above-listed tax credits is not determinable.

e) Please see response in (d) above.